

# Consumer Care guidelines consultation:

Feedback prepared by Dr Kimberley O’Sullivan and Helen Viggers

He Kainga Oranga / Housing and Health Research Programme

University of Otago, Wellington

## Overarching questions

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

Part	Clause	Feedback
Overarching	n/a	He Kāinga Oranga / Housing and Health Research Programme has appreciated the consultative process that the Electricity Authority (EA) has undertaken in reviewing the Medically Dependent and Vulnerable Consumer (MDVC) Guidelines. However, we are concerned that the initial discussion of having a “layered” approach, with mandatory components as well as high-level principles has not been adopted. Electricity is an essential service to support health and wellbeing of all domestic consumers, and we would prefer that the EA set clear mandatory requirements for electricity retailers. This would avoid the Guidelines becoming merely an aspirational document, rather than offering legitimate consumer protections.

2. Do you agree with the change in focus from ‘vulnerability’ to ‘consumer care’ applying to all domestic customers, and the reasoning behind this change?

Part	Clause	Feedback
Overarching	n/a	Yes. We support the move to including all domestic consumers under the guidelines. We believe that this will make the guidelines more easily compatible with the forthcoming energy hardship definition directed by the Electricity Price Review. We would also welcome further adjustment of the Guidelines as required to incorporate additional mandatory consumer protections as necessary when the energy hardship definition is finalised and adopted.

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

Part	Clause	Feedback
Overarching	n/a	As indicated above, we support a broader consumer care package designed to reduce energy hardship in New Zealand. These new Consumer Care Guidelines fall short of the recommendation from the EPR to set minimum standards – instead only setting voluntary minimum standards. Our research, and the Statistics New Zealand report on defining and measuring energy hardship in New Zealand suggests that around a third of households are experiencing energy hardship in New Zealand. Waiting to consider whether electricity retailers are not voluntarily engaging with the Guidelines before setting any mandated requirements (even monitoring) will provide little benefit to these households already experiencing energy hardship. The proposed consumer care package that these proposed Guidelines fit into does not solve this problem if the Guidelines are entirely voluntary.

## Questions on the Explanatory Note

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



Part	Clause	Feedback
Explanatory Note	n/a	As above, we disagree that the Guidelines should be only voluntary, and recommend that minimum standards, particularly around disconnection processes and reporting are made mandatory.

5. 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?

Part	Clause	Feedback
Explanatory Note		

### Questions on Part 1: Purpose

6. 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?

Part	Clause	Feedback
1	n/a	We suggest that the inclusion of purpose statements in each Part would make the intention of the Guidelines clearer. We recommend that the Guidelines should set out an intention to protect consumers from the adverse impacts of disconnection from an essential service, and energy hardship.

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

Part	Clause	Feedback
1	Purpose	We recommend that reference is made to electricity being an essential service to achieve wellbeing for all New Zealanders, and the potentially life-threatening danger of disconnection for non-payment.
1	Principles	We would support the addition of a principle that specifically sets out that as most New Zealand households relying on electricity for energy services, electricity is an essential service for supporting health and wellbeing.  Omitting this runs the risk that the Guidelines are focussed on achieving outcomes for retailers, without the balance of consumer protections that are intended.
1	Outcomes	The intent of Outcome A is that consumers are protected, and Outcome C is that measurement and monitoring is possible – however without mandating minimum standards the Guidelines run the risk of not achieving these goals from the outset.

8. 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?

Part	Clause	Feedback
1		No feedback

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

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

Part	Clause	Feedback
2	n/a	<p>Yes – however we would support a clear template to be adopted, so that it is easier for households and support services to assess the differences between retailers. It is overwhelming, particularly for those in energy hardship, to differentiate between retailers terms and conditions, and we suggest that it will be overwhelming or unhelpful for consumers to have access to consumer care policies in different formats from different retailers.</p> <p>In addition we would support the EA producing a glossary of terms to be used in the consumer care policies with standard definitions across retailers, to enable households and support services to more easily compare the policies.</p>

10. 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?

Part	Clause	Feedback
2		
2		

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

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

Part	Clause	Feedback
3	n/a	<p>Yes, however as above, although compliance with the Privacy Act 2020 is mandatory, if none of the data collected by retailers in compliance with this part is mandatory or reported, the Guidelines are likely to fall short of achieving the consumer care and protection that they could provide.</p>

12. 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?

