Consultation paper
29 October 2020

Consumer care guidelines

To replace the current:

- Guideline on arrangements to assist vulnerable consumers
- Guideline on arrangements to assist medically dependent consumers
- Addendum to the Medically Dependent Consumer guidelines, and the Vulnerable Consumer guidelines

Electricity Authority
Te Mana Hiko

Contents

Foreword

The Electricity Authority guides the electricity system on behalf of all New Zealanders. *Our primary function is to regulate New Zealand's electricity systems and markets, actively monitoring behaviour, enforcing the rules and holding the industry to account.*

We are the **kaitiaki of electricity.**
Our purpose is to **enhance New Zealanders' lives, prosperity & environment through electricity.**

The Electricity Authority's purpose statement

We all know electricity is a foundation for wellbeing and the economy. However, it is important to recognise that for some whānau, being able to use and afford enough electricity to stay well can be difficult. Similarly, for someone who is vulnerable, having reduced access to electricity or experiencing payment difficulties can cause cumulative or serious harm.

In 2010, the Authority inherited guidelines to assist vulnerable and medically dependent consumers from the Electricity Commission. *Updating these guidelines provides an opportunity to build on these foundations and enhance the standard of care the electricity industry provides domestic consumers in New Zealand.*

We have been working purposefully and collaboratively with a range of stakeholders *including large and small electricity retailers, consumer representative groups, government agencies, and support agencies, to design a package of guidance to replace the old guidelines. This consultation focuses on the first part of that package – new consumer care guidelines.*

These guidelines reflect the wide-ranging input we've heard from our stakeholders throughout the process, including where the guidelines can be flexible to foster innovation and competition, and when in a customer's journey, more prescriptive guidance is needed to offer more protection and minimise harm.

We heard clearly that the consumer care guidelines should be for all New Zealanders and that the best way to prevent and reduce harm is to embrace everyone. It is fantastic to see this mindset within the industry. We are pleased that some electricity retailers treat all their customers this way already.

Among the Authority's sector ambitions are for consumer centricity, trust and confidence to drive both our regulatory work and electricity industry participants' behaviours. This project is an example of the industry bringing our strategy and purpose to life.

We're extremely grateful to everyone who has taken the time, so far, to inform the development of these guidelines. We are confident that they will protect consumers and enable competition and innovation to thrive in the electricity sector.

Now it's time for you to have your say. *We are looking forward to receiving your thoughts on this important topic.*

James Tipping*, Chief Strategy Officer,*
and the Electricity Authority guidelines project team

Have your say and next steps

Have your say

1. Everyone has a stake in electricity being supplied in the home. We welcome all views on the proposed consumer care guidelines and wish to hear from consumers, advocates, retailers and wider industry stakeholders.
2. The Authority's preference is to receive submissions in electronic format (Microsoft Word) using the response template that is provided by the Authority. Submissions in electronic form should be emailed to mdvc.guidelines@ea.govt.nz with *'Consultation paper – consumer care guidelines'* in the subject line. Please contact the Authority if you wish to provide your submission in a physical format.
3. Please deliver your submission by 5pm on Friday 27 November 2020.
4. The Authority will acknowledge receipt of all submissions electronically. Please contact mdvc.guidelines@ea.govt.nz if you do not receive electronic acknowledgement of your submission within two business days.
5. Please note that the Authority wants to publish all submissions it receives. If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full submission). If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.
6. Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982. This means we would be required to release material that we did not publish unless good reason existed to withhold it under the Official Information Act. We would normally consult with you before releasing any material that you said should not be published.
7. Please see our website for information about opportunities for in-person engagement throughout this consultation period.

Next steps

8. The Authority will carefully consider all submissions received, and following analysis of feedback, may make further revisions to the proposed guidelines. Stakeholder engagement will be ongoing during the consultation period, and the Authority may undertake further targeted engagement to shape the final guidelines.
9. It is proposed the Authority's Board will consider the consumer care guidelines for approval in early 2021. Following approval from the Board, and an implementation period, the guidelines will be published and replace the previous *'Guideline on arrangements to assist medically dependent consumers'* the *'Guideline on arrangements to assist vulnerable consumers' and the 'Addendum to the Medically Dependent Consumer guidelines, and the Vulnerable Consumer guidelines'*.
10. Information provided to the Authority under Part 10 of these guidelines will allow better and more regular monitoring of both retailer alignment and consumer outcomes.
11. This consultation seeks feedback on the new guidelines and the concept of a wider consumer care guidance package – we are not yet seeking feedback on the detailed content of individual components of the wider package. Development of elements of the wider consumer care package signalled in this document will be carried out in early 2021. The wider package is presented in Appendix 4.

Introduction

The existing guidelines need to be reviewed

12. The Vulnerable Consumer (VC) and Medically Dependent Consumer (MDC) guidelines were introduced in the mid-to-late 2000s[1] and last updated in 2009, with the Electricity Authority inheriting them from the Electricity Commission in 2010. They have generally served New Zealand consumers well, and electricity system stakeholders can be proud of their shared commitment to implementing them.

13. In this time there have been significant changes in New Zealand's electricity industry. In addition to the growth in New Zealand's population, the number of electricity retailer brands has increased more than three-fold as companies have entered and exited the market. While this brings new ideas and different ways of delivering retail services to consumers, it has also diluted institutional knowledge and the existing guidelines' ability to protect consumers.

14. Technologies have also evolved. Most residential premises now have a 'smart' meter that is operated remotely by a metering equipment provider (MEP) to, amongst other things, connect or disconnect a home without undertaking a site visit to check for an at-risk consumer.

15. After more than 10 years, the existing guidelines need to be reviewed.

The Electricity Price Review, the guidelines update project and COVID-19

16. In October 2019 the Government's response to the Electricity Price Review (EPR)[2] May 2019 supported the recommendation that the Government reviews and strengthens voluntary arrangements as part of developing and mandating minimum standards that distributors, retailers and others must meet when providing electricity or electricity-related services to vulnerable and medically dependent consumers.

17. In April 2020, during the COVID-19 crisis, the Authority sent a letter of expectation to retailers reminding them to follow the two existing guidelines and among other things, treat all domestic customers facing disconnection as vulnerable during this time.

18. We also asked all Type 1 retailers[3] and The Lines Company to assess whether their processes aligned with the two existing guidelines. Responses indicated that awareness of, and alignment with, the guidelines was high. However, responses raised practical issues with the guidelines including a lack of formal feedback and the absence of a learning loop between the Authority, industry participants and relevant agencies.

19. On 7 May 2020 the Authority Board asked staff to prepare an addendum (published on 30 June 2020) to update the guidelines to immediately deal with the identified technological changes, and to continue the longer-term work of developing new guidelines.

20. In 2014 a number of retailers had convened an industry working group to consider and make recommendations on benchmarking of alignment with the existing guidelines. This group was taken over by the Electricity Retailers Association of New Zealand (ERANZ) when it was formed in 2015. After the release of the EPR, ERANZ convened another working group to consider restructuring and updating the existing guidelines.

    ERANZ's work was subsequently subsumed into the Authority's guidelines project. The Authority's project drew input from a widened stakeholder group including consumer representatives, and social and support agencies.

---

[1] For information on the evolution of the existing guidelines see Appendix 1

[2] In the EPR, energy hardship was identified as a pressing problem, and a range of recommendations were made. MBIE is the lead agency for many of the EPR projects. For more information on the EPR and the Governments response see www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-consultations-and-reviews/electricity-price-2018-19/

[3] Type 1 retailers are retailers, who are participants, who purchase electricity from the electricity market and on sell that electricity directly to customers. Type 2 retailers are retailers, who are participants, who purchase electricity from another party and on sell that electricity directly to customers. It is not possible to identify all Type 2 retailers.

Proposal for new guidelines (and package of guidance) arrived at collaboratively

21. Through a series of collaborative workshops and engagement, stakeholders have guided the design, structure and content of new guidelines. This invaluable stakeholder-led collaboration process led to a single set of proposed consumer care guidelines to replace the two existing vulnerable consumer and medically dependent consumer guidelines.

22. We have streamlined the content of the proposed guidelines to focus on recommended actions and processes. The guidelines make recommendations focussing on retailers' overarching systems and records, and then are structured to follow the consumer journey, with the later more prescriptive sections focussing on the 'pinch points' of what happens when payment difficulties are anticipated or arise.

23. The guidelines apply to all domestic consumers, with Part 9 including recommended additional actions and processes for when retailers are engaging with MDCs.

24. We have not included advice or examples of good practice within the guidelines document. However, in recognition of the wider ecosystem into which the guidelines will fit, stakeholder feedback has led to the proposed development of a **consumer care guidance package**. This package is explained in Appendix 4.

Carrying out our statutory function

25. One of the functions of the Authority under the Electricity Industry Act 2010 is to undertake market-facilitation measures, and to monitor the operation and effectiveness of market facilitation measures[4]. This function is described under the Electricity Industry Act to include the provision of education, guidelines and information. Under the Crown Entities Act, the Authority also has any functions that are incidental and related to, or consequential, on the functions under the Electricity Industry Act. In performing its functions, the Authority must act consistently with its objectives[5]. The Authority's statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers[6].

26. The Authority considers that the role it is taking in facilitating the making of the guidelines comes within, or is incidental and related to, its market-facilitation function and is consistent with the efficiency element in its statutory objective. Through the collaborative workshops, the Authority has sought to facilitate the market to reach a general industry agreement on the new guidelines and is continuing to do so through this consultation. The Authority sees this facilitation as part of enabling the efficient operation of the industry and therefore consistent with its statutory objective. It is anticipated that the new guidelines will be a product of the general agreement of the industry.

27. The Authority also anticipates that the proposed guidelines will assist in achieving the Authority's objective by providing clear guidance to retailers which will ensure retailers are competing on a level playing field, leading to both a more efficient outcome and more effective competition, and ultimately more benefit for consumers. Many of the provisions of the new guidelines are also expected to contribute directly to improving the efficient operation of the electricity industry.

Incentivising alignment

28. Alignment with the proposed consumer care guidelines is voluntary and we are confident retailers will continue to do the right thing and align their processes to the proposed guidelines.

29. Part 10 of the proposed guidelines is focussed on information disclosure recommendations to enable the Authority to better understand retailer alignment and consumer outcomes.

30. The disclosure information includes CEOs of retailers providing a statement to the Authority annually to indicate their organisation aligns with the guidelines' recommendations. The Authority may publish these statements and other information provided, and the names of

---

4 16(1)(f) of the Electricity Industry Act 2010

5 Section 14(2) of the Crown Entities Act 2004

6 Section 15 of the Electricity Industry Act 2010

retailers that do not align or provide information by the due date. The Authority considers that publication will:

a. Enable consumers to gauge retailers' alignment with the guidelines; and

b. Incentivise retailers to align with the guidelines.

31. As the Authority has taken a collaborative approach in producing the proposed guidelines, the Authority expects complete alignment with the guidelines when finalised. The Authority will continue to monitor the effectiveness of the general industry agreement and participants' alignment with them. If, in monitoring the electricity market, the Authority finds there is not strong alignment with the guidelines, the Authority may consider whether to mandate aspects of the guidelines in the Code under the criteria set out in the Electricity Industry Act for the making of the Code. The Authority would also follow the process in the Electricity Industry Act for the making of the Code.

The VC and MDC guidelines are not fit-for-purpose

32. Against the backdrop of a decade of change in the electricity industry, consumers, retailers, the Authority, and other stakeholders such as agencies helping consumers who face payment difficulties, are experiencing problems under the existing VC and MDC guidelines.

Residential consumers are experiencing problems

33. There are over 1.8 million residential customers in New Zealand, and many more consumers living in these customers' homes. Almost 2% of customers have prepayment meters. Almost 1% of these customers are registered with their electricity retailer as an MDC.

34. We have heard from stakeholders that under the VC and MDC guidelines:

    a. Consumers experiencing payment difficulties are not being identified and given assistance (budgeting, financial, or otherwise) as quickly as they could be. This may be contributing to thousands of consumers being electrically disconnected for non-payment of a debt to their electricity retailer each year.

    b. Some consumers are using loopholes in the processes under the guidelines to delay or avoid paying their electricity bills, imposing costs on retailers and eventually on other consumers.

    c. Consumers receiving a notice of electrical disconnection are not receiving information that could be very useful in resolving a debt issue, including the contact details of agencies that may be able to assist the consumer, and the details of the retailer's disputes process.

    d. In certain situations, specifically in properties that have been deemed "vacant", incoming consumers are being electrically disconnected by industry participants without an appropriate disconnection process being followed.

    e. Consumers do not have a clear process to follow if they disagree with the customer or their electricity retailer over whether they, or someone else usually resident at their premises, is a MDC.

Retailers are experiencing problems

35. Since the VC and MDC guidelines were published in 2009, the number of electricity retailers has increased threefold. There are many different participants with different business models offering different products for consumers including, for example, shorter invoice periods, or an online only presence. New retailers may bring a different perspective or understanding of the guidelines. Newer industry staff might not have relationships across support and social agencies that help facilitate the currently unwritten processes intended by the existing guidelines.

36. We have heard from stakeholders that under the VC and MDC guidelines:

    a. Retailers can find themselves operating on an 'uneven playing field'. Some retailers incur more costs than others aligning their practices with the guidelines because the guidelines permit materially different interpretations—for example, the process a retailer should follow when electrically disconnecting vacant premises.

    b. Retailers can incur an unnecessary build-up of debt by customers claiming to be MDCs, who are in fact acting in bad faith.

    c. Retailers are incurring inefficient costs associated with sending electrical disconnection notices to customers.

    d. Retailers are incurring unnecessary costs associated with other parties inadvertently, or deliberately, electrically disconnecting the retailer's customers.

    e. Retailers' ability to liaise with a customers' alternate contact are unclear.

    f. Retailers are being asked to verify that a domestic consumer is medically dependent, when they do not have the expertise to do so.

    g. There is ambiguity over arrangements retailers should have in place to deal with customers that have a domestic consumer living with them who is, or may be, medically dependent.

Monitoring and alignment information that the Authority receives under the existing guidelines is insufficient

37. The Authority's purpose is to enhance New Zealanders' lives, prosperity, and environment through electricity. Electricity regulation is the tool through which we can contribute to wider outcomes. To make good regulation we need good information.

