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## TRUSTPOWER SUBMISSION: FEEDBACK ON A PROPOSED ADDENDUM TO THE GUIDELINES ON ARRANGEMENTS FOR MEDICALLY DEPENDENT AND VULNERABLE CONSUMERS

### 1. Background and introduction

- 1.1.1 Trustpower Limited (**Trustpower**) appreciates the opportunity to engage with the Electricity Authority (**the Authority**) on its *Feedback on a Proposed Addendum to the Guidelines for Medically Dependent Consumers and Vulnerable Consumers* consultation paper (**the Consultation Paper**).
- 1.1.2 We welcome the chance to provide a submission on the proposed additions to the *Guideline on arrangements to assist medically dependent consumers* and the *Guideline on arrangements to assist vulnerable consumers* (collectively referred to as **the Guidelines**).
- 1.1.3 Trustpower recognises that the recent Electricity Price Review (**EPR**) Panel highlighted concerns with the ability of the current voluntary arrangements to address the provision of electricity-related services to medically dependent consumers and vulnerable consumers (**MDC/VC**).
- 1.1.4 The EPR Panel recommended that:
- "...[as] the current voluntary arrangements do not provide vulnerable and medically dependent consumers with sufficient protection [they] should be replaced by a formal, consistent and enforceable set of standards."<sup>1</sup>*
- 1.1.5 The Government accepted the EPR Panel's recommendation of implementing regulated minimum standards for MDC/VC. Trustpower supports the Authority progressing this particular workstream as a matter of priority.
- 1.1.6 The Authority has outlined its three-phase approach to updating these Guidelines:
- a) Phase 1: issue a short, urgent addendum to the Guidelines, covering off three key areas;
  - b) Phase 2: facilitate an extensive engagement process with consumers, retailers, social and support agencies and other stakeholders to update the Guidelines in their entirety – including the new material in the addendum;
  - c) Phase 3: regulate a set of minimum standards from the updated Guidelines (as per recommendation B6 from the Electricity Price Review).

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<sup>1</sup> Electricity Price Review – Final Report, [2019] EPR Panel, p. 26

- 1.1.7 This Consultation Paper relates primarily to the first phase; the publication of an urgent addendum to the existing Guidelines.
- 1.1.8 The three key areas that the Authority considers would benefit from greater clarity, delivered under urgency, are:
- a) electricity meter operating in a prepayment mode;
  - b) remote disconnection and connection; and
  - c) retailer – customer – consumer – premises relationship.<sup>2</sup>

## 2. Trustpower's views on the proposed addendum

- 2.1.1 Trustpower agrees with the Authority's general approach to creating an addendum as the first part of the process for updating the Guidelines and creating a set of regulated minimum standards.
- 2.1.2 Given the change in business models, and the significant advances in technology since the Guidelines were last updated in 2010, we agree with the Authority that a review is required.
- 2.1.3 We are largely supportive of the proposed changes but do have some concerns relating to remote disconnection and reconnection. These are discussed further in the remainder of the submission and Appendix A below.
- 2.1.4 Our detailed comments are in the sections below and our high-level answers to the specific questions posed in the Consultation Paper are attached in Appendix A.

### 2.2. Electricity meter operating in a prepayment mode

- 2.2.1 Trustpower supports the changes proposed by the Authority regarding prepay meters.
- 2.2.2 We consider these changes to be logical and beneficial to consumers still utilising these products for the provision of electricity in their homes.
- 2.2.3 We also support the comments of the Electricity Retailers Association of New Zealand (**ERANZ**) regarding this matter.<sup>3</sup>

### 2.3. Remote disconnection and connection

- 2.3.1 We understand the Authority's intent to update this particular section of the Guidelines when considering the advancements in technology since they were first published (for example, New Zealand now has approximately 85% penetration of smart meters / advanced metering infrastructure across all residential connections).
- 2.3.2 The Guidelines need to account for this significant increase in remote-access technology.
- 2.3.3 Trustpower is largely supportive of the proposed additions however, we do have some concerns with a couple of paragraphs in the drafting under "Remote disconnections".
- 2.3.4 These are explained in further detail below.
- Remote disconnections - paragraph 8(c)**
- 2.3.5 Paragraph 8(c) of the addendum stipulates that retailers should determine whether a domestic consumer, or any other person residing at a premise, is categorised as an MDC/VC.<sup>4</sup>

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<sup>2</sup> Consultation Paper, [2020] Electricity Authority, p. 2

<sup>3</sup> ERANZ submission on the Consultation Paper, [2020] Electricity Retailers Association of New Zealand, p. 3

<sup>4</sup> Draft addendum to the Consultation Paper, [2020] Electricity Authority, p. 3

- 2.3.6 We consider this to put too heavy an obligation on retailers.
- 2.3.7 Determining whether any person(s) residing at a registered premise fit within the MDC/VC classifications would not only be difficult, but also unfeasible.
- 2.3.8 It would be impractical for retailers to be able to achieve this for the desired level for their actual customers, let alone any other person(s) residing at the property (regardless of how much effort is put in) due to privacy, communication and customer apathy constraints.
- 2.3.9 It is for these reasons why retailers rely, to a large extent, on the information provided to them by their customers.
- 2.3.10 The drafting in paragraph 8(c) puts the onus on the retailer in determining whether a customer falls under either MDC or VC category. Given the practical issues with this type of obligation, we consider that this requirement should be reflected as a “best endeavours” or “reasonable endeavours” obligation in the addendum.

