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Electricity Authority  
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**Consultation paper – consumer care guidelines**

Nova Energy is proud of its record in dealing with medically dependant or vulnerable customers. In instances where customers have not been treated in accordance with expected standards, Nova staff have reviewed the circumstances of those events and where necessary, made changes to prevent a repetition.

Overall, Nova is not comfortable with level of specificity in the draft guidelines. Essentially, the guidelines fail on part B of the ‘three overarching principles’ – ‘Retailers have a right to be paid and competition and innovation are supported’.

Nova understands the need to protect customers whose reliance on electricity supply is most important, but some of the requirements are impractical in many situations, and if followed to the letter, could result in excessive costs to retailers for no better outcomes for customers.

There are a number of aspects of the guidelines that warrant further consideration before they are finalised; in particular, it is totally inappropriate that the Authority should limit the actions of retailers in instances where customers have undertaken fraudulent activity (clause 95.d.). Detailed comments are included in the attached appendix.

Please contact me directly should you seek further discussion on the details of this submission.

Yours sincerely



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## 1 Overarching questions

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

Part	Clause	Feedback
Overarching	n/a	Yes

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

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	A guidance package that includes examples of good practice, templates and fact sheets would be a more useful approach

## 2 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	Yes

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		The Explanatory Note notes that 'Alignment with these guidelines is voluntary.' Yet much of the content is presented as if the guidelines are in fact Code requirements. The 'guidelines' need a complete rewrite to give this context.

## 3 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	No. The overarching purpose statement should clearly outline what the document is about. Each part summarises what the part is about.

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

Part	Clause	Feedback
1	Purpose	No. The purpose statement goes beyond the powers of electricity retailers to deliver. Retailers should be able to provide a reliable supply of electricity to consumers at a competitive price, on terms that respect the consumer's vulnerabilities, either financially, socially or medically.

Part		Feedback
		Retailers cannot 'maximise potential' or 'minimise harm' as those elements also require consumers to take some responsibility for their actions.
1	Principles	Yes, these are good.
1	Outcomes	Outcomes need to be more balanced by including the responsibilities of the customer/consumer as well as the responsibilities of the retailer.

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	4 a	"Customers, and consumers usually resident at a customer's premises" The term <b>usually</b> is too broad. The wording needs to be more specific and state the "customers, and consumers <b>primarily</b> resident at a customer's premises"
1	4 d	Nova proposes amending this to: e.g. MDCs are not to be disconnected <b>unless alternative arrangements have been made for their needs</b> . It is inappropriate to specifically give MDC's specific licence to not pay their debts.

#### 4 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	Yes

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	6 c	This is an extremely ambitious requirement, and impossible to report on, for example do expectations include 24/7, and in every language? The Retailer should be expected to make reasonable endeavours to meet this standard where it is practical and cost effective to do so.
2	6 e	"commits the retailer to ensuring that all customers have access to the support offered in accordance with these guidelines in a way that avoids disparate outcomes arising from such things as differences in language etc" This is simply not operationally feasible! Does this imply retailers will need to be prepared and adapt and change our communications to cater for all languages, ethnicities, disabilities? This implies that upon signing up new customers Retailers would need to request that level of detailed information from every potential new customer and have that available to them every time the customer made contact?

## 5 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	14. 16. d.	Nova agrees in principle that these minimum recommendations would be helpful for some customers. However, as minimum standards they are too prescriptive. It is highly ambitious under clause 16. d. to expect all retailers to use all of these processes with all customers, and maintain records to prove (if reviewed externally) that all sales and customer service reps are aware and know to check, when to ask for updates and when not to ask to comply with 14 and 16 (d). Making these checks and digesting the details in every case will add considerable time and cost to every customer engagement.

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		

## 6 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	Nova agrees in general with providing relevant information to new customers. Nova does not agree with the level of detail that Retailers are expected to provide a consumer that has been declined a contract under clause 23. When Retailers decline a customer, it is appropriate that they treat the customer with respect and offer appropriate advice on what their options may be. The points raised under sub-clauses a. and b. should be listed as examples of appropriate behaviour, but not a required list.