38. We have heard from stakeholders that under the existing VC and MDC guidelines there are a number of issues, including:

    a. A lack of alignment (or otherwise) of retailers' practices with those intended by the guidelines

    b. Inconsistent consumer outcomes occurring under the guidelines

39. The Authority currently receives insufficient information to quantify the alignment of retailers or to determine if consumers are adversely affected because:

    a. There is no formal feedback and learning loop between the Authority, industry participants and the various agencies that support consumers facing payment difficulties

    b. There are alignment issues and inconsistencies between retailers with the application of the guidelines

    c. There are delays in obtaining quarterly monitoring information from retailers.

Other stakeholders are experiencing problems, which adversely affect consumer outcomes

40. The Authority does not regulate non-industry participants. However, the Code and market facilitation measures we make can, and do, have an impact on non-participants, which in turn can, and do, have an impact on consumers.

41. We have heard from stakeholders that under the existing VC and MDC guidelines, ambiguity of process and delays in identifying consumers experiencing payment difficulties adversely affects the ability of agencies to help. This in turn adversely affects consumers, through outcomes such as higher debt, electrical disconnection, stress or emotional harm, and increased difficulty obtaining goods and services because of a poor credit rating.

Who are we designing for?

42. To design new guidelines, we needed to understand who the guidelines were for. We looked at the system, the people and organisations within it, where the guidelines fit, and who and what they can influence based on the Authority's role.

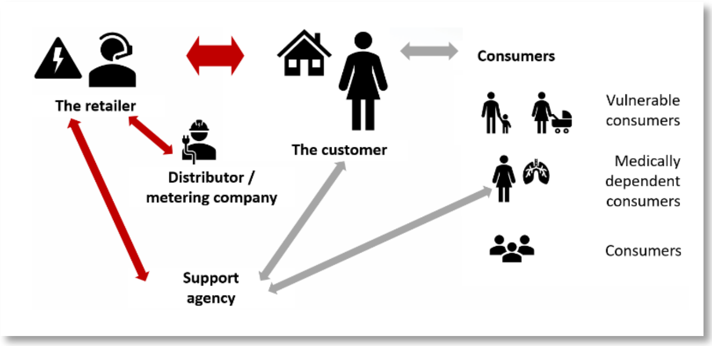
The system

43. Whole systems can be influenced via the different relationships within it. Key parties relevant to the consumer care guidelines include:

a. Customers who hold a relationship with a retailer

b. Consumers (who may also be a customer, or just living in a customer's home)

c. Industry participants involved in supplying (and with the ability to disconnect) electricity, including retailers, distributors and metering companies



d. Wider support agencies such as Work and Income, financial mentoring services, community support and advocacy services, and health agencies.

44. All these stakeholder types were represented in the workshops. However the guidelines are designed to apply to retailers, and primarily seek to influence the relationship between retailers and their customers to drive better outcomes for all consumers.

Vulnerable consumers (including medical dependency)

45. To ensure the proposed guidelines are consumer-centric, the Authority developed a series of reference persona for at-risk consumers to guide and test our design approach. These were invaluable in modelling the consumer journey, recognising where there is potential for harm, opportunities to prevent harm, and where principles and best practice guidance could be used instead of prescriptive minimum standards.

46. We heard that vulnerability is complex. Any person can experience vulnerability of different levels, at different times throughout their life. The reasons for vulnerability are varied but can be grouped for the purposes of this work:

a. Financial vulnerability — including difficulties with cashflow, covering all expenses, or needing to significantly limit power use to cover other bills.

b. Health vulnerability — including cumulative impact from underusing electricity through to medical dependency on electricity.

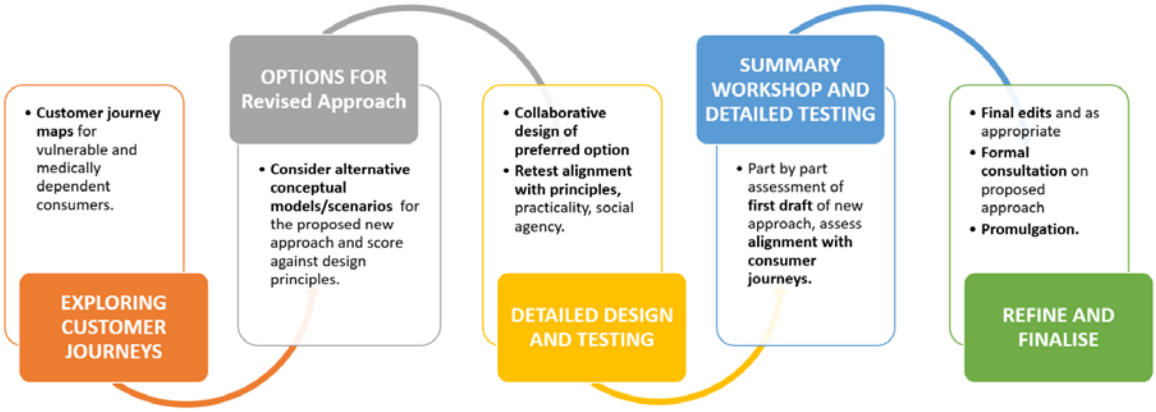
c. Functional vulnerability — including any situation that causes a customer difficulty to interact or pay for services, due to cognitive ability, literacy skills, communication skills, physical or intellectual disability, time available, grief, stress, and more.

47. Attempting to define vulnerability in the guidelines risks inadvertently leaving some consumers exposed to harm. This led the workshop participants and the Authority to recognise that the proposed guidelines should apply to *all consumers equally*, and that they should be designed in a way to activate appropriate preventative or reactive measures at the right time. Prescriptive guidance is also still needed in some areas to provide consistent protection for those consumers most at risk, about to, or already experiencing difficulties.

Our approach: an interactive and collaborative design process

49. This project represents a new approach to how the Authority works with stakeholders. We have followed the principles of collaborative consumer-centred design – investing time and effort in gaining broad input and consensus prior to formal consultation.

50. Through a series of four workshops, bilateral engagement, and independent assessment we have tested ideas and questions against a range of perspectives, found areas of alignment, and helped stakeholders reach common ground. The consumer care guidelines reflect what we've heard throughout those engagements. The diagram below illustrates the workshop process, and outputs summaries can be viewed at: https://www.ea.govt.nz/mdvc-events



Design principles

51. Design principles are specific value statements used to guide and focus decision-making when designing a product or service. For the guidelines update, design principles were defined iteratively in collaboration with stakeholders. This ensured we recognised key areas for success. The design principles focussed on good outcomes for consumers, the need for retailers to compete, innovate and be paid for their services, and the needs of wider stakeholders and the Authority.

52. The design principles were refined into three overarching principles which are contained in Part 1 of the guidelines.

Consumer journey

53. Defining a consumer's journey with their retailer played a significant role in the design of the proposed guidelines. Testing ideas and personas against this journey illustrated and emphasised that harm can occur at every stage of the journey — from trying to get established as a customer, to everyday life, payment issues, and when facing disconnection. The harm is exacerbated for consumers with medical dependencies.

Thanks to these stakeholders

54. The organisations below engaged in person or in a 'Zoom' workshop.

Type	Participants
Retailers	Contact Energy, Electric Kiwi, Energy online, ERANZ, Flick Electric Co, Genesis Energy Limited, Hanergy Limited, Mercury Energy, Meridian Energy, Nova Energy, OurPower, Pioneer Energy Limited, Pulse Energy, Trustpower, Vocus, WEL Networks
Consumer advocates	Consumer NZ, Sustainability Trust
Meter providers	Intellihub, Vector metering
Distributors	Electra Limited, The Lines Company, Vector, Wellington Electricity, ENA

Type	Participants
Support agencies	FinCap, Anglican Care, Salvation Army, Presbyterian Support Services
Social agencies	MSD, Kainga Ora, Christchurch City Council
Regulatory agencies	MBIE, ourselves (The Authority)
Others	Utilities Disputes Ltd, New Zealand Telecommunication Forum, University of Otago

Hearing from customers who face payment difficulties, via human-centred design specialists Empathy

55. The Authority engaged human-centred design specialists Empathy to help inform the development of the proposed guidelines. Their report is published as part of the consultation material.

56. Empathy met with a range of consumers who experience medical and other difficulties in their lives and have struggled to pay their bills. Some of these consumers were not clear what plans are available to them, some were not clear what constitutes an MDC, some were underusing power despite a warm home being a more effective means to address their illness than subsidised prescription medication.

57. Empathy's overarching advice was consistent with what we heard at workshops: to focus more prescription in areas where there is more risk of harm – such as in Parts 6 and 7 of the proposed guidelines. The energy hardship challenges arising via Empathy's work are greater than the scope of these guidelines and are the focus of work currently underway at MBIE.

Learning from overseas regulations addressing consumer hardship

58. We have reviewed the Australian Energy Regulator (AER)'s Hardship guidelines and supporting documentation to consider what contents could be mirrored in our proposed guidelines, particularly:

    a. AER's Consumer Hardship Policy Guidelines (March 2019)

    b. AER's Sustainable Payment Plans Framework (March 2016)

    and have mirrored aspects of the AER's guidelines, for example, in our new proposal that retailers publish a consumer care policy.

The proposed guidelines: purpose, principles and intended outcomes

59. The purpose of the consumer care guidelines (and the wider guidance package) is to support:

   a. Retailers adopting behaviours and processes that foster positive relationships with domestic consumers

   b. Retailers helping domestic consumers maximise their potential to access and afford a constant electricity supply suitable for their needs

   c. Retailers helping domestic consumers minimise harm caused by insufficient access to electricity, or by payment difficulties.

Overarching principles

60. To achieve this purpose, and to support competition, innovation, and an improved flow of information on retailer alignment and outcomes achieved, the guidelines (and wider package) are designed under the following **three overarching principles**:

61. These overarching principles were refined through the collaborative design process – building on initial design principles, and discussions on sets of expectations including how consumers wish to be treated, the needs of retailers, support and social agencies and the Authority.

62. For each of these core principles, the consumer care guidance package has a range of intended outcomes that apply across a customer's journey with a retailer: from initial approach and potential sign-up through to business as usual, navigating payment difficulties and what happens if a matter progresses to disconnection.

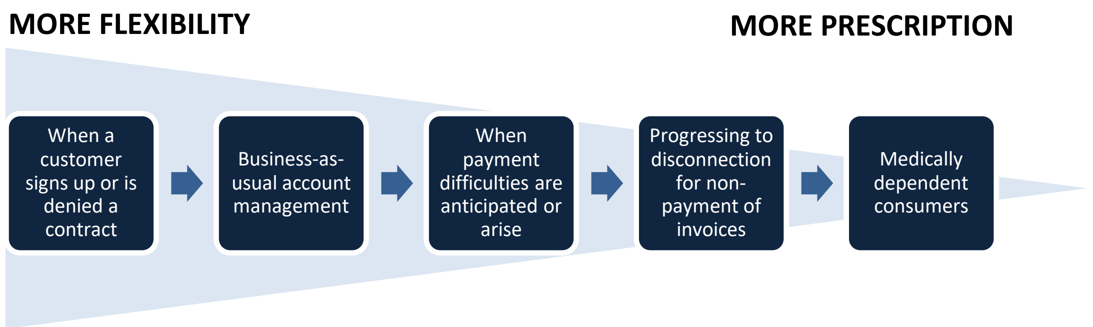
Supporting innovation and competition via selective prescription

63. While vulnerability and/or the potential for payment difficulties to arise can be very specific to an individual and their circumstances, there are key points and interactions in the customer journey where vulnerabilities commonly surface, and harm can be inadvertently caused or exacerbated through unsupportive practices.

64. Payment difficulties and disconnection for non-payment are two examples. In these types of situations, a consumer is already experiencing difficulties and the potential for harm is higher.

65. The proposed guidelines allow greater flexibility in earlier stages of a customer's journey when the risk of harm is lower, and contain greater prescription in stages involving payment arrears. This assists retailers to offer a minimum level of support to help consumers most at risk.

66. Similarly, the proposed guidelines identify specific actions and behaviours retailers should undertake across the customer journey, or in advance, to align with the guidelines and reduce the chances of a consumer experiencing difficulties in the first place.



67. This structure and customer focus supports a level playing field for retailers to continue to compete and innovate, and does not limit retailers going well beyond the proposed guidelines' recommendations.

Improving transparency so alignment and consumer outcomes can be better understood

68. In developing the proposed guidelines, we have been mindful of how monitoring, and better information on retailer alignment and on consumer outcomes will be critical to enable parties to assess and understand whether the guidelines are, over time, achieving their intended outcomes.

Alignment with EPR recommendations relating to medically dependent and vulnerable consumers

69. The EPR recommended *minimum standards* be set. The proposed guidelines do not set standards, but rather provide voluntary guidance (in essence, set *voluntary minimum standards)*. As discussed above, if, in monitoring the electricity market, we find there is not strong alignment with the guidelines, we may consider whether to mandate aspects of the guidelines in the Code.

70. We've carefully considered, and discussed in workshops, how the proposed guidelines can best align with the intent of the recommendations made by EPR and the Government's response.

71. The table below explains where the proposed guidelines align with the intent of the EPR recommendations, and where we diverge, explaining how and why.

EPR recommended minimum standards – theme:	**New guidelines align?**	**Explanation: is the intent of the EPR recommendation reflected in the proposed new guidelines?**
defining who are vulnerable consumers	√	While we have not provided a definition of "vulnerable consumers", we believe we have met the intent of this EPR recommendation by extending the engagement process to all domestic consumers. This ensures consistent treatment across all domestic consumers at all times, instead of depending on when a consumer meets the definition of a "vulnerable consumer".
defining who are medically dependent consumers	√	Yes. The proposed guidelines define an MDC and set out the process of definition and verifying an MDC
how service providers establish whether existing or intending customers are vulnerable or medically dependent	√	Yes. Please see above explanations.
the advice such customers receive	√	Yes. The proposed guidelines set out the advice customers should receive when initially contracting with a retailer, when declined by a retailer, when occupying a vacant premises, and when experiencing payment difficulties
payment and metering options (including cash, "smooth pay" options and pre-pay)	√	We see the intent of this recommendation as retailers offering their most fit-for-purpose products to meet their consumers' needs. There are a range of recommended actions in the proposed guidelines that support retailers to do this (e.g. recommending the lowest cost option the retailer has available to the consumer).
pre-pay service standards	√	Yes. The proposed guidelines include recommendations setting out limitations and disconnection operation of prepayment metering, including when the device will disconnect and reconnect customers. The proposed guidelines also set out a requirement for retailers to identify frequent self-disconnection and offer those customers the same assistance offered to post-pay customers. The proposed guidelines do not include payment options for prepay metering or require prepay metering to be provided.

