

Ron Beatty  
Electricity Authority  
By email  
marketoperations@ea.govt.nz

18 June 2020

Dear Ron

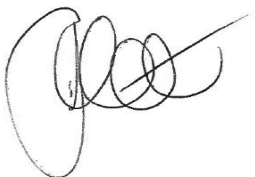
## **Draft Addendum to the Vulnerable Consumer Guidelines and the Medically Dependent Consumer Guidelines**

Thank you for the opportunity to provide feedback on the draft addendum to the Vulnerable Consumer Guidelines and the Medically Dependent Consumer Guidelines (“Guidelines”). We appreciate the high level of engagement that the Authority has already had with industry on this and particularly with Mercury in relation to GLOBUG and its treatment under the Guidelines. We look forward to working with you during Phase 2 of the review process.

Please now find attached as Appendix A our feedback on the draft addendum. Mercury also supports the ERANZ submission on the draft addendum.

If you have any questions, don't hesitate to contact me on 0212882276 or at [jo.christie@mercury.co.nz](mailto:jo.christie@mercury.co.nz).

Yours sincerely



Jo Christie  
**Regulatory Strategist**



## Appendix A

### Mercury Submission on draft addendum to the Medically Dependent consumer Guidelines and the Vulnerable Consumer Guidelines

Question	Response
<p>Q1 – Do you agree the issues identified by the Authority in the three areas (Electricity meter operating in prepayment mode, Remote disconnection and connection, and the Retailer – Customer – Consumer – Premises relationship) are worthy of attention? If you do not agree, please provide details.</p>	<p>Mercury appreciates that the draft addendum is an urgent measure to deal with issues that require immediate clarification rather than waiting for the phase two consultation process to run its course. On this basis, subject to the suggestions we have made below under question 2, we support the Authority’s identification of: prepayment; remote disconnection and reconnection; and the Retailer – Customer – Consumer – Premises relationship as being worthy of attention.</p> <p>Notably, we are pleased the Authority has made an exemption for prepay products from the Guidelines. When a consumer chooses pre-pay, provided they are given the necessary information on how the energy management process work, they effectively opt out of the disconnection process that applies for post pay products. As the Authority is aware, Mercury’s GLOBUG product offers vulnerable consumers a valuable platform to manage their power consumption without accumulating unsustainable debt. Many of these consumers would otherwise be struggling to meet their monthly power bills on a post pay product. The Authority’s work in this area will provide certainty for retailers and consumers alike to ensure that these important offerings for vulnerable consumers remain viable.</p>
<p>Q2 – Do you agree with the proposed additions to the Guidelines in the addendum to clarify how these issues should be addressed? If you do not agree, please provide details.</p>	<p>We make the following suggestions to clarify how the above issues have been addressed in the draft addendum:</p> <p><b>Prepayment</b></p> <p><b>7(h)</b> – This section deals with situations where a manual intervention may be required for a customer on a prepay product. Although this does not occur often, we would prefer that manual disconnections for prepay be treated in the same way as automatic disconnections under 7(g). The rationale for this is that the customer has still opted out of the traditional disconnection process by virtue of being a GLOBUG/prepay customer. The customer has received all the same communications that s/he would have received for an automatic disconnection. It should not therefore make any difference whether the customer is then disconnected automatically or whether a manual intervention is required. Putting additional hurdles in place for prepay retailers will result in drawn out and costly procedures that only serve to increase the vulnerable consumer’s debt. As the Authority appreciates, this is the problem that prepay is designed to avoid.</p> <p><b>Remote disconnection and reconnection</b></p> <p><b>8(e)</b> – This section prevents retailers from carrying out a remote disconnection on vacant premises where there are patterns of metered consumption indicating that the premises are occupied by a domestic consumer, unless in accordance with footnote 17 of the Guidelines the retailer has been able to contact the domestic consumer. This requirement will be problematic for retailers.</p> <p>In our experience, customers who are medically dependent and vulnerable typically reach out proactively to a retailer to ensure that their electricity supply is certain. Occupiers who have failed to engage with a retailer having received two</p>



	<p>letters are frequently not inclined to engage with a retailer who sends a representative to the property. Removing the option of remote disconnection will in many cases result in a costly and drawn out process, imposing cost on retailers and ultimately customers.</p> <p>Our preference for dealing with this issue would be to enforce a minimum standard of contact that would be deemed acceptable under the Guidelines. We believe that retailers should be encouraged to keep exploring ways to improve the higher probability of successful contact with the occupier and retailers should be able to demonstrate their efforts in this regard. Further measures should collectively be explored such as using registered post, including postal addresses on the registry, and if the address is a Kainga Ora address, reaching out to the Area Manager for assistance.</p>
<p>Q3 – What other issues in the existing Guidelines should be addressed in Phase 2 of the review of the Guidelines (the full review of the Guidelines, in their entirety)?</p>	<p>Mercury would like to see the following issues addressed during Phase 2 of the review of the Guidelines:</p> <ul style="list-style-type: none"> <li>• <b>Requirement to prove medically dependent status</b> - At present there is no time limit on a medically dependent customer to demonstrate their medically dependent status. We suggest that a one-month timeframe would be reasonable.</li> <li>• Collaboration with Ministry of Health to ensure a <b>shared database of medically dependent customers</b> is established and maintained as the single source of truth.</li> <li>• <b>Responsibility of medically dependent consumers who choose a prepay product to meet retailers minimum contact requirements</b> – retailers should have the ability to reject a potentially medically dependent customer if they do not share sufficient contact information for the retailer to effectively provide a pre-payment service.</li> <li>• <b>Reallocation of Winter Energy Payment</b> - Given the numerous government agencies that will be consulted as part of phase2 of the review of the Guidelines, there is a real opportunity for the parties to collaborate on other mechanisms that could help reduce energy hardship in New Zealand, such as the reallocation of the Winter Energy Payment (WEP) directly to electricity account holders. In April of this year, Mercury wrote a comprehensive letter to the Ministry of Social Development outlining the rationale for this proposal. In short, redirection of the WEP would help our vulnerable customers stay on top of their bills and would result in considerable savings for the Government both from improved heating and health outcomes and a reduced need for electricity and gas hardship grants. [REDACTED]</li> </ul>



[Redacted]

[Redacted]