Part	Clause	Feedback
3		<p>In addition to the preferred communication channels being recorded, we would support that the preferred timing of one-to-one communication is also recorded.</p>
3		

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

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

Part	Clause	Feedback
4	n/a	<p>We agree with the principle for retailers to communicate effectively with and charge appropriate rates to customers.</p> <p>The recommendations do not require that Medically Dependent Consumers be provided with post payment billing. We urge the EA to reconsider this long-held stance that MDCs must be allowed to proceed with prepayment offers as long as the risks are outlined. We urge that further consultation with Healthcare Providers on this is undertaken and the Guidelines amended if Healthcare Providers agree that MDCs should not be given prepayment offers. It may be that including a question on whether it would be unsafe for the MDC to be provided electricity through a prepayment meter on the Healthcare Provider form for MDCs is</p>

Part	Clause	Feedback
		<p>necessary to ensure that retailers are fully aware of risks of using prepayment metering to health for their MDCs.</p> <p>These recommendations to not provide protections to ensure that all consumers have access to essential electricity services, or even that retailers must report the number of consumers denied a contract or the action that they have taken in response. Without mandatory collection of such data, it is impossible to monitor the extent to which this may be a problem among households experiencing severe energy hardship.</p> <p>In clause 22,</p>

14. 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?

Part	Clause	Feedback
4	22	Yes – clause 22 should specify that the pricing plan comparison website a customer should be directed to must be a not-for-profit website (e.g. powerswitch) as the proliferation of these websites, and potential for further websites to become established providing a commission-based switching service will further confuse households experiencing energy hardship.
	23. b.	Yes – clause 23. b. should include a mandated direction to ensure that a consumer who has not been able to find a retailer to achieve essential electricity service has been referred to Ministry of Social Development (MSD) (or an approved service provider) to assist them with obtaining an electricity connection. Consumers should be provided a temporary connection to electricity services as soon as MSD (or an approved service provider) is in touch with the retailer on their behalf, and for a minimum period of 5 working days while they are working with the consumer to achieve a customer contract for electricity services.

15. 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?

Part	Clause	Feedback
4	26.a.	Disconnection should occur only at times when a customer can reasonably reconnect swiftly (e.g. between 9am and 3pm on working days)
4	26.b.	No guidance is given to retailers on adequate warnings for prepayment meter customers before disconnection (which may be best placed in Part 7). Warnings may not give customers adequate time before the credit for the meter expires, for example if a reporting system/App is not updated outside of business hours while electricity use continues, customers may receive warnings in quick succession before credit expires - this information needs to be given to customers explicitly.

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

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

Part	Clause	Feedback
5	n/a	Yes we agree with these recommendations, and the meaning is clear. We have less concern that there is no mandatory requirement in Part 5 than in other sections.

17. 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?

Part	Clause	Feedback
5		
5		

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

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

Part	Clause	Feedback
6	n/a	Yes, we agree with these recommendations in general. However, the Guidelines appear to be out of step with the recommendations from the EPR as these are voluntary minimum standards and do not provide adequate consumer protections, particularly necessary for households experiencing energy hardship. It will not be possible to achieve the recommendations set out in the EPR without revising these Guidelines and placing mandatory requirements for consumer protections and reporting of data on retailers, in order to enable monitoring (and reduction) of energy hardship in New Zealand.

19. 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?

Part	Clause	Feedback
6	38/39	We support the suggested approach for post-pay customers, but suggest that in clause 39 the text should read: the timing of each step (should or must) be proportionally altered. On the basis of our research and current best evidence, monthly billing cycles for electricity services do not provide useful feedback for consumers on their electricity use or spending. Increasing the frequency of billing, in most cases, should provide better social and environmental outcomes.
	40. g	We recommend that the best plan offer be provided to all customers on an at least annual basis, not just those in arrears or likely to have difficulties.
	40.h/j	We would support the establishment of a register of approved agencies that retailers could refer customers needing support to.
6		

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

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

Part	Clause	Feedback
7	n/a	Yes we agree in principle with the recommendations set out. However, we strongly disagree that these remain voluntary minimum recommended actions. Electricity is an essential service to support wellbeing for most households in New Zealand. We strongly recommend that Part 7 form mandatory minimum guidelines.