EPR recommended minimum standards – theme:	New guidelines align?	Explanation: is the intent of the EPR recommendation reflected in the proposed new guidelines?
how to deal with such consumers when they fall behind with payments	√	Yes. The type of advice has been included in the proposed guidelines, but not the precise wording of such advice.
controls and procedures for disconnecting and reconnecting their power	√	Yes. Recommendations included in the proposed guidelines cover time frames, notifications, and ensuring that consumers are aware of any impending disconnection.
the involvement of advocates and agencies, such as budget advisors and Work and Income	√	Yes. Recommendations for alternate contacts and referrals are included in the proposed guidelines.
monitoring and enforcement arrangements	√	Yes. Recommendations are included in the proposed guidelines for ongoing self-assessment alignment publication of disclosure information, as well as ongoing Authority monitoring.

The proposed guidelines: concept, structure and key changes

High-level concept and structure

72. The proposed guidelines aim to simplify and streamline, compared to the existing two sets of guidelines. The general consensus view from stakeholders in the workshops was that a single set of guidelines will be simpler for retailers, consumers, support and social agencies, in terms of both those parties' awareness of the guidelines, and their engagement with the recommendations within. Combining the material into one set of guidelines also removes the duplication of content across the existing two sets, so streamlines presentation of the material.

73. A firm view prevailed in the workshops that the guidelines' title should focus on reinforcing the positive behaviours and outcomes sought, rather than the title containing the negative 'vulnerability' label. 'Care' is a far more constructive term focussing on positive actions of the retailer – the key intended recipient of these guidelines.

74. The consumer care guidelines cover all consumers, not just those 'labelled' vulnerable, or MDCs. This is because a clear view prevailed from stakeholders in the workshops that *all* customers should be covered by these guidelines, as the basic principles of respect and constructive engagement should apply to all customers, not only those who have gone through a 'labelling' process.

75. Applying the guidelines (excepting Part 9) to all domestic customers also negates the need to set a definition for which customers may be labelled 'vulnerable'. Stakeholders in the design workshops were in near-unanimous agreement that vulnerability could take many forms, individuals move in and out of vulnerability during their lifetime, sometimes vulnerability could be short-lived, and critically, that retailers should not be in a position to have to ask for detailed personal information on matters including income, expenses or household or relationship stability, or have to make a judgement, before being able to treat a customer in a more constructive manner. Stakeholders thought that providing definitions of vulnerability risked imposing unnecessary hurdles for individuals before they could be supported. Part 3 recommends retailers simply record vulnerability-related information if this has been volunteered by the customer, as by doing this could protect the customer from the inconvenience and potential embarrassment of repeating their reason for payment difficulties many times, to different customer services staff.

76. The guidelines are written to apply to industry participants who invoice domestic customers directly for electricity delivered or consumed. This includes all retailers, and also distributors who invoice directly. Due to the potential for serious harm to wellbeing or health, of all consumers and especially MDCs, if the recommendations are not followed, we are not proposing a carve out for the smallest retailers.

77. Stakeholder workshops included detailed mapping of customers' potential journey routes with a retailer, and also considered the experience of consumers usually resident in the connected premises and who were not the contract-holding customer. The proposed guidelines are assiduously consumer-centric, as demonstrated by the primacy of the consumer perspective in the overarching principles, the longer list of consumer-related intended outcomes, and the restructure of the material in the proposed guidelines (compared to the existing guidelines) whereby the proposed guidelines' Parts follow the consumer journey.

78. A firm view prevailed in workshops that, consistent with the existing guidelines, MDCs need additional considerations and protections. Clear additional guidance for retailers engaging with MDCs is achieved by locating all additional recommendations pertaining to MDCs in Part 9 of the guidelines. Having MDC-related recommendations in one place was considered by stakeholders to be preferable to including MDC-related recommendations throughout the proposed guidelines' Parts 3-7.

79. A substantial amount of material that is contained in the existing guidelines has not been replicated in the proposed guidelines. We have removed examples of good practice from the proposed guidelines and reference to the schedule of critical electrical medical equipment (CEME). Instead, these wider tools and examples of good practice will be included, separately to the guidelines, in the wider consumer care guidance package.

Key changes between old and new guidelines

80. The collaborative process has resulted in agreed overarching design principles, a new structure for the guidelines, and general agreement on the level of prescription required at various stages. The guidelines include limited prescription only in the sections relating to retailer actions and processes when dealing with payment arrears, progression to disconnection as a last resort, and when engaging with MDCs. This is to balance the guidelines offering adequate consumer protection, while also ensuring retail competition and innovation is not impeded, as this is also for the long-term benefit of consumers.

81. The guidelines integrate the recommendations contained in the two existing guidelines and the addendum effective on 30 June 2020.

82. Stakeholders familiar with the existing guidelines will also notice some key changes.

83. Consumer centricity is a core ambition of the Authority's strategy. In this workstream we have followed a consumer-centric design approach. This has led to new features including:

    a. The two existing guidelines are now a single guidelines document

    b. A focus on 'consumer care' rather than vulnerability, including actions that support better outcomes for consumers by working to prevent difficulties arising – rather than purely responding to known vulnerability (including medical dependency), payment arrears, or harm and unknown vulnerability as it surfaces

    c. The explicit definition of vulnerability has been removed, which is consistent with strong feedback arising from workshops. This means the proposed guidelines cover **all** domestic consumers, with the specific Part 8 containing additional recommendations for MDCs

    d. The proposed guidelines are structured to follow the customer journey, offering retailers flexibility to innovate for most parts of the journey, then clear minimum standards at those points in a customer's journey when the risk of harm is potentially higher.

84. The guidelines also contain some significant new recommendations, including but not limited to:

    a. Retailers should publish a public-facing consumer care policy (inclusive of some standardised statements) that sets out the support and high-level experience the retailer commits to providing to their customers

    b. Retailers record information to better understand their customers, including matters such as communication and invoicing preferences, and any information offered by the customer concerning anticipated or actual payment difficulties

    c. A recommended process for the disconnection of premises where a retailer does not have a contract with a customer

    d. Critical Electrical Medical Equipment (CEME) has been removed as a means of identifying MDCs. Reliance for identification is placed on a Health Practitioner's (HP) notice

    e. A recommended time period for MDCs to respond to information requests from retailers

    f. The consequence of a potential MDC failing to engage with its retailer is explained

    g. Increased alignment and monitoring recommendations to a clearer pathway for ongoing monitoring and assessments of alignment and consumer outcomes.

85. The guidelines also propose some clear, more prescriptive recommended minimum actions for:

    a. How a retailer can offer to support a customer in a way that maximises that consumer's potential to access and afford a constant electricity supply suitable for their needs

    b. When a customer enters into payment arrears, what should happen if those arrears are not resolved through constructive engagements

86. The guidelines create stronger incentives and mechanisms for retailer alignment and will support the Authority to better monitor alignment and consumer outcomes.

Impact assessment

87. Aligning with the new recommendations in the consumer care guidelines will impact a number of parties, particularly retailers. While there will be clear benefits from the new recommendations, it is important for stakeholders to appreciate that this alignment will not come without cost.

88. In order to assess and illustrate these impacts, we have undertaken a high-level assessment of the incremental benefits and costs of the proposed consumer care guidelines compared to the two guidelines we are proposing to replace. This is contained in Appendix 2.

89. It is important to note that the proposed guidelines are voluntary guidance—they are not a proposed change to the Code. As such, the Authority is not bound by the Act to undertake an analysis of the costs and the benefits of the proposal. We also wish to stress that in the assessment we are focusing only on the "what's new?", and not the overall benefits and costs of the proposed new guidelines, given that retailers' alignment with the existing guidelines is very high.

The proposed guidelines: Part-by-part summary

90. This chapter presents an overview of each section of the proposed guidelines and describes some of the discussion and reasoning that has led to the structure and contents.

91. Consultation questions are posed to guide stakeholders responding to this consultation. The same questions are contained in the suggested response template, available on our website5.

Explanatory note

The proposed guidelines

92. The proposed guidelines contain an Explanatory Note. This explains that the guidelines replace two previous sets of guidelines; to whom they apply (retailers as defined by the Electricity Industry Act 2010 and distributors who invoice domestic customers directly); that their intended aim is set out in Part 1's purpose statement; that the guidelines nest within a wide package of guidance; and that the guidelines do not form part of the Electricity Industry Participation Code 2010 (Code) but should be read in conjunction with the Code.

93. Key definitions necessary for clear interpretation are stated up front. How a retailer can align with the guidelines is also explained: which is by adopting the recommended actions or by demonstrating that their chosen alternative actions achieve the purpose and outcomes described in Part 1.

Reasoning for the proposed guidelines as drafted

94. The proposed guidelines have been drafted to work as a standalone document that we expect retailers may print and refer to. The Explanatory Note means essential information on context and scope is contained within the actual guidelines document, so that this information is to hand without a retailer's staff member having to locate the guidelines online to be able to read about context or related documents. Explanatory notes are a common in modern regulatory design.

Part 1: Purpose

The proposed guidelines

95. Part 1 aims to ensure the purpose of the consumer care guidance package, including these guidelines, is clear. This part presents the purpose and overarching principles for the proposed guidelines (and wider guidance package). Under each of the overarching principles, Part 1 also describes the intended outcomes and contributing actions.

What has changed from the existing guidelines?

96. The purpose statement is a new inclusion—it does not exist under the current guidelines.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

97. Throughout our collaborative design process, workshop participants told us that the existing VC and MDC guidelines were not clear when describing processes that should be followed to achieve intended outcomes, nor were they flexible enough to allow delivery through different actions. Workshop participants recognised retailers' right to be paid, and the need for a level playing field to enable competition and innovation. We were told while some groups of consumers are more at risk, all have the potential to experience vulnerability at different times, and that all should be treated equally and with respect. We heard that retailers' behaviours and processes should aim to reduce the chance of consumers experiencing harm through underuse of electricity or payment difficulty, and that targeted assistance should be provided when needed and to those most at risk.

98. Part 1 intends to achieve clarity and certainty for stakeholders on the purpose of, overarching principles for, and intended outcomes of the guidelines. An additional reason for Part 1 is that those retailers who prefer to take actions different to those recommended in the guidelines may nonetheless wish to claim that their alternative actions also result in alignment with the

guidelines. To afford this flexibility to retailers a clear statement of purpose is needed so that such retailers can self-assess their alternative actions against the intended outcomes.

99. Whilst the guidelines are not formal legislation, they are a form of 'soft regulation' and so should be drafted with the principles of good regulatory practice and good regulatory design in mind. A purpose statement or purpose clauses are good regulatory practice. New Zealand's Legislation Design and Advisory Committee (LDAC) advises:[7]

> *Purpose clauses are increasingly used in legislation for one or more of the following key reasons:*
> - *communication reasons – to make the basic purpose of a regime clear to a reader before they get into the detailed provisions, to help them understand and apply the legislation*
> - *signalling reasons – to set the direction of a regime and often to signal a change in the high-level policy approach*
> - *concrete administrative or legal reasons – either, at a high level, to set a basis for implementing, monitoring, and assessing the performance of a regime or, at a more micro-level, to form a basis for statutory criteria or tests for discretions under a regime*
> - *interpretative reasons – to guide the interpretation of the legislation.*

100. LDAC also advises that a purpose clause should be considered early in a legislative development process. Following a 'design thinking' approach, design principles were co-designed during the earlier stakeholder workshops. Design principles are used to define 'what good looks like'. Whilst there is nuanced difference between design principles (which guide solution design) and a purpose statement (which describes the purpose and usually the outcomes a regime or system seeks to achieve), the two approaches require a very similar lens. The workshopped design principles underpin the proposed guidelines' purpose and overarching principles.

101. Part 1 also builds on and reflects the purpose statement, or principles, stated for other similar regimes. Strawman draft principles discussed at a stakeholder workshop were collated by drawing on the UK Ofgem's new strategy for vulnerable consumers. We have subsequently also drawn from the AER's work in this area—in particular, the AER's 2019 Consumer Hardship Policy Guidelines. The overarching design principles have received widespread support from stakeholders involved in the workshops.

Part 2: Retailers to publish a consumer care policy

The proposed guidelines

102. Part 2 makes recommendations to retailers concerning a consumer care policy. This part recommends retailers publish a consumer care policy (CCP) that commits the retailer to specific intents and actions, and that retailers make consumers aware of this policy. This Part also recommends statements for retailers to use (or to substitute with phrases of the same meaning) in their CCP, and when engaging with customers who are in payment arrears.

What has changed from the existing guidelines?

103. The CCP is a new recommendation—it does not exist under the existing guidelines.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

104. Workshop participants told us that under the existing guidelines, there are inconsistencies in how retailers align and provide customer support, and that it is often difficult for consumers, advocates and other stakeholders to determine what policies retailers have. We also heard that retailers' policies and processes can make or break their customers – especially those facing payment difficulties.

105. The recommendations in Part 2 recommend retailers publish a consumer care policy (CCP), the necessity of putting into action the commitments made in that CCP. Part 2 intends to ensure customers facing actual or potential payment difficulties receive consistent and supportive

---

[7] Legislation Design and Advisory Committee, Supplementary Material to the Legislation Guidelines 2018, 'Designing purpose provisions and statements of principle' at http://www.ldac.org.nz/guidelines/supplementary-materials/designing-purpose-provisions-and-statements-of-principle

messaging across retailers. The CCP offers a very positive mechanism for retailers to make a public commitment on their own philosophy and approach to consumer care.

106. This Part also aims to ensure that third parties (e.g. support agencies or social agencies) can be clear on what customers can expect from their retailer. We heard this need clearly from stakeholders in the workshops. Part 2 offers the possibility of shining 'sunshine' on a retailer's conduct. A consumer, or third parties such as Utilities Disputes, Consumer NZ, Fair Go or the Authority, can highlight to retailers instances of where consumer engagement may not align with the retailer's CCP.