- 2.3.11 We note that the current wording in the VC Guidelines aligns with this approach:

*“Retailers should make reasonable efforts to contact and inform the affected domestic consumer before his or her dwelling is disconnected.”<sup>5</sup>*

- 2.3.12 We consider similar language should be adopted in the proposed addendum. We consider more appropriate drafting to be:

*“Remote disconnections*

- (c) *For clarity, the expectations in paragraphs 42 to 48 in the VC Guideline (including footnote 17) still apply for remote disconnections. This means the retailer should make reasonable effort to determine the MDC/VC status of the domestic consumer or any other person residing at the premises and follow the appropriate Guidelines recommendations.”<sup>6</sup>*

#### **Remote disconnections - paragraph 8(e)**

- 2.3.13 Trustpower also wishes to express its concerns with paragraph 8(e). This proposed drafting states that paragraphs 42 to 48 in the VC Guidelines (including footnote 17) apply in a situation where the retailer believes a domestic premise to be vacant but may otherwise be occupied.<sup>7</sup>
- 2.3.14 In these situations, expecting a retailer to comply with the obligations set out in the VC Guidelines paragraphs 42 to 48 is unreasonable. The reason behind this view is threefold:
- The expectations in the VC Guidelines are based upon assumptions that apply when there is a retailer/customer relationship, so are not practically transferable for use with unregistered installations;
  - The primary challenge retailers face with unregistered or vacant properties is identifying and/or contacting the occupier. In many cases, retailers have no contact information to work with. In some circumstances, we can communicate with landlords or property agents, but this is seldom the case; and
  - Having an unregistered, but electrically connected, premises is already a cost incurred by the retailer, often with no opportunity for recovery. Electricity distribution businesses (EDBs) invoice retailers for daily lines charges for any ‘electrically-active’ installation control points (ICPs) allocated to the holding retailer on the registry. Every day that a

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<sup>5</sup> Guideline on arrangements to assist vulnerable consumers, [2010] Electricity Authority, p. 13

<sup>6</sup> Draft addendum to the Consultation Paper, [2020] Electricity Authority, p. 3

<sup>7</sup> Draft addendum to the Consultation Paper, [2020] Electricity Authority, p. 4

vacant property remains connected to the grid is an additional cost borne by that retailer.

- 2.3.15 We consider that the vacant property process already employed by most retailers involves the sending of multiple physical communications to an ICP and is one that, inherently, involves a great deal of investigation, follow-up and patience.
- 2.3.16 The suggestion that a retailer should log a manual disconnection for a contractor to attend an unregistered premise where there has not been any response to previous communications is not well-founded. This is because:
- a) it is not always possible to manually disconnect, i.e. if there is no external point of supply; and
  - b) it is often not in the best interests of the occupant (even if the alternative is the electricity supply being remotely disconnected). This is because physical attendance (especially outside of populated urban areas) is significantly more costly and time-exhaustive, meaning any reconnection will also be so.
- 2.3.17 Remote disconnection services are preferable as the cost is significantly less and, following any disconnection, the service can be restored often within minutes rather than hours.
- 2.3.18 Paragraph 8(e) highlights the Authority's proposal for retailers to utilise analytics (to identify consumption in a vacant premise consistent with an occupied domestic dwelling), and to respond in a manner that acknowledges the potential for the occupant to be an MDC/VC.
- 2.3.19 Whilst this proposal provides its share of challenges (due to variable premise types, household situations and tariff combinations, for example), Trustpower considers retailers should have the ability to overcome these.
- 2.3.20 We believe that retailers should be able to modify their processes in these instances and make additional efforts with communication, as well as including important information for potential MDC/VC (who to seek assistance from, advise the retailer's ability to reconnect quickly should it be required etc.).
- 2.3.21 Notwithstanding the above, we believe that paragraph 8(e) should be removed from the proposed drafting to prevent undue obligation on the retailer in vacant property situations.

## **2.4. The retailer – customer – consumer – premises relationship**

- 2.4.1 Trustpower considers that the Authority's proposed comments concerning the retailer – customer – consumer – premises relationship are a valuable inclusion in the addendum to the Guidelines.
- 2.4.2 It is our view that, in order to provide MDC/VC with the appropriate support in their specific circumstances, electricity retailers require appropriate and accurate information.
- 2.4.3 The suggested additions in this section make it clear that the expectations and obligations regarding notification of MDC/VC status and any changes to circumstances and/or premises lie with the account holder, MDC/VC, or other authorised person.
- 2.4.4 The service a retailer provides to its consumers is only as good as the information it receives from those same consumers, so we support the additional clarity in this area.