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	n/a	There may be further examples available, but it must be recognised that at the point of learning that their application has been denied, many consumers will be in denial and not absorb anything that is presented to them at that point. The risk is that the more information is provided at that point in time the less is achieved. As for many of the guidelines, the requirements are overly prescriptive for little real benefit.

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?

	Clause	Feedback
4	23 a i.	Refer Q.13

	Clause	Feedback
		<p>Re: the types of payment plans that may suit the person better than those offered by the retailer.</p> <p>This example needs to be reworded; it is not feasible for a front-line staff member to know different payment plans offered by other retailers.</p>
	23 a ii	<p>Re: One or more pricing plan comparison websites that provide information on alternative retailers active within the persons geographic area</p> <p>This may be counter-productive, i.e. potential unintended consequence of this is that the consumer makes multiple applications with multiple retailers. Depending on what credit bureau is used, some bureau algorithms may whittle away the consumer's credit score as each additional credit enquiry is submitted on that individual.</p> <p>A consequence of this is that it may make it even harder for them to enter into not only a contract with a retailer but also hinders any finance or lending applications where risk based pricing is applicable.</p>
4	24	<p>This makes little sense. It is perfectly reasonable for the customer to nominate a support person or alternate contact at the time they set up an account. Should the retailer have a need to contact that person, they will soon learn if that person is prepared to act in that capacity, or if that role has transferred to someone else.</p> <p>Contacting the person pre-emptively could be onerous for the retailer, especially if the alternate contact is hard to reach.</p> <p>Retailers also need to be cognisant of privacy rules when engaging with third parties and it starts to create risks of disclosing information to the wrong parties.</p>
4	25	<p>This is not very practical or necessary for a vast majority of customers who pay promptly.</p> <p>Informing all new customers of processes and consequences for non-payment or non-engagement is not a positive way to start a new customer/supplier relationship and many good paying consumers would feel affronted by this approach.</p> <p>Customers receive supply T&amp;Cs and other information via website or welcome packs. Customer Care Policy could achieve this and be included as a part of welcome pack. Consumer bureau credit scores and risk bands could be used to target this information to consumers who may most likely benefit from this extra advice.</p>

## 7 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	<p>Nova does not agree with the recommendations. When dealing with in excess of 100,000 customers communications by necessity need to be generic in nature. The net result of such messaging is will variously create confusion for some customers, and be regarded as an intrusion by others. For the majority it will likely be regarded as an unnecessary impost on their time.</p>

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	28 (b)	This is too intrusive as so many factors could be behind a reduction in energy use i.e. installing gas appliances and getting that supply from another retailer, installing energy efficient lightbulbs or appliances, other family members or occupants leaving, etc. What is more relevant is taking action if a consumer's consumption should rise dramatically as this could be a symptom of energy losses occurring, e.g. leaking hot water systems.

## 8 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

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	40 (h)	Pausing the repayment process for 14 days if a referral is made for budgeting advice is too long, especially as most budgeting advice can't resolve a negative income situation or make any payments on the consumers behalf (unlike WINZ who require 48 hours). FINCAP/Money Talks turnaround time is generally 24 hours. If nothing has happened within 3 days, then a follow-up needs to occur. Nova suggests it should be 5 working days.
6	41	Very difficult to achieve this with bundled products on one account, because most backend systems will automatically apply payments to the oldest debt first. This approach could also result with arrears on other products becoming even more overdue. In turn this could lead to unanticipated consequences such as lower credit bureau scores resulting from more aged debt accumulating on non-electricity products.  Distribution services are part of electricity supply, so why is this separated?