107. A potential risk associated with recommending retailers publish their own CCPs is a reduction in competition or innovation through retailers being reluctant to share their intellectual property. However, many retailers already share their consumer care practices openly in industry forums. There is also a risk of consumers gaming retailers' processes and systems if support processes are transparent. However, the existing guidelines themselves have always been public.

108. The recommendation for retailers to each have a consumer care policy reflects an Australian regulatory regime focussed on achieving the same objectives. The Australian Energy Regulator (AER)'s Customer Hardship Policy Guideline, under the National Energy Retail Rules (Retail Rules), under the National Energy Retail Law (NERL), requires energy retailers to have and publish a hardship policy on their website.[8]

Part 3: Information and records relating to consumer care

The proposed guidelines

109. Part 3 makes recommendations to retailers concerning information and records on customers and in relation to consumer care. This Part recommends specific information is gathered relating to customers' communication preferences and invoicing preferences. Further recommendations are that retailers have and use processes and systems to record information on current or past payment arrears, contextual information offered by a customer regarding anticipated or current payment difficulties, or reasons for anticipated or current payment difficulties. The retailer should also record contextual information offered by a customer on why they perceive themselves to be at increased risk of harm from electrical disconnection.

110. Retailers are recommended to clearly flag the above information in a readily accessible place in the retailer's customer's relationship management system, and to ensure staff are trained to know the information is held and to take the information into account when dealing with customers. A customer's records should be able to provide evidence (if reviewed externally) of how, over a customer's journey, the retailer has acted to meet the guidelines' intent.

What has changed from the existing guidelines?

111. The recommendations in Part 3 are not in the existing guidelines. However, the Authority expects retailers to already be maintaining records on customers in a manner similar to that set out in Part 3 of the proposed guidelines.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

112. People can move into and out of payment difficulty depending on a wide range of individual circumstances. We heard that while payment arrears is a strong lagging indicator, it not the only signal that a customer may experience or be experiencing difficulty. With a consumer's consent, retailers should seek to collect appropriate information to be able to assist throughout a consumer's journey.

8 This NERL requirement covers residential customers in Tasmania, Queensland, the Australian Capital Territory, South Australia and New South Wales. The NERL is supported by further regulations and the Retail Rules. The Retail Rules require the Australian Energy Regulator (AER) to develop, maintain and publish a binding and enforceable Customer Hardship Policy Guideline (CHP Guideline). Since 2 April 2019, retailers must comply with the AER's CHP Guideline when submitting new or varied customer hardship policies. See https://www.aer.gov.au/retail-markets/guidelines-reviews/customer-hardship-policy-guideline.

113. The recommendations in Part 3 aim to ensure customers are communicated with, including in relation to invoicing, in a way that works for them (eg, a visually impaired customer does not receive a standard letter or a deaf customer does not receive a recorded phone message).

114. This Part also intends to ensure customers feel respected by heading off the potential need for them to have to repeat sensitive information relating to payment difficulties (or other personal circumstances) multiple times to different customer service operators.

115. A further reason for recommending retailers keep good records is so, should a customer issue or dispute arise, the retailer, or other parties (who can request data on how a consumer matter was handled) can carry out a post assessment of the retailer's alignment with the proposed guidelines.

Part 4: When a customer signs up or is denied a contract

The proposed guidelines

116. Part 4 recommends actions for retailers to take when a customer is signed up or a person enquiring with a retailer is denied a contract. This part recommends that before a new customer has signed up to a new pricing plan, retailers should ensure the customer is aware of the range of electricity pricing plans and payment plans the retailer offers (e.g. smooth pay, fortnightly, pre-pay) and seek to help the customer understand what might work best for them. The retailer should also ensure the customer is aware of its general terms and conditions, its consumer care policy, the possibility for the customer to nominate an alternate contact/support person and when the retailer would use that alternative contact.

117. For customers on pre-pay, Part 4 recommends retailers ensure the customer understands fully how electrical disconnection will occur and how to avoid this happening. For customers on a post-pay contract who nominate an alternate contact and/or a support person, retailers should seek those wider parties' agreement to act in the capacity for which they have been nominated by the customer. Part 4 also recommends retailers ensure customers understand the process that will be followed if an electricity invoice is not paid, including the use of support and/or alternate contact/support persons.

118. Part 4 recommends a retailer deciding not to enter a customer contract with a consumer should offer support to that consumer, including offering a referral to a support/social agency.

What has changed from the existing guidelines?

119. The recommendations in Part 4 are not in the existing guidelines. However, the Authority expects retailers to already have processes in place to meet most (but not all) of the Part 4 recommendations.

120. Key points to note in relation to the recommendations in Part 4 are as follows:

    a. Retailers should ensure new customers understand and agree to the retailer confirming any alternate contact person the customer notifies the retailer of

    b. Retailers should provide advice to post-pay and prepay customers on the retailer's process that will be followed in the event of non-payment for electricity consumed

    c. Where a retailer declines to enter a contract with a person, the retailer should, amongst other things, provide the person with information about the reason for that decision, actions the person could take, and refer the consumer to a support/social agency (e.g., one or more reputable budgeting advice agencies).

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

121. Workshop participants told us consumers often do not understand the best pricing and payment options suited to their personal situation. Similarly, consumers are not always fully aware of what they are signing up to when initiating a contract, and often experience consequences that make their financial situation more difficult. We also heard that many consumers don't understand electricity market processes, and are not aware of actions they could take if a retailer denies them a contract.

122. The recommendations in Part 4 aim to ensure a new customer is fully informed when entering a contractual relationship with an electricity retailer, particularly in relation to what happens should the customer encounter payment difficulties with the retailer. Part 4 also intends to help consumers who are struggling to find an electricity retailer because of their poor credit history.

Part 5: Business-as-usual account management

The proposed guidelines

123. Part 5 recommends certain actions for retailers to take during business-as-usual account management.

124. Retailers are recommended to, at least annually, advise their customers of the existence of the retailer's consumer care policy; and also to confirm each customer's information recorded in accordance with Part 3 remains current. If a customer's energy use is reducing, retailers are recommended to enquire whether the customer is doing so because of concerns about payment difficulties. If this is the case, retailers should advise the customer of lower-cost pricing plans offered by the retailer.

125. This Part also contains recommendations for retailers on engagement with customers before a customer changes pricing plan and on informing customers of their ability to access their consumption data.

126. Retailers are recommended to use actual meter readings in their invoicing of post-pay customers and to clearly show some information on their invoices that is additional to that specified in the Authority's minimum terms and conditions for domestic contracts.[9] For customers with prepayment meters, retailers are recommended to ensure the customer has at least 24 hours' notice of any low credit balance and therefore possible disconnection.

What has changed from the existing guidelines?

127. The following recommendations have been added to those implicit in the existing guidelines:

a. Retailers should retain relevant customer records.

b. Retailers should use preferred communications channels agreed with the customer.

c. Reatilers should use the invoicing preferences agreed with the customer.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

128. During our design process, we heard that through supportive practices and actively managing customer accounts, the likelihood of consumers experiencing harm and payment difficulties can be reduced. We were told that as customers' circumstances often change, retailers should look for and be responsive to leading indicators such as changes in consumption and requests for help.

129. The recommendations in Part 5 aim to ensure customers are on the lowest cost pricing plan for their circumstances and that they are well informed of how much electricity they are using, how much this is costing them, and that their retailer would like to hear from the customer if payment difficulties are starting to be encountered.

130. In stakeholder workshops the concept of retailers 'right sizing' customers' plans every year was raised and discussed. This arose from suggestions from consumer advocates who reported that for many customers facing payment difficulties, shifting to a different plan within the same retailer – potentially enabled through low-cost changes to the customer's meter configuration, can have a material impact on their ability to stay out of debt.

131. We have includedthis 'right sizing' concept as a recommendation in Part 6, so it applies only to customers facing payment difficulties.

---

[9] Refer to Final Principles and Minimum Terms and Conditions for Domestic Contracts for Delivered Electricity (Interposed), available on the Authority's website at https://www.ea.govt.nz/dmsdocument/17876-final-principles-and-minimum-terms-and-conditions-for-domestic-contracts-for-delivered-electricity-interposed.

Part 6: When payment difficulties are anticipated or arise

The proposed guidelines

132. Part 6 recommends retailers take specific actions when a customer anticipates payment difficulties, is having payment difficulties and/or is in payment arrears.

133. This Part recommends retailers' representatives engaging with customers about invoicing or debt collection are trained to recognise signs of pending or actual payment difficulties and empowered to provide effective assistance to all customers who are facing payment difficulties.

134. For customers on a monthly post-pay plan, retailers should follow a process with specified durations between invoicing, waiting two weeks before issuing a late payment notice, then waiting a further week before contacting the customer to discuss payment options. These durations may be proportionally altered to fit a non-monthly invoice cycle. The specified durations are different to those specified in the existing guidelines, but the differences are not material. The reason for the differences is an inclusive count of the number of days.

135. For a customer not on a payment plan, who is in payment arrears and/or is having payment difficulties, retailers should follow steps including: clearly communicate its willingness to engage with the customer to resolve the payment issue; encourage the customer to engage with the retailer; confirming the situation is not yet at the disconnection stage and the steps that the retailer will go through to assist the customer; reminding the customer they may nominate a support person or an alternate contact person; offering affordable payment plans that appear suitable and that also accommodate repayment of the debt; offering the customer information relating to energy efficiency, and advising changes that could be made to the customer's consumption profile.

136. Retailers should also advise customers that have payment difficulties of all relevant pricing plans they offer which, based on the customer's average consumption over the past 12 months, would result in a lower delivered cost of electricity or distribution services, stating clearly which is the lowest cost option for the customer taking into consideration the customer's circumstances.

137. This is not a substantially new recommendation. Under the existing guidelines, where a domestic customer is having difficulty meeting his or her payments, and it is clear to the retailer that the domestic customer is not on the best tariff for his or her consumption, the retailer is recommended to advise the domestic customer of all appropriate pricing plan options available, and assist the domestic customer to move to the desired pricing plan.

138. Retailers should make sure the customer is aware of budgeting and electricity efficiency advice available from support or social agencies and offer to refer the customer to these agencies as appropriate. If the customer agrees, the retailer should make the referral(s) and pause the repayment process for 14 days. As a final step and subject to the customer's agreement, retailers should refer the customer to Work and Income or a support agency likely to help the customer pay their electricity supply debt.

139. For customers on payment plans, retailers are recommended to monitor the customer's debt repayments and usage, and to not unilaterally change the payment plan. Retailers are recommended to check in with the customer every three months if the customer is meeting their repayments, to ensure the customer is not facing payment difficulties. If a customer falls behind with their repayments, a retailer is recommended to contact the customer within five business days and offer to review the payment plan and/or refer the customer to support/social agencies available to help the customer.

140. Retailers are recommended to monitor the frequency with which customers with prepayment metering are electrically disconnected and get in touch with customers whose prepayment meters frequently run out of credit and offer to refer the customer to support/social agencies available to help the customer.

What has changed from the existing guidelines?

141. The following recommendation in the existing guidelines has been removed from the proposed guidelines. It has been replaced with a recommendation that, in their Consumer Care Policy, retailers provide the following information to customers when payment difficulties arise:

16 Retailers should ensure that all domestic consumers are informed of the payment options available from the retailer, and the budgeting and other advice and assistance available from social agencies. Retailers should clearly communicate this information to all domestic consumers at least once every 12 months.

142. The following recommendations have been added to those implicit in the existing guidelines:

a. Retailers should ensure their representatives engaging with customers about invoicing or debt collection are trained to recognise signs of pending or actual payment difficulties, and are empowered to act

b. For post-pay customers, recommended notification periods have been modified

i. a late payment notice can be sent as soon as an invoice is overdue—15 days after the invoice date where a retailer bills the customer monthly, and less where the retailer bills the customer at shorter invoice periods

ii. notification periods can be scaled depending on invoice periods—the days set out in the guidelines apply to monthly invoicing periods

c. Retailers should provide targeted assistance that includes either advice or referrals to reputable budgeting and/or energy efficiency advisors

d. For customers on a payment plan, retailers should

i. monitor a customer's debt repayments and electricity usage at a frequency appropriate to the payment plan and contact the customer if their usage changes to the extent that the payment plan may no longer be appropriate

ii. communicate with the customer every three months to see how the customer is managing the payment plan

iii. if the customer indicates they are having payment difficulties, retailers should provide targeted assistance set out in paragraph 40 of the consumer care guidelines

e. For customers with prepayment meters, retailers should advise the customer of the process for automatic disconnection, the warnings of low credit a customer will receive, and how to purchase additional or emergency credit.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

143. When consumers are facing payment difficulties, they are often under additional stress unseen by a retailer. We heard that consumers need appropriate time to organise and receive the assistance or benefits they are entitled to, and that supportive practices from the retailer both increase the ability for the customer to cope and the retailer to be paid. We also heard that retailers should check in with customers placed on payment plans to ensure they are not experiencing further difficulties or other roll-on affects.

144. The recommendations in Part 6 aim to ensure that when a customer anticipates payment difficulties, is having payment difficulties and/or is in payment arrears:

a. Where necessary, intervention to assist the customer occurs at the earliest possible time

b. The customer is on the lowest cost pricing plan for their circumstances

c. The retailer is actively working to prevent the accumulation of debt by their customers

d. If the customer is using a prepay meter, the retailer recognises self-disconnection patterns that indicate the customer is having payment difficulties and offers the same level of support to the customer as a post pay customer.

Part 7: Progressing to disconnection for non-payment of invoices and reconnection

The proposed guidelines

145. Part 7 of the guidelines makes detailed recommendations to retailers to take specific actions prior to, at and following disconnection. These recommended actions relate to

a. Notifying post-pay customers with debt relating to electricity supply or distribution services about planned disconnection

b. The disconnection and reconnection of post-pay and pre-pay customers.

146. This Part recommends that a disconnection for non-payment of an invoice that has been based on an estimated meter reading should only proceed under certain circumstances.