21. Do you suggest alternative wording? Or is there any superfluous or missing text?

Part	Clause	Feedback
7	68	<p>We strongly disagree with the wording of this clause. A disconnection for non-payment of a prepayment meter is still a disconnection for non-payment. Whether or not that disconnection is harmful depends on the circumstances of the consumers in the household, the timing and duration of the disconnection, any penalties that may be added to the account due to disconnecting, and the relative ease for consumers to recredit the prepayment meter.</p> <p>(For further discussion of these issues please refer to:</p> <p>O'Sullivan, K. C., et al. (2013). "Empowered? Examining self-disconnection in a postal survey of electricity prepayment meter consumers in New Zealand." <i>Energy Policy</i> 52: 277-287</p> <p>O'Sullivan, K. C., Viggers, H., &amp; Howden-Chapman, P. (2014). "The influence of electricity prepayment meter use on household energy behaviour." <i>Sustainable Cities and Society</i> 13: 182-191.</p> <p>O'Sullivan, K. C., et al. (2015). "Fuel poverty, policy, and equity in New Zealand: The promise of prepayment metering." <i>Energy Research &amp; Social Science</i> 7: 99-107.</p> <p>O'Sullivan, K. C., et al. (2016). "Heating practices and self-disconnection among electricity prepayment meter consumers in New Zealand: A follow-up survey." <i>Utilities Policy</i> 41: 139-147.)</p>
7		

## Questions on Part 8: Additional recommendations for medically dependent consumers

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

Part	Clause	Feedback
8	n/a	<p>We support having a specific section which discusses medically dependent (MDCs) . It may be useful in other sections to explicitly refer to the MDC section to help both customers, retailer staff, and medical staff understand the requirements.</p> <p>We strongly support that MDCs are unable to be cut off from essential electricity due to non-payment.</p> <p>In order to provide adequate consumer protections and safeguard health and wellbeing, recommendations regarding MDCs are likely to need to be implemented as mandatory, not voluntary, guidelines.</p>

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

Part	Clause	Feedback
8	n/a	<p>We strongly agree with the change from a list of equipment to instead relying on what a health practitioner states is necessary.</p> <p>We would support any retailer wanting confirmation of continued MDC status to be required to ask for the confirmation a sufficient amount of time in advance that it could be included in a 3-monthly or 6-monthly check-in with the appropriate physician rather than a separate appointment being required (which may be both difficult to obtain, and difficult to attend).</p>

24. 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?

Part	Clause	Feedback
8		

Part	Clause	Feedback
8		

## Questions on Part 9: Bonds and Fees

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

Part	Clause	Feedback
9	n/a	Yes

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

Part	Clause	Feedback
9	n/a	<p>Yes, for clauses 101-103 &amp; 105-107</p> <p>We however have concern that clause 104 relating to billing cycles, would means that customers on a weekly billing cycle would be required to pay a large fee back over 5 weeks rather than 5 months. We suggest that clause 104 is redrafted to something similar to “Where a fee charged to a customer is over 1.7% of the previous year’s charges, the retailer should consider allowing the customer to spread the fee over at least five months.”</p>

27. 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?

Part	Clause	Feedback
9		<p>We would expect that the proportion of bills that are fees to be one of the reporting requirements to the EA, to ensure that additional “reasonable” fees do not end up distorting the apparent tariffs offered.</p> <p>If the bond maximum is removed from the guidelines then we believe that the method of calculating the maximum should be explicitly included in them,</p> <p>We have concerns over the fees for connection and disconnection for rural customers without a smartmeter – but we accept that this might be better addressed in a different work-stream.</p> <p>We believe there should be no fee payable for refunding any excess smooth-pay payments.</p> <p>We are concerned that an accumulation of small fees may add to a large excess for some people in payment difficulty. We are keen to ensure that “reasonable” fees are “reasonable” in terms of being as cheap as feasible and non-punitive.</p> <p>Without making reporting requirements mandatory, it is possible that there will not be adequate data to monitor energy hardship in New Zealand.</p>
9		

---

### Questions on Part 10: Information disclosure and monitoring

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

Part	Clause	Feedback
10	n/a	

29. 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?

Part	Clause	Feedback
10		
10		

---

### Questions on Monitoring alignment and outcomes

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

Part	Clause	Feedback
Monitoring	n/a	Yes, however, we recommend that reporting of this data is mandatory, particularly around disconnections (including for prepayment disconnections, as above), payment of bonds and fees.  Without including minimum recommendations for reporting in Part 10 it is difficult to assess what the value of the reporting will be for monitoring and reducing consumer care and energy hardship in New Zealand.

31. 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?

Part	Clause	Feedback
Monitoring	n/a	
Monitoring	n/a	

---

### Questions on implementation

32. 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.

Part	Clause	Feedback
Implementation	n/a	We support the 30 June 2021 implementation date of the guidelines as the earliest realistic opportunity.

---

### Questions on the indicative impact assessment

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

Part	Clause	Feedback
Impact	n/a	

34. Are there benefits missing?



Part	Clause	Feedback
Impact	n/a	

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

Part	Clause	Feedback
Impact	n/a	

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

Part	Clause	Feedback
Impact	n/a	

37. Are there costs missing?

Part	Clause	Feedback
Impact	n/a	

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

Part	Clause	Feedback
Impact	n/a	

---