## 9 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	

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

Part	Clause	Feedback
7	52 (b)	Adds an expensive and time delay to the process that ultimately is likely to add little value. Also, for occupied contracted sites, our quarterly credit treatment statistics show that the attrition rate between credit cycle stages of disconnection notices (emailed or

Part	Clause	Feedback
		posted) and final warnings (verbally via phone calls or hand delivered) is >75%. As such, requiring the earlier stage of disconnection notices to be couriered or hand delivered would be an unnecessarily expensive and a significant and preventable cost.
7	54 (b)	<p>Clause 54 is wholly impractical and does not reflect the fact that electricity retailers are actually in the business of wanting to supply consumers with electricity. As such, they should also have the right to understand who is consuming the electricity and how they intend paying for it.</p> <p>It is expensive and impractical for retailers to be expected to make at least 3 attempts to contact and inform, over a period of 7 days, an unknown consumer who may or may not actually exist.</p> <p>Contact names and details will not usually be known for consumers who have not contracted for supply, so the options for contacting the consumers are very limited. Three attempts at making site visits (after normal business hours?) or hand delivering messages is an expensive process?</p> <p>Some vacant sites consume electricity only because previous occupants have left a lightbulb or hot water cylinder on after they left.</p> <p>Also, not all electricity consumption in vacant sites is detectable prior to disconnection i.e. if meter access issues exist.</p> <p>Also, a manual meter read obtained from today does not necessarily confirm consumption has occurred within the last 30 days, especially if the vacant site was last read say 60 days ago.</p>
7	54 (e) 54 (f)	<p>This clause defeats the purpose of being able to minimise costs via remote disconnections of vacant sites. The retailer will have no way to recover these additional costs, especially when there are no occupants.</p> <p>If the cost for a courier or site visit has been incurred to hand deliver a notice of disconnection then why should a retailer incur further cost and delay to issue a final notice at least another week later (with no guarantee that any current occupants exist)?</p> <p>Also refer feedback on 52 (b)</p>
7	60	<p>Define immediately prior – what forms of communication is sufficient. There needs to be additional wording added in here “where reasonably possible”.</p> <p>In some situations, providing such a warning may result in the residents of a property creating a hazardous situation for the Warranted person commissioned to complete the disconnection.</p>

## 10 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	Additional recommendations specific to MDC Customer are needed

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	Yes

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	79	"usually resides" should be replaced with primary place of residence
8	88	The proposed 40 business days is far too long. Someone who is truly medically dependant will not need that long as they are typically people who are concerned for their own wellbeing. Nova proposes this is reduced to no more than 21 days
8	91	The Retailer should have the right to request verification of MDC status for any customer over 60 days in arrears of their account, and has reason to suspect the status no longer holds. Otherwise the customer may simply choose to abuse their position.
8	95.d.	This sub-clause is unacceptable as it rewards illegal activity. It is akin to allowing people in need helping themselves to any product or service they might require from a business without paying for it or sanction. Ultimately the costs of such activities are borne by society, in this case by Retailers needing to recover the additional costs through their margins. The Authority should recognise that it is more efficient to manage fraudulent activity directly rather than allowing a Retailer's cost to accumulate while pursuing other legal remedies.

## 11 Questions on Part 9: Bonds and Fees

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

Part	Clause	Feedback
9		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	Yes

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	106	Is a helpful improvement to keep bonds relevant and useful as a solution for some consumer scenarios where a moderate to high credit risk may exist i.e. a bond is a better alternative to simply being declined credit. Aligning the bond to the estimated value in a billing cycle is a good improvement on the \$150 maximum bond value, as it allows bonds to be more flexible and comparable to a weekly, fortnightly, or monthly bill amount. Guidance should relate to aligning bonds to the value of credit that will be taken during the whole billing and credit cycle (as per 52 (b), as the Retailer is still exposed to energy costs and distribution charge in the period between the invoice date and payment date..



## 12 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	No. The proposed process is heavy handed and clumsy. The Authority should focus on outcomes and monitor Retailers' performance rather than creating a costly compliance regime. These additional requirements create a new barrier to entry for small retailers and add costs for larger retailers. It also creates a situation where the Authority may apply different standards to different retailers on account of the resources they may or may not have available. That would not be beneficial to the market.

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		

## 13 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	Nova has an excellent track record in dealing with its customers comparatively low numbers of disconnections; despite that, it believes the Guidelines currently contain elements that no retailer could in a practical sense fully comply with (without incurring excessive costs). It will be very difficult for Retailers to develop processes that fully align with the Guidelines.

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	Yes

## 14 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	Yes, depending on when the final version is approved and what it includes

## 15 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	

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