147. The recommended disconnection process for retailers to follow is reasonably similar to that set out under the existing VC guideline Retailers are recommended to:

a. Make at least five attempts to contact and inform the customer before electrical disconnection, with at least three attempts through the customer's preferred communication channel and a further two attempts through other communications channels

b. In relation to uncontracted customers, make at least three attempts to contact and inform the domestic consumer at the premises before disconnection

c. Provide a notice of electrical disconnection to the customer/consumer in person (eg, a representative visiting the premises or a courier letter requiring a signature on receipt)

d. Specify the timeframe for a disconnection to take place.

148. This Part describes situations in which disconnection should not occur which include:

a. The retailer not having the contractual right

b. The timing of the disconnection would unduly place at risk the wellbeing of the residents at the premises

c. It is unsafe to disconnect or reconnect.

149. This part also sets out that electrical reconnection should occur as soon as reasonably practicable after payment of the debt has been made (applies to customers on either post-pay and prepay pricing plans).

What has changed from the existing guidelines?

150. The following recommendations have been added to those implicit in the existing guidelines:

a. When retailers should disconnect a customer based on an estimated meter reading

b. A retailer should not disconnect a post-pay customer's premises for non-payment of an invoice, if:

i. the retailer does not have the contractual right to disconnect the premises

ii. there are still some avenues of assistance available to the customer

iii. a payment plan exists, or is being maintained by the customer

iv. The premises is being switched to another retailer (with a switch date effective at the start of the consumer's occupancy)

c. A process for disconnecting premises that a retailer is responsible for, but does not have a customer at

d. A process for reconnecting a post pay customer

e. A process for disconnecting a prepay customer

f. A process for reconnecting a prepay customer.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

151. Workshop participants told us that as an industry, we should strive to keep people connected and that disconnection for non-payment should be an action of last resort. In the same way that vulnerabilities can be exacerbated by payment difficulties, we heard that the chances of a consumer experiencing harm increase substantially when they are without power, and if a retailer does disconnect a consumer, they should continue to engage to help them reconnect.

152. The recommendations in Part 7 aim to ensure

a. Retailers make reasonable attempts to contact a customer before the customer is disconnected

b. Where a customer will not engage with a retailer, the retailer has the right to carry out an electrical disconnection provided the appropriate process is followed

c. Consumers at premises without a contract with the retailer, receive similar disconnection notifications as customers at contracted premises

d. MDCs and/or potential MDCs are identified before a disconnection takes place

e. Disconnection for non-payment of debt relating to the supply of electricity or distribution services is a last resort measure, undertaken only after affected parties[10] are aware of all relevant information.

f. Prepay customers receive notification of low credit noting that they will not receive a notice of disconnection of a final notice of disconnection.

Part 8: Additional recommendations for medically dependent consumers

The proposed guidelines

153. Part 8 recommends retailers take specific actions when supplying domestic premises where an MDC usually resides. These recommended actions are additional to those set out in each of the other Parts of the proposed guidelines.

154. This Part aims to ensure that MDCs are identified and recorded as early as practicable, and to ensure that no premises at which an MDC usually resides are disconnected for reasons of non-payment. More specifically, this Part recommends

a. Retailers have and use systems to ensure that no premises at which an MDC usually resides are disconnected for reasons of non-payment

b. Retailers hold information on the MDC, their GP and the health practitioner who has completed the HP Notice and the details of the HP notice including any review or termination date

c. Retailers may determine a customer or consumer without a HP notice to be an MDC if they wish to

d. Retailers may review a HP notice, and should the review indicate the person is no longer an MDC, the actions the retailer and person may take

e. Retailers hold information on communication and invoicing preferences and alternate contact and/or support contacts for MDCs and that retailers have a process to accept/verify a HP notice

f. If a customer, or a consumer usually resident at a customer's premises, is an MDC, retailers should not proactively recommend a prepayment meter. However, to avoid discriminating against MDCs, retailers may agree to install a prepayment meter at the premises of an MDC, if requested to do so by the customer at the premises. The retailer should suggest the MDC first discusses the prepayment meter option with their Health Practitioner. The retailer should also make sure the customer understands the risks of receiving no electricity supply if the prepayment meter runs out of credit.

g. Retailers should also encourage MDCs or customers with MDCs at their premises to develop and follow an individual emergency response plan that deals with outages.

155. Consistent with the existing guidelines, the proposed guidelines prohibit disconnecting a post-pay customer's premises for non-payment of debt if a MDC or potential MDC is usually resident at the premises. This includes where the customer or consumer usually resident at the premises has been confirmed as medically dependent by the retailer; or has applied to the retailer for MDC status and is being verified.

156. Retailers should ensure their service level agreements with distributors require them to coordinate with retailers if MDCs are affected by a planned outage or disconnection and for the distributor to not vary the time of these without first conferring with relevant retailers. Retailers' service level agreements with MEPs should also ensure the MEP does not disconnect

---

10 This includes the persons being electrically disconnected, the retailer and its representatives, support/social agencies assisting the persons being electrically disconnected.

or vary the time or date of a consented disconnection, of a retailer's customer without the express consent of the retailer.

157. If a retailer receives a HP notice for a connection it does not supply, it should help identify who is the supplying retailer and encourage the customer to resubmit their application to the correct retailer.

158. Part 8 of the guidelines contains recommendations for what a retailer should do if it becomes aware a MDC may be usually resident at a premises it supplies or that a customer who has applied for MDC status does not provide a HP notice within 40 business days, or does not agree to MDC-related information being recorded, and that the retailer should inform the customer of the disputes process if a customer disputes a retailer's assessment that they are not an MDC.

159. Retailers are recommended to use standard New Zealand electricity industry protocols to advise the relevant distributor and MEP of a verified MDC at a premises.

160. Distributors undertaking a disconnection in an emergency should, if time permits and it is practicable to do so, advise any MDC at the premises to engage its individual emergency response plan.

161. Part 8 of the guidelines no longer refers to critical electrical medical equipment (CEME) as a method to determine medical dependency. Instead a customer's/consumer's status as an MDC is determined by a valid HP Notice.

What has changed from the existing guidelines?

162. The following recommendations have been added to those implicit in the existing guidelines:

a. Critical electrical medical equipment has been removed, MDC status is determined primarily by the provision of a valid HP notice, but allows a retailer discretion to determine a consumer as MDC if it wishes to do so.

b. Makes clear that MDC status applies to individual consumers rather than to premises

c. Recognises the process that retailers should follow with consumers that do not have a contract with a retailer (ie uncontracted premises that become occupied by a domestic consumer who does not have, or will not, contract with the retailer).

d. Sets a maximum timeframe within which a consumer claiming to be an MDC should obtain a HP Notice.

e. Sets out the consequences of a potential MDC failing to allow their retailer to record HP notice related information.

f. A retailer should treat a consumer as an MDC while their MDC application is being processed (including while a HP Notice is being obtained), and during any dispute over the consumer's MDC status.

g. Retailers set out in their service level agreements with distributors and MEPs that planned outages should occur at the planned time, or the outage should be re-agreed with the retailer.

h. Distributors undertaking an emergency disconnection should advise any MDCs at the premises of the disconnection and the need to enact their individual emergency response plans.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

163. Workshop participants felt strongly that (as with the existing guidelines), households with MDCs living in them should not be disconnected for non-payment. The widespread view from stakeholders was that this should remain an explicit requirement in any updated guidelines.

164. We heard that in some cases, consumers who are medically dependent or vulnerable do not self-identify as such, do not gain the support they need, and often underuse electricity rather than ask for help. Similarly, some customers do not recognise that people in their household are MDCs. We also heard that some consumers falsely claim MDC status to avoid paying for electricity. Participants were clear that a definition of medical dependency and certifying a consumer as MDC is the responsibility of health practitioners, however workshop particpants also recognised that retailers are wise to voluntarily apply MDC status to their customers if they

have identified a health risk. We heard that the list of Critical Electrical Medical Equipment was out of date, that there needs to be a verification process for HP notices, and in situations where a potential MDC will not engage to verify their status, a retailer needs to be able to treat them as a non MDC.

165. The recommendations in Part 8 aim to ensure that

a. MDCs are identified and recorded in retailers' customer relationship management systems as early as practicable, and that MDCs are not electrically disconnected

b. Retailers have the discretion to determine a consumer as an MDC without a HP notice

c. Retailers have the right to ensure consumers do not abuse their MDC status.

Part 9: Bonds and fees

The proposed guidelines

166. Part 9 makes recommendations to retailers concerning fees and bonds, and setting them so that they reflect reasonable costs.

167. In the context of the proposed guidelines, a fee is a charge that a retailer places on a customer for a specific electricity offering other than the electricity supplied or the distribution services provided to the customer. Examples include a break fee for a fixed term contract, or an administrative fee at disconnection or reconnection. A conditional discount is also treated as a fee (e.g., a prompt payment discount, or a discount for payment via direct debit or paperless transactions), because the customers who do not meet the conditions for the discount pay a higher amount for the electricity supplied or distribution services provided.

168. A bond is an upfront payment of a lump sum to provide security to retailers. In the case of non-payment by a customer, a retailer may use that customer's bond to recover debt.

169. The 'Final Principles and Minimum Terms and Conditions for Domestic Contracts for Delivered Electricity (Interposed)' (at paragraph 5.4) already contain a provision that a customer's supply contract should provide details of, or set out where the customer may access details of, any fees the retailer may charge, and the circumstances in which the customer may incur these fees (e.g., late payment fees, disconnection and/or reconnection fees). Therefore, the proposed guidelines do not restate these requirements.

170. This Part recommends retailers should provide information on all fees and bonds charged in their consumer care policy, including on any particular method, or calculation, used to set a fee.

171. Retailers should ensure that, for these fees or bonds:

a. Customers understand relevant fees

b. Any fees set via a method or calculation should include a stated maximum limit

c. All fees charged should bear a proper relation to the cost of providing the good or service and should not exceed the cost of providing the good or service and avoids cross-subsidies across other goods or services or with other customers

d. Fees should only be charged to customers who are the recipient of a specific good or service and not to other customers, with no over-or under-recovery attempted over time

e. A fee relating to metering changes should bear a proper relation to the cost of providing the metering changes and should not exceed that cost

f. Where a fee - charged to a customer who is continuing to receive electricity supply and/or distribution services from a retailer - is over 20% of an average invoice, the retailer should consider allowing the customer to spread the fee over at least five billing cycles.

g. A reconnection fee should be reasonable.

172. We note some stakeholders had concerns around the potential scale of cost-reflective disconnection and reconnection charges for some groups of customers, namely those in rural areas. However, for consistency with existing charging for new connections, we have not proposed capping these fees. As per our proposed guidelines, these fees should be reasonable,

and if they are relatively large, the costs could be recovered over several months. We would welcome any thoughts on this matter.

173. Retailers should also consider the Commerce Commission's guidance on unfair contract terms, including regarding break fees, under the Fair Trading Act 1986. Retailers must also ensure that they do not, through the use of break fees or any other fees, breach the provisions of the Code which prohibit save and win-back approaches (clauses 11.15AA, 11.15AB and 11.15AC of the Code).

174. Retailers who use bonds should set bonds at a level that is reasonable taking into account a customer's expected invoice amount for a billing cycle. A bond should usually be refunded after 12 months of the customer paying all invoices on time. If the 12-month period is extended, a reason should be provided to the customer.

What has changed from the existing guidelines?

175. To all intents and purposes, this Part should be considered as a new set of recommendations. Although the existing guidelines recommended a cap for bonds of $150, the proposed guidelines have:

   a. Amended the bond cap to be equal to no more than one invoice period of average electricity use

   b. Introduced the concept of 'reasonable' into the setting of fees that apply under the proposed guidelines, noting that fees should not exceed the cost of providing the good or service

   c. Include the concept of spreading the fee over several billing cycles.

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

176. Workshop participants told us that generally, the types of customers who are most likely to incur bonds and fees are those most at risk of or already experiencing financial hardship. We heard that any bonds and fees charged should reflect reasonable costs, and that retailers should be cognisant that people in hardship are often least able to afford these added costs.

177. The recommendations in Part 9 aim to take a principles-based approach to any fees charged set under the retailer's consumer care policy, and ensure the principles stated are not inconsistent with the Authority's distribution pricing principles and transmission pricing methodology.

178. Wider government advice - from the LDAC, the Treasury and the Office of the Auditor General - on fee setting was also used as a basis for designing this Part.[11]

179. Whilst the existing guidelines suggest $150 as the maximum limit for a bond, this cap has been removed from the proposed guidelines. Instead, the Authority has taken care not to introduce any implicit price control and is instead suggesting a principle-based approach to how retailers might consider setting fees and bonds.

Part 10: Information disclosure and monitoring

The proposed guidelines

180. Part 10 introduces transparency to retailer alignment with the guidelines. The Authority considers that transparency of alignment will assist with:

   a. Determining if regulation is necessary

   b. Providing consumers and other stakeholders confidence that the policies of individual retailers are consistent

   c. Setting a level playing field to support competition and innovation.

---

11 See http://www.ldac.org.nz/guidelines/legislation-guidelines-2018-edition/issues-particularly-relevant-to-empowering-secondary-legislation/chapter-17/; https://www.treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector-2017-html; https://oag.parliament.nz/2008/charging-fees

181. This Part recommends retailers provide specific disclosure information to the Authority, and notes that the Authority may publish the disclosure information and the names of retailers who do not provide disclosure information as set out in the proposed guidelines. For full information on what disclosure information the Authority will be asking for and what the Authority commits to, refer to Part 10 of the proposed guidelines and the 'Consumer care information disclosure practice note' in Appendix 3.

182. The proposed guidelines recommend:

a. Use of an Authority provided web browser-based mechanism to upload information

b. Retailers provide, by 31 July of each year, their consumer care policy/ies in effect for the 12 months ending on the 30th of the immediately preceding June

c. Provision of an initial one-off 'alignment plan' by 31 July 2021 that sets out how and when the retailer plans to align its practices with these guidelines.

d. Provision of an annual self-assessment certificate that the retailer's processes and systems align with the recommendations in the guidelines. This has been carried over from the existing guidelines, but with a process check list attached

e. As an interim measure, has carried over from the existing guidelines provision of quarterly monitoring information using an automated collection process; and at a later time, merge the collection of consumer care monitoring information with other information requests so that retailers only need to build one system to deliver information to us.