## **2.5. Broader comments concerning overall process**

- 2.5.1 Overall, Trustpower is happy with the process and direction the Authority is undertaking regarding this consultation and believes retailers and consumers (particularly MDC/VC) will benefit from the majority of the proposed changes.

- 2.5.2 In addition to the specific points made above concerning the proposed addendum, Trustpower also wishes to make a few broader comments concerning the overall process the Authority is undertaking to update the Guidelines.
- 2.5.3 We hold some concern that decisions made on the addendum as part of phase 1 may be “rolled through” phase 2 due to the short timeframes between both rounds of consultation. We would like to ask the Authority to ensure the contents of the addendum are given fair and equal reconsideration during consultation in phase 2 of this project (should it be required).
- 2.5.4 We would like to draw the Authority’s attention to a point made by ERANZ in their submission:
- “ERANZ would be concerned if the purpose of the update to the Guidelines was to stop any disconnections for non-payment during the upcoming recession caused by Covid-19. Disconnections for non-payment are an absolute last resort, but they are an important part of a retailer’s credit management toolkit to ensure that customers do not incur unmanageable debt.”<sup>8</sup>*
- Trustpower concurs with ERANZ’s position.
- 2.5.5 The consultation process to date appears to be efficient and well-constructed. Trustpower looks forward to further engaging with the Authority, and other industry participants, during the workshops scheduled for July and early August, and throughout the remainder of phase 2.

For any questions relating to the material in this submission, please contact me on 021 837 246, or Tom Kennerley, Advisor – Strategy & Regulation on 027 810 3326.

Regards,



**STEVEN MERCHANT**  
**MANAGER CUSTOMER EXPERIENCE**

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<sup>8</sup> ERANZ submission on the Consultation Paper, [2020] Electricity Retailers Association of New Zealand, p. 4

## Appendix A: Responses to consultation questions

Question	Response
<p>1. Do you agree the issues identified by the Authority in the three areas (Electricity meter operating in a 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>Yes, Trustpower agrees that these three areas can be further improved but this support is conditional to our comments concerning remote disconnection and connection highlighted in section 2.3 of our submission, and in the table below.</p>
<p>2. 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>Trustpower largely agrees with the contents of the proposed addendum to the Guidelines, however does wish to request some amendments to the drafting in a couple of areas:</p> <p><b>Paragraph 8(c): change wording to:</b></p> <ul style="list-style-type: none"> <li>• “For clarity, the expectations in paragraphs 42 to 48 in the VC Guideline (including footnote 17) still apply for remote disconnections. This means the retailer should [make reasonable effort to] determine the MDC/VC status of the domestic consumer or any other person residing at the premises and follow the appropriate Guidelines recommendations.”</li> <li>• The addition of the “reasonable efforts” text is to ensure the onus on declaring MDC/VC status lies primarily with the account holder or MDC/VC individual.</li> </ul> <p><b>Paragraph 8(e): remove paragraph in its entirety</b> because it is unreasonable to expect retailers to comply with the requirements of sections 42 to 48 of the VC Guidelines in the case of a vacant property. Reasons for this view include:</p> <ul style="list-style-type: none"> <li>• The expectations in the VC Guidelines are based upon assumptions that apply when there is a retailer/customer relationship, so are not practically transferable for use with unregistered installations;</li> </ul>



	<ul style="list-style-type: none"><li>• Retailers face a significant challenge with unregistered or vacant properties as they are often unable to identify and/or contact the occupier;</li><li>• An unregistered, but electrically connected, premises is already a cost incurred by the retailer, often with no opportunity for recovery (due to daily lines charges issued by EDBs). So incurring additional cost when dealing with occupiers of unregistered premises is not favourable;</li><li>• We consider that the current vacant property process already employed by most retailers involves the sending of multiple physical communications to an ICP and involves a great deal of time and effort being expended; and</li><li>• The suggestion that a retailer should log a manual disconnection for a contractor to attend an unregistered premise is not often workable because it is not always possible to manually disconnect if there is no external point of supply; and it is often not in the best interests of the occupant due to physical attendance being significantly more costly and time-exhaustive. Therefore, remote disconnection services are preferable, and the service can be restored often within minutes rather than hours.</li></ul>
3. 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>We share the views of ERANZ and consider that the below issues are worth addressing in Phase 2 of the review:</p> <ul style="list-style-type: none"><li>• Having the Ministry of Health develop a shared database of medically dependent customers;</li><li>• Ensuring medical clinicians help patients prepare an Individual Emergency Response Plan (IERP) when issuing electrical medical equipment;</li><li>• Setting a reasonable timeframe for medically dependent customers to demonstrate they are medically dependent;</li><li>• Improving processes by which customers in hardship are connected into community-based social services (such as FinCap) or referred into programmes like EnergyMate;</li><li>• Gaining greater clarity on the respective roles of the Ministry of Social Development and power companies around supporting customers in hardship; and</li><li>• Improving clarity as to where the cost of covering medically dependent customers' debt should fall.<sup>9</sup></li></ul>

<sup>9</sup> ERANZ submission on the Consultation Paper, [2020] Electricity Retailers Association of New Zealand, p. 5