183. To monitor and assess the effectiveness of the proposed consumer care guidelines, the Authority proposes to put in place an updated alignment and monitoring process. This process will provide transparency on suppliers' alignment with the recommendations set out in the proposed guidelines, without constraining retailers' freedom to innovate.

184. The guidelines commit the Authority to maintain the monitoring activities, which are as follows:

a. The Authority will review the initial alignment plans provided by retailers

b. The Authority will publish the CCPs, and the names of retailers who do not provide a copy of their consumer care policy

c. The Authority will publish annual self-assessment certificates and also publish the names of retailers who do not provide an alignment statement

d. The Authority will continue to collect the monitoring information it currently collects, and will publish that information in an aggregated form.

What has changed from the existing guidelines?

185. The recommendation to provide an annual statement to the Authority is existing, but has been expanded to include the following recommendations

a. Use of an automated upload facility

b. Provision of

i. a copy of a retailer's consumer care policy

ii. an initial alignment plan

iii. an annual alignment statement

iv. provision of quarterly monitoring information (all retailers do this currently but it is not contained in the existing guidelines).

Reasoning for the proposed guidelines as drafted and what we heard from stakeholders

186. Workshop participants told us that alignment with the current guidelines is not transparent across the industry, and that there is limited incentive for retailers to align. This was identified as an important area to improve for new guidelines.

187. We heard that in addition to providing the Authority disclosure information, by more closely monitoring their own performance, retailers can continue to compete and elevate their consumer care practice, find efficiencies, and improve outcomes for consumers.

188. The recommendations in Part 10 aim to:

a. Identify areas of improvement that could be developed in the proposed guidelines

b. Inform future policy or regulatory development

c. Encourage retailers to align their business practices with the proposed guidelines, and to give the Authority and interested parties sufficient information to assess retailers' alignment with the proposed guidelines' recommendations and intended outcomes.

Monitoring alignment and outcomes

Monitoring alignment

189. Given the collaborative approach taken in producing the proposed guidelines, the Authority expects stakeholders to agree to, and align completely with them when finalised. The Authority may take measures that will support voluntary compliance with the guidelines.

190. The Authority may monitor retailer alignment to the guidelines and domestic consumer outcomes. This monitoring will support development of the guidelines, or in the case of retailer non-alignment, the development of regulation.

191. Methods the Authority may use to monitor alignment and outcomes include:

    a. Review of information disclosure documents (refer to the proposed Practice Note #1 appendix 3)

    b. Review of trends and changes in monitoring information

    c. Consumer complaints

    d. Development of an alignment scorecard

    e. Engagement with stakeholders annually or on an as needed basis. E.g. continue engagement with the group that has convened for the Authority's workshops on this topic: comprising the stakeholders described in paragraph 54. This group could also carry out, or commission case studies on a regular basis (for example every 12 months) on specific incidents, or on what good practice looks like for specific situations

    f. Regular time series surveys of consumer advocates re retailer approaches to when a customer in payment arrears or pending disconnection – see if change in retailers' approaches over time

    g. Regular time series surveys of consumers re retailer approaches to ascertain change in approach over time.

Development of an alignment scorecard

192. Following receipt and analysis of information requested under Part 10 above (consumer care policy, alignment plan, annual alignment statement and quarterly monitoring information), the Authority may publish scorecard reports, similar to the Distribution Pricing Scorecards.[12]

193. The scorecard approach could be an effective way for:

    a. Consumers to gauge a retailer's alignment with the guidelines;

    b. The Authority to monitor the level of alignment in the market and whether the new guidelines are achieving the intended outcomes

    c. Retailers to encourage knowledge sharing on good practices.

Managing consumer complaints

194. The Authority already receives complaints directly from the public. Depending on the nature of the complaint, these are either referred to a retailer's disputes process, Utilities Disputes Limited, or are handled internally.

195. The Authority expects that complaints consumers may make about a retailer's consumer care policy will be centred around either a non-compliance with the Code, or non-compliance with the retailer's terms and conditions of contract, or a non-alignment with the retailer's consumer care policy.

196. Consumer complaints may be sourced from consumers, retailers, budget agencies, social agencies or other stakeholders. The Authority will, in the case of receiving a complaint notice of an instance of non-alignment with the consumer care guidelines, consider if the issue is:

---

12 See https://www.ea.govt.nz/development/work-programme/pricing-cost-allocation/distribution-pricing-review/development/distribution-pricing-practice-note-and-scorecards/

a. A breach of the Code, in which case the Authority will investigate the non-compliance as part of its Code breach process; or

b. A non-compliance with a retailer’s Terms and Conditions of contract, in which case the Authority will recommend the complainant discusses the issue directly with Utilities Disputes Limited; or

c. A non-alignment with the consumer care guidelines, in which case the Authority will:

   i. note the non-compliance and review the recommendations made in the guidelines; and

   ii. recommend the complainant discusses the issue directly Utilities Disputes Limited.

Next steps for the consumer care guidelines

197. The intention at this stage is to provide the guidelines to the February 2021 Authority Board, and if approved, to implement the guidelines by 30 June 2021.

198. In addition to the guidelines, there is a number of peripheral activities that are related to the guidelines, as detailed in Appendix 4.

Questions to guide consultation responses on the proposed guidelines

1. These questions aim to guide consultation responses on the guidelines: with overarching questions first, then questions on each Part of the guidelines, then questions on the Authority's proposals for monitoring alignment and outcomes. Questions regarding the Authority's indicative impact analysis (reported in Appendix 2) are also included.
2. For all responses, please reference your comments to the proposed guidelines' clauses and explain what changes you suggest, and why.
3. Please consider using the template provided by the Authority for responses. Where feedback relates to specific clauses, please reference the clauses.

Overarching questions

Q1. Do you agree with the structure of the guidelines?

Q2. Do agree with the change in focus from 'vulnerability' to 'consumer care' applying to all domestic customers, and the reasoning behind this change?

Q3. Do you have thoughts on the concept of these guidelines sitting within a wider consumer care guidance package?

Questions on the Explanatory Note

Q4. Do you agree with the inclusion of an Explanatory Note? If yes, please tell us if the meaning is clear?

Q5. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 1: Purpose

Q6. We have not included a (sub) purpose statement specific to each Part, at the start of every Part. It could be possible to group parts and provide a purpose statement for each (e.g. Parts 2&3, Parts 4-7, then separately for each of Parts 8, 9 and 10). Do you think we should, and if so, why?

Q7. Do you agree with the purpose statement, the overarching principles or the intended outcomes?

Q8. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 2: Retailers to publish a consumer care policy

Q9. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q10. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 3: Information and records relating to consumer care

Q11. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q12. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 4: When a customer signs up or is denied a contract

Q13. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q14. Should further assistance be available (within these guidelines) for retailers, for when they are engaging with a customer that they are declining supply? Should further matters for a retailer to consider be included?

Q15. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 5: Business-as-usual account management

Q16. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q17. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 6: When payment difficulties are anticipated or arise

Q18. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q19. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 7: Progressing to disconnection for non-payment of invoices and reconnection

Q20. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q21. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 8: Additional recommendations for medically dependent consumers

Q22. Should we include a Part making additional recommendations specific to MDCs? Or, should we have recommendations relating to MDCs throughout Parts 4-7?

Q23. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q24. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 9: Bonds and Fees

Q25. Do you agree with the explanation of what a fee is?

Q26. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q27. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Part 10: Information disclosure and monitoring

Q28. Do you agree in general with the recommendations in this Part? If yes, please tell us if the meaning is clear?

Q29. Do you have feedback on the drafting of specific clauses in this Part? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on Monitoring alignment and outcomes

Q30. Do you agree with the monitoring process that the Authority intends to follow?

Q31. Do you agree with the process set out for monitoring consumer complaints? Do you suggest alternative wording? Or is there any superfluous or missing text?

Questions on implementation

Q32. Do you agree with a 30 June 2021 implementation date for the proposed guidelines? If you disagree please provide reasons and the date that you would propose.

Questions on the indicative impact assessment

Q33. Do you agree with the type of benefits identified?

Q34. Are there benefits missing?

Q35. Do you propose alternative methods to estimate the size of any particular benefit, or a different estimated magnitude?

Q36. Do you agree with the type of costs identified?

Q37. Are there costs missing?

Q38. Do you propose alternative methods to estimate the size of any particular cost, or a different estimated magnitude?

Appendix 1: Evolution of the existing guidelines

The initial guideline

A1. In November 2005, after consultation with consumers, social agencies, and retailers, the Electricity Commission (Commission) issued a "Guideline on arrangements to assist low-income consumers" (2005 guideline), consistent with the Government Policy Statement on October 2004 (paragraphs 18-19). The arrangements were in the form of optional processes and policies that retailers and invoicing networks should adopt regarding prepayment meters, alternative payment options, credit control, bonds, and standards for disconnections following non-payment. To support the 2005 guideline, the Commission also facilitated a "Protocol between electricity retailers and social agencies".

A2. On 29 May 2007, Mrs Folole Muliaga, a customer who had been sent home by Auckland Hospital and whose life was dependent on electrical equipment ,died several hours after electricity was electrically disconnected to her residence for non-payment of her electricity account. During the investigation it became clear that her husband (who was not the registered customer with the electricity retailer) had tried to contact the retailer to make a payment arrangement. The retailer refused to discuss the issue as Mr Muliaga was a consumer (i.e. a user of electricity) but not the customer of the retailer (i.e. the account holder for the retailer). The electrical disconnection unfortunately proceeded.

A3. After this event, in July 2007, the 2005 guideline was updated and further updated in January 2008 (2008 guideline) to address areas of discrimination relating to pre-payment meters.

A4. As a result of Mrs Muliaga's death, in 2008 Cabinet issued a "Government Policy Statement Electricity Governance" (GPS). The GPS required, as an element of consumer protection policy, that any consumer dependent on electricity for critical medical support would not be disconnected for reasons of non-payment.

A5. As a result of the GPS, the Commission proposed further changes to the 2008 guideline and in November 2009 finalised and published another version of the guideline (2009 guideline).

A6. The 2009 guideline recognised that individual domestic consumers within a customer's installation may face difficult circumstances, and separated those domestic consumers into two categories: medically dependent consumers and vulnerable consumers as follows.

a. Medically dependent consumer (MDC) – a subset of domestic consumer. A domestic consumer is medically dependent if they are dependent on mains electricity for critical medical equipment, or other electrical equipment needed to support treatment of a domestic consumers medical condition, such that loss of electricity may result in loss of life or serious harm.

b. Vulnerable consumer (VC) – a subset of domestic consumer, who:

i. for reasons of age, health or disability, the disconnection of electricity to that domestic consumer presents a clear threat to the health or wellbeing of that domestic consumer; and/or

ii. it is genuinely difficult for the domestic consumer to pay his or her electricity bills because of severe financial insecurity, whether temporary or permanent.

A7. The key principles in the 2009 guideline were:

a. Consumers are responsible for their own actions

b. The 2009 guideline is not intended to protect those domestic customers who, through bad faith, do not intend to pay their electricity bill, or who could be considered fraudulent users of electricity

c. The most effective way to minimise consumer electricity disconnections for non-payment is to minimise debt accumulation. The best way to minimise debt accumulation is through early identification, intervention, and assistance

d. MDCs should not be electrically disconnected for non-payment

e. VCs may be electrically disconnected for non-payment but

i. as a matter of last resort only

ii. only after following minimum standards for the resolution of non-payment issues including referral to external parties.

The Electricity Authority guidelines

A8. When the Electricity Authority (Authority) was established on 1 November 2010, the Authority took ownership of the 2009 guideline including the requirement to monitor compliance with the guideline. Between 2010 to 2012, the Authority:

a. Divided the 2009 guideline into two separate guidelines, and republished the Guidelines, and

b. Reviewed participants' level of compliance within the guidelines.

A9. The state of compliance at the time of the review was good, however two retailers had issues that were rectified at the time.

A10. In April 2020, during the COVID-19 crisis, the Authority sent a letter of expectations to retailers reminding them to follow the two existing guidelines and among other things, treat all domestic customers facing disconnection as vulnerable during this time.

A11. On 7 May 2020 the Authority Board asked staff to prepare an addendum to update the guidelines immediately to deal with technological changes and continue the longer-term work developing new guidelines. The addendum was published on 30 June 2020.

Voluntary Practice Benchmark for Electricity Retailer Credit Management

A12. In 2014, prior to the formation of ERANZ, a number of retailers collectively noted inconsistency in how the guidelines were being applied across the sector and decided to review industry practices. These retailers worked together over the first half of 2014 to develop a voluntary good practice benchmark for customer credit management (the ERANZ benchmark) to improve outcomes for consumers. The ERANZ Benchmark provides further elaboration and standardisation of the principles expressed in the guidelines and hence supports their application. It also provides practice guidance for issues not covered in the guidelines, such as remote disconnection. These retailers followed this up in 2015 with the development of a benchmark for the management of medically dependent conumers.

A13. The group, and both benchmarks, were brought under the oversight of ERANZ when it was established in 2015. Since that time, ERANZ has been running a cross-sector working group on operational compliance with the guidelines.

A14. The ERANZ Benchmark is published on the Authority's website so that all retailers, and not just ERANZ members, can access it. ERANZ also requires the Chief Executives of its members to sign a disclosure certificate each year stating that the retailer has complied with the ERANZ Benchmark. There is no similar disclosure for non-ERANZ members.

Electricity Price Review item B6: Set mandatory minimum standards to protect vulnerable and medically dependent consumers

A15. The Electricity Price Review panel recommendation to Government stated that "the current voluntary arrangements do not provide vulnerable and medically dependent consumers with sufficient protection and should be replaced by a formal, consistent and enforceable set of standards. Formal protection will become even more important as innovation in business models and technology leads to the emergence of new providers that may not give high priority to voluntary standards."

A16. The Minister agreed with this recommendation and noted "I support this recommendation and propose to report back to Cabinet with proposals for public consultation in the near future, with a view to regulate minimum standards in 2020."

Appendix 2: The potential incremental impact of the guidelines

A17. This appendix contains a high-level assessment of the incremental benefits and costs of the proposed consumer care guidelines compared to the existing guidelines we are proposing to replace. We wish to stress that we are focussing only on the "what's new?", and not the overall benefits and costs of the proposed guidelines.

A18. It is also important to note that the proposed guidelines are voluntary guidance—they are not a proposed change to the Code. As such, the Authority is not bound by the Act to undertake an analysis of the costs and the benefits of the proposal. Nonetheless an impact assessment has been carried out that considers the incremental impact of the proposed guidelines on consumers, retailers, the Authority, other industry participants and on wider stakeholders.

A19. Quantifying the estimated incremental benefits for these consumers from the changes we propose is difficult, for at least a couple of reasons:

a. First, there are gaps in the information we need to estimate benefits—for example:

  i. What is the period of delay identifying consumers facing payment difficulties?

  ii. How much additional financial burden is placed on these consumers by the current delay in identifying them?

  iii. How many consumers would benefit from being on a different tariff with their electricity retailer?

  iv. How many MDCs are, in fact, not MDCs?

  v. How many consumers are electrically disconnected for non-payment of debt, when this could have been avoided with early intervention preventing the accumulation of debt, or because the consumer was eligible for financial assistance from WINZ or another social agency?

b. Second, some of the incremental benefit from our proposal relate to the non-financial wellbeing of consumers facing payment difficulties. This benefit arises from things like better physical and mental health which in turn stem from reduced stress and anxiety.

A20. This consultation provides an opportunity for interested parties to comment on this impact assessment and to help fill our information gaps, to enable us to make the best-informed decision we can about the design and content of the guidelines.

The expected incremental impact of the guidelines on domestic consumers

Key drivers of expected incremental benefits for domestic consumers

A21. Some of the key drivers of the incremental benefits for domestic consumers under the guidelines include:

a. Retailers ensure representatives engaging with customers about invoicing or debt collection are trained to recognise signs of pending or actual payment difficulties and are empowered to provide effective assistance to all customers who are facing payment difficulties

b. Retailers' information about their customers is up-to-date and quickly accessible for retailer representatives engaging with customers

c. Retailers work with customers who are in payment arrears and/or are having payment difficulties and who are not already on a payment plan, to ensure the customer receives the retailer's product or service that best meets the customer's needs, or as appropriate the needs of one or more consumers usually resident at the customer's premises—this includes the customer being on the best price plan to meet their needs

d. Retailers explore alternatives to electrical disconnection of a customer for non-payment of debt where the customer is acting in good faith, with electrical disconnection a last resort measure for customers (other than MDCs)

e. Retailers' communications with their customers are timely and clear, with retailers adapting their communications based on their customers' needs, and enabling customers to easily engage with, and access information from, the retailer

f. All domestic customers have equitable access to support offered in accordance with the guidelines (eg, advice on budgeting and electricity efficiency), and with support options (eg, payment plans) being transparent and consistently applied.

Key expected incremental benefits for domestic consumers

A22. For domestic consumers in debt to their electricity retailer, we expect a reduction in:

i. The amount of time spent liaising with their retailer over repayment of the debt

ii. The amount of time in debt

iii. The fees incurred through being in debt

iv. Time not spent on the best price plan to meet their needs

v. Time before referral to support and/or social agencies

vi. The number and duration of electrical disconnections.

A23. To give an indication of the potential magnitude of incremental benefits to consumers from the proposed guidelines, we have estimated what we consider to be the larger quantifiable incremental benefits to consumers:

a. The value of reduced effort liaising with a retailer over payment difficulties

b. The value of avoided lost load from fewer electrical disconnections due to non-payment of debt.

A24. We estimate the present value[13] of the first of these incremental benefits to consumers might be in the order of $2–4 million. The key assumption underpinning this estimate is that 1–2% of domestic consumers save half an hour of their time spent liaising with retailers over the repayment of debt.[14]

A25. We estimate the present value of the second of these incremental benefits to consumers might be in the order of $5–10 million. Key assumptions underpinning this estimate are that there is a 20% reduction in domestic consumers electrically disconnected for non-payment of debt, which lately have averaged approximately 1,500 per month, and that these consumers:

a. Have an average consumption of a little over 0.8 kWh[15] across a 24-hour period and 1.65 kWh across an 8-hour period that includes either the morning peak or the evening peak typical of domestic electricity consumption

b. Are without electricity for an average of eight hours, including during one of the morning or evening peak periods

c. Place a value of $11/kWh on an eight hour power outage.[16]

Key expected incremental costs for domestic consumers

A26. We expect domestic consumers will not incur material incremental costs under the proposed guidelines compared to what they incur under the existing MDC guideline. Some consumers will incur incremental transaction costs, such as providing the name of an alternate contact and/or support person, but these should be largely one-off, minor incremental costs.

A27. We consider MDCs should not face incremental costs associated with verifying their MDC status as we expect that retailers should be currently verifying MDC status. While the guidelines aim to remove costs from retailers around the verification of MDCs, this is not intended to be at the expense of MDCs. The guidelines aim to remove duplication of effort between retailers and health practitioners that exists under the existing MDC guideline.

---

[13] Using a 10-year assessment period and a discount rate of 6%.

[14] Recently, electrical disconnections for non-payment of debt have averaged approximately 1,500 per month, which is approximately 18,000 per annum, which is 1% of domestic consumers. We assume up to double this number of consumers have debt repayment issues that involve interactions with their electricity retailer.

[15] Based on MBIE data on average domestic electricity consumption in New Zealand—refer to https://figure.nz/chart/4uo7UXl7WRE0CsL6.

[16] Refer to Table 14 of the report on the methodology and key findings for the Authority's 2013 investigation into the value of lost load in New Zealand, available at https://www.ea.govt.nz/dmsdocument/15385-electricity-authority-investigation-into-the-value-of-lost-load-in-new-zealand-report-on-methodology-and-key-findings-23-july-2013.

The expected incremental impact of the guidelines on retailers

Key drivers of expected incremental benefits for retailers

A28. Some of the key drivers of the incremental benefits for retailers (and distributors that direct bill consumers for distribution services) under the guidelines include:

a. Retailers should have predictable and consistent processes to follow when engaging with support/social agencies and health agencies/health practitioners about matters covered by the guidelines, and these processes should be clear and effective

b. Retailers can provide a notice of electrical disconnection in person via means other than a retailer representative visiting the premises—eg, a courier letter requiring a signature on receipt

c. The processes surrounding retailer communications with a customer's alternate contact are clearer

d. MDCs must engage with retailers

e. Retailers are no longer recommended to verify themselves that a consumer is medically dependent (based on critical electrical medical equipment installed)[17].

Key expected incremental benefits for retailers

A29. The key incremental benefits we expect to result from these and other drivers include:

f. Retailers expend less effort interacting with support/social agencies in relation to a customer facing payment difficulties

g. Retailers expend less effort providing notices of electrical disconnection

h. Retailers expend less effort trying to contact customers facing payment difficulties

i. Retailers expend less effort trying to contact potential MDCs to process their MDC application or to verify their MDC status.

A30. To give an indication of the potential magnitude of incremental benefits to retailers from the proposed guidelines, we have estimated what we consider to be the larger quantifiable incremental benefits to retailers:

j. The cost savings from predictable/consistent, clear, and effective processes with support/social agencies

k. The cost savings from being able to use a courier letter requiring a signature on receipt when giving a notice of electrical disconnection to a customer

l. The cost savings from:

   i. relying on a health practitioner's letter for verifying an MDC

   ii. MDC applications lapsing after 40 business days if an applicant, for MDC status, refuses to engage with the retailer.

A31. We estimate the present value[18] of these incremental benefits to retailers might be in the order of $5–6 million, based on the key assumptions set out in Table 1.

---

[17] Although, of course, retailers may do so if they wish to.

[18] Using a 10-year assessment period and a discount rate of 6%.

A32. Table 1: Key assumptions underpinning the more significant incremental retailer benefits from the proposed guidelines

	Annual cost saving for a small retailer (< 20,000 ICPs)	Annual cost saving for a medium retailer (> 20,000 ≤ 100,000 ICPs)	Annual cost saving for a large retailer (> 100,000 ICPs)
Reduced effort liaising with support/social agencies	$0	$15,000	$30,000
Cost savings from being able to use a courier letter requiring a signature on receipt when giving a notice of electrical disconnection to a customer	$2,000	$30,000	$50,000
Cost savings from relying on health practitioner letter to verify MDCs	$0	$15,000	$30,000
Cost savings from MDC application lapsing after 40 business days if applicant, for MDC status, fails to engage with retailer	$2,000	$15,000	$30,000

Key drivers of expected incremental costs for retailers

A33. Some of the key drivers of the incremental costs for retailers (and distributors that direct bill consumers for distribution services) under the guidelines include:

a. Retailers should develop and maintain a published consumer care policy

b. Retailers ensure representatives engaging with customers about invoicing or debt collection are trained to recognise signs of pending or actual payment difficulties and empowered to provide effective assistance to all customers who are facing payment difficulties

c. The revised processes surrounding:

i. notifying a post-pay customer of electrical disconnection for non-payment of debt when the customer has been acting in good faith

ii. electrically disconnecting a post-pay customer for non-payment of debt

iii. electrically disconnecting a pre-pay customer

iv. electrically reconnecting a post-pay customer following electrical disconnection for non-payment of debt.

Key expected incremental costs for retailers

A34. The key incremental costs we expect include:

a. Retailers expend more effort putting in place a consumer care policy and training personnel to give effect to it and the guidelines

b. Retailers implement new systems and processes to give effect to the revised processes surrounding electrical disconnection and reconnection

c. Some retailers[19] implement new systems and processes to enable them to advise customers in payment arrears and/or having payment difficulties of lower cost pricing plans offered..

A35. To give an indication of the potential magnitude of incremental costs to retailers from the proposed guidelines, we have estimated what we consider to be the larger quantifiable incremental costs to retailers (the figures represent our approximate estimate of the present value of these incremental costs):

a. The cost to develop and maintain a consumer care policy and to train staff on that policy and to redevelop processes ($5–5.5 million)

b. The cost to revise electrical disconnection processes and the content of the electrical disconnection notice ($6 million)

19 Noting the Authority's understanding that retailers supplying the majority of ICPs in New Zealand already have the capability to do this, as it is a recommendation under the existing guidelines.

A36. These estimates of incremental costs are based on the key implementation and ongoing operating cost assumptions set out in Tables 2 and 3. The implementation cost assumptions in Table 2 in turn assume each retailer makes all its changes together (ie, retailers "lift the hood/bonnet only once").

A37. Table 2: Key assumptions underpinning the more significant incremental retailer implementation costs from the proposed guidelines

	Implementation cost for a small retailer (< 20,000 ICPs)	Implementation cost for a medium retailer (> 20,000 ≤ 100,000 ICPs)	Implementation cost for a large retailer (> 100,000 ICPs)
Cost to develop a consumer care policy	$20,000	$40,000	$80,000
Cost to train staff on the consumer care policy and redevelop processes	$20,000	$40,000	$80,000
Cost to revise disconnection processes and content of disconnection notice	$8,000	$111,200	$224,000

4. Table 3: Key assumptions underpinning the more significant incremental retailer ongoing costs from the proposed guidelines

	Annual cost for a small retailer (< 20,000 ICPs)	Annual cost for a medium retailer (> 20,000 ≤ 100,000 ICPs)	Annual cost for a large retailer (> 100,000 ICPs)
Cost to review consumer care policy	$10,000	$20,000	$20,000
Cost to train staff on the consumer care policy and redevelop processes	$10,000	$20,000	$20,000
Cost to revise disconnection processes and content of disconnection notice	$4,000	$60,000	$120,000

The expected impact of the guidelines on the Authority

A38. Other than promoting our statutory objective, the key incremental benefit of the proposed guidelines for the Authority would be enabling us to make better informed policy decisions in relation to:

a. Consumers that face difficulties paying their electricity invoices

b. Consumers that are medically dependent.

Key drivers of the expected incremental benefit for the Authority

A39. The key driver for this incremental benefit would be the greater amount of information we would receive from retailers as part of their reporting under the guidelines.

Quantifying the key expected incremental benefit for the Authority is difficult

A40. Quantifying the incremental benefit for the Authority is difficult. However, it is a truism that better-informed policy decisions are beneficial.

Key drivers of the expected incremental costs for the Authority

A41. The key drivers of the incremental costs for the Authority under the proposed guidelines are:

a. Publishing and maintaining a web portal to upload disclosure information to

b. Publishing the name of retailers who do not provide disclosure information

c. Publishing in an aggregated form any of the information received from retailers.

The key expected incremental cost for the Authority

A42. The key incremental cost the Authority expects to incur from these drivers is the cost of additional personnel effort. It is difficult to say in advance what this cost might be because it will depend, to an extent, on the quality of information we receive from retailers. However, we expect the cost to be less than $100,000 per annum, which equates to a present value cost of less than $750,000.[20]

[20] Over a 10-year period with a discount rate of 6%.

A43. We anticipate only a minor system implementation cost (approximately $10,000) and minor ongoing system operating cost (approximately $8,000 per annum, or less than $60,000 in present value terms[21]).

The expected incremental impact of the guidelines on other industry participants

A44. We consider the guidelines will:

a. Place incremental implementation costs and incremental ongoing operating costs on some distributors

b. Place incremental implementation costs on metering equipment providers (MEPs).

Key drivers of expected incremental costs for distributors

A45. Under the proposed guidelines, the key drivers of the incremental costs for distributors that do not direct bill consumers for distribution services is the expectation on them to:

a. Not vary the time or date of a planned outage or electrical disconnection without conferring with the retailers whose MDC customers are affected

b. Proceed with a disconnection in an emergency:

i. if no persons are at the premises, or the distributor receives no response to its reasonable attempts to contact persons at the premises during any on-site visit carried out by the distributor

ii. if the distributor has advised any MDCs at the premises of the reason for the electrical disconnection and has advised any such MDCs to enact their individual emergency response plan.

Key expected incremental costs for distributors

A46. The key incremental cost we expect distributors to incur would be the cost to update relevant processes and to ensure personnel are aware of these expectations. Distributors would then face some incremental ongoing operating costs giving effect to these expectations, because of the non-automated nature of the activities.

A47. We are unsure of the magnitude of these incremental costs because we are unsure how many distributors already meet these expectations. As noted at the start of the impact assessment, this consultation provides an opportunity for distributors to provide us with this information.

Key drivers of expected incremental costs for metering equipment providers

A48. Under the proposed guidelines, the key drivers of the incremental costs for MEPs is the expectation on them to:

a. Not electrically disconnect a retailer's customer without the express consent of the retailer

b. Not vary the time or date of a consented electrical disconnection

c. Develop processes to identify and report self-disconnection of AMI prepay meters.

Key expected incremental costs for metering equipment providers

A49. The key incremental cost we expect MEPs to incur because of these drivers is developing a back-office system and associated processes to poll the registry for the retailer that must consent to the electrical disconnection of an ICP and extracting relevant information from meter event logs.

A50. We estimate the necessary system and process changes may cost approximately $50,000 per MEP, meaning a total implementation cost across all MEPs of approximately $300,000.

A51. We expect MEPs would face negligible incremental ongoing operating costs because of the automated nature of the system change and associated processes.

[21] *Ibid*

The expected impact of the guidelines on other stakeholders

Expected incremental benefits for support agencies, social agencies, and health agencies

A52. The key incremental benefit support/social agencies and health agencies should receive under the proposed guidelines is to have predictable and consistent processes to follow when engaging with retailers about matters covered by the guidelines.

A53. Transparency of retailer's processes assists efficiency in the operation of stakeholders assisting customers, reducing the likelihood of untoward delays and errors.

A54. This benefit should reduce the per-consumer cost currently incurred by these agencies.

Expected incremental costs for support agencies, social agencies, and health agencies

A55. The key incremental cost support/social agencies may incur under the proposed guidelines is a greater number of people with payment difficulties being referred to them by retailers.

A56. We are unclear whether health agencies will face any incremental costs under the proposed guidelines. This is because we are unclear whether the proposed guidelines would result in the identification of many additional MDCs.

Expected incremental benefits for consumer advocates and regulatory agencies

A57. We believe consumer advocates and regulatory agencies (eg, MBIE) will receive an incremental benefit from the proposed guidelines. As for the Authority, this benefit would be in the form of the greater amount of information provided by retailers as part of their reporting under the guidelines. For both consumer advocates and regulatory agencies, this greater transparency would better enable an assessment of the extent to which desired consumer outcomes are being achieved in this area of the electricity industry.

Appendix 3: Proposed Practice Note #1 - Information Disclosure

Purpose of practice note

1.1. This practice note should be read in conjunction with the consumer care guidelines (guidelines).

1.2. The purpose of this practice note is to set out:

1.2.1. What the Authority may do with the disclosure information the guidelines recommend be provided to us.

1.2.2. What we may do when a retailer does not provide disclosure information by the recommended date.

1.2.3. The format and naming conventions for disclosure information.

1.2.4. How disclosure information should be provided to us.

1.3. We consider that the information disclosure requirements in the guidelines provide:

1.3.1. An incentive for retailers to align with the guidelines.

1.3.2. Transparency on developing electricity industry issues and assist with identifying areas of retailers' policies and practices where improvements may be made.

1.3.3. An indication of areas where the guidelines require review.

1.4. Part 10 of the guidelines recommends that retailers provide the following disclosure information to us:

1.4.1. Initial alignment plan

1.4.2. Consumer care policy

1.4.3. Alignment statement

1.4.4. Monitoring information.

1.5. For the purposes of this practice note, the term "retailer" means:

1.5.1. Any participant that meets the definition of retailer set out in the Electricity Industry Act 2010; and

1.5.2. Any distributor that meets the definition of distributor set out in the Electricity Industry Act 2010 and invoices domestic customers directly.

What the Authority may do with the disclosure information

Alignment plan

1.6. We will retain each retailer's alignment plan provided to us, and we may:

1.6.1. publish each retailer's alignment plan; and

1.6.2. publish the names of retailers that do not provide us with their alignment plan.

Consumer care policy

1.7. We will retain each retailer's consumer care policy provided to us, and we may:

1.7.1. publish each consumer care policy in the form we received it; and

1.7.2. publish the names of retailers that do not provide us with their consumer care policy.

Annual alignment statement

1.8. We will review and retain each retailer's alignment statement provided to us, and we may:

1.8.1. publish each alignment statement in the form we received it; and

1.8.2. publish the names of retailers that do not provide us with their alignment statement; and

1.8.3. use the information in the alignment statement to assess each retailer's alignment with the guidelines' intended outcomes; and

1.8.4. publish our review of each retailer's annual alignment statement, either individually or in aggregate form (i.e., across all retailers).

Monitoring information

1.9. We will collect and collate the monitoring information provided to us by retailers, and we may:

1.9.1. publish the names of retailers that do not provide monitoring information that was either in the correct format, or was provided incomplete by the due date; and

1.9.2. analyse the information to determine both individual retailer and industry trends and alignment to the guidelines; and

1.9.3. publish aggregated information to assist policy and decision making as well as to assess competition and efficiency in the electricity industry.

Uploading information to the Authority

1.10. Disclosure information should not include marketing information.

1.11. The Authority would like to receive all disclosure information electronically via a web browser-based upload facility.

1.12. To obtain access to the upload facility, users need to:

1.12.1. be registered as an electricity industry participant, as required under section 9 of the Electricity Industry Act 2010; and

1.12.2. have a four-character participant identifier issued by the Authority;

1.12.3. have applied to the Authority for access to the upload facility; and

1.12.4. have access to a computer that can connect to the Authority's EMI platform.

1.13. For information on registering as an industry participant[22] or gaining a participant identifier, please visit the following links to the Authority's website:

1.13.1. Registering as a participant - https://www.ea.govt.nz/operations/industry-participants/how-to-register-as-a-participant/

1.13.2. Obtaining a 4 character participant identifier - https://www.ea.govt.nz/operations/industry-participants/participant-identifiers/

Applying for access to the upload facility

1.14. If a participant does not already have access, email a request to the Authority including:

1.14.1. the name of the organisation that will be providing the Authority with the disclosure information;

1.14.2. the organisation's 4-character participant identifier assigned by the Authority; and

1.14.3. the name, phone number, email address and other relevant contact details for anyone in the organisation that will be providing information via the upload facility. A generic phone number and monitored email address, to which the Authority will send automatic

[22] If registering with the Authority as a retailer or a distributor participant, participants are also required by section 95 of the Electricity Industry Act 2010 to register with the approved dispute resolution scheme, refer to www.utilitiesdisputes.co.nz/.

reminders and notifications when information is overdue can be included in the contact details.

Using the upload facility

1.15. Instructions on how to use the upload facility will be provided at the time of registration:

1.15.1. Please note that once a file has been uploaded to the upload facility there is a 10-minute period during which a participant can replace the file if it has been uploaded in error; and

1.15.2. Where a file needs to be replaced outside the 10-minute period, the file should be emailed to marketoperations@ea.govt.nz and a reason given why the replacement file needs to be used.

File naming conventions and formats for all uploaded disclosure information

1.16. When uploading your disclosure information and monitoring documents please use the standardised naming convention set out in section 4 of this practice note and, where relevant, the standardised formats.

1.17. The example below shows a full set of named disclosure and monitoring documents for the fictitious company BTnrg:

1.17.1. **Initial alignment plan** for BTnrg BTNG

1.17.2. **Consumer care policy** for BTnrg BTNG 01 Jul 2020 to 30 Jun 2021

1.17.3. **Alignment statement** for BTnrg BTNG 01 Jul 2020 to 30 Jun 2021

1.17.4. **Monitoring Information** for BTnrg BTNG Q1 2021

What disclosure information needs to be provided and when due

Documents	Description	Date due	Format	How to name your file
Initial alignment plan	Retailers should provide an alignment plan that sets out how and when the retailer plans to align its processes and practices with the Consumer Care Guidelines. When supplying please: • indicate on the front page the trading name, participant identifier, logo and contact details of the retailer that the alignment plan is for.	**31 July 2021** This is a one-off provision of information	• MS Word file • No prescribed format	Alignment plan for participant_name participant_identifier
Consumer care policy	Retailers should publish their consumer care policy on their website. Retailers should also provide to the Authority a copy of the consumer care policy (or policies) in effect for the preceding 12-month period ending 30 June. When supplying please: • indicate on the front page of the consumer care policy the trading name, participant identifier, logo and contact details of the retailer that the consumer care policy is for; and • summarise any changes that have been made to the consumer care policy since the previous provision.	**31 July, annually** For the preceeding 12-month period ending 30 June.	• PDF file • No prescribed format	Consumer care policy for participant_name participant_identifier DD MMM YYY to DD MMM YYY
Annual alignment statement	Retailers should self-assess the extent to which they have aligned with the consumer care guidelines during the past 12 months, and whether alignment has been achieved by following the guidelines' recommendations, or by taking alternative actions which achieve the intended outcomes set out in in Part 1 of the guidelines. The statement should: • set out the extent to which the retailer has aligned with the guidelines; and • whether alignment has been achieved by following the guidelines' recommendations, or by taking alternative actions which achieve the intended outcomes set out in in Part 1 of the guidelines; and • be signed and dated by the retailer's Chief Executive Officer (or equivalent) and a witness • be complete, accurate, and not contain any marketing information.	**31 July, annually** For the preceeding 12-month period ending 30 June.	• PDF file • Use the template in Appendix A	Alignment statement for participant_name participant_identifier DD MMM YYY to DD MMM YYY
Quarterly monitoring information	Retailers should provide monitoring information to the Authority each quarter of a calendar year. Where the recommended monitoring information: • cannot be sourced, retailers should work towards collecting the required information and leave any non-populated field as "null"; and • is subsequently found to be incorrect, retailers should email corrected information to marketoperations@ea.govt.nz as soon as possible, stating the correction and the reason and correction; • is complete and accurate.	**Quarterly** Commencing with the period 1 July 2021 to 30 September 2021 Provided no later than the end of the month following the quarter.	• MS Excel file • Use the template in Appendix B	Monitoring Information for participant_name participant_identifier Quarter X YYYY

Templates for information disclosure

Certificate of alignment with the Customer Care guideline

Certificate of alignment with the consumer care guidelines

Provided in accordance with Part 10 of the consumer care guidelines

Please provide the completed form (including the following pages) to the Authority via the upload facility

Trading name of disclosing participant ____

Participant identifier of the disclosing participant ____

Contact details of the disclosing participant ____

____

____

Relating to alignment during the period from __/__/____ to __/__/____

The Chief Executive of the disclosing participant certifies that the information given in this alignment disclosure is accurate and complete.

Signed (CEO) __________________________ Date __/__/____

Printed name ___________________________

Witnessed _____________________________ Date __/__/____

Printed name ___________________________

Page 1

Part 2: Retailers to publish a consumer care policy

(a) Aligns ☐ Does not align ☐

(b) Extent of non-alignment ____

Part 3: Information and records relating to consumer care

(c) Aligns ☐ Does not align ☐

(d) Extent of non-alignment ____

Part 4: When a customer signs up or is denied a contract

(e) Aligns ☐ Does not align ☐

(f) Extent of non-alignment ____

Part 5: Business-as-usual account management

(g) Aligns ☐ Does not align ☐

(h) Extent of non-alignment ____

Part 6: When payment difficulties are anticipated or arise

(i) Aligns ☐ Does not align ☐

(j) Extent of non-alignment ____

Part 7: Progressing to disconnection for non-payment of debt and electrical reconnection

(k) Aligns ☐ Does not align ☐

(l) Extent of non-alignment ____

Part 8: Additional recommendations for medically dependent consumers

(m) Aligns ☐ Does not align ☐

(n) Extent of non-alignment ____

Part 9: Fees and bonds

(o) Aligns ☐ Does not align ☐

(p) Extent of non-alignment ____

Part 10: Information disclosure and monitoring

(q) Aligns ☐ Does not align ☐

(r) Extent of non-alignment ____

Quarterly monitoring information

Retailer: BTNG

Date: 15-Oct-20

Year YYYY	Quarter	Number of domestic customers premises at the end of the quarter	Number of domestic customers premises disconnected due to a contracted domestic customer's arrears during that quarter	Number of domestic customers on whose behalf the retailer has consulted with Work and Income in that quarter	Number of identified medically dependent consumers registered at the end of the quarter	Number of identified medically dependent consumers who who have debts greater than 60 days
2020	Q3					

Notes

1) Retailer should be identified by the retailers 4 letter participant identifier issued to the retailer by the Authority
2) Date should be the date that information is provided to the Authority in the format dd-mmm-yy
3) Corrections for previous information supplied should be added as an additional row, with year and the quarter set for the period correction is for
4) Quarters should be expressed as

Q1	Jan-Mar
Q2	Apr-Jun
Q3	Jul-Sep
Q4	Oct-Dec

Appendix 4: A wider consumer care guidance package

Consumer care guidelines as a part of a wider guidance package

A58. In recognition of the wider ecosystem into which the guidelines will fit, stakeholder feedback has led the Authority to develop and propose a **package of consumer care guidance**.

A59. The proposed guidelines are just one component of this greater package. While some components of the package when developed in 2021 will be aimed at other stakeholders, the guidelines themselves are designed to guide retailer egaging with customers.

Consumer care guidance package contents

The Guidelines (for retailers)

- Part 1: Purpose statement
- Parts 2-9: Recommended actions
- Part 10: Information disclosure and monitoring
- Appendices – Glossary and additional information

Practice Notes (for retailers)

- Clear and accessible communication
- PN#1 Disclosure information, which includes
  - how to upload information to the Authority
  - information to be provided to the Authority
  - template for annual alignment statement and format for quarterly disclosure

Supporting documents (for all parties)

- Health Practioner Form (Parts A and B) (existing)

Factsheets (for consumers and support agencies)

- Consumer Factsheets – by the Authority for consumers: in English (and other languages?)
- Consumer Easy Guide (simplified version for less literate)
- Guide to the consumer care guidance package for support agencies

Next steps for the wider package

A60. There are a number of peripheral activities that are related to the guidelines, which will be carried out once the guidelines are in place. These are as follows

a. Review of the Authority's 'Voluntary good contracting principles and minimum terms and conditions for domestic contracts'

b. Review alignment with the guideline of the '*Individual Emergency Response Plan'* template

c. Review alignment with the guideline of the *'HP notice'* and provision of guidance to HPs

d. Facilitation of standardised interface protocol between retailers and support agencies and budget agencies

e. Facilitation of a retailer and social agency review of the "Protocol between electricity retailers and social agencies" including alignment of the protocol with the guidelines.