



27 November 2020

Electricity Authority
Wellington
New Zealand

By email: mdvc.guidelines@ea.govt.nz

Customer Care Guidelines –Consultation

1. Contact Energy welcomes the opportunity to submit on the Electricity Authority's (**Authority**) consultation on *Consumer Care Guidelines*.
2. Contact supports the development of these guidelines that support important protections and safeguards for New Zealand electricity consumers and particularly medically dependent customers.
3. While Contact is directionally supportive with the proposed guidelines, we are concerned that unnecessary detail and prescription offers little or no demonstrable benefit for customers. Instead some proposals will require material system change by retailers. This unnecessary complexity would impose significant and costly systems change, take considerable time to implement and is unlikely to be achievable before 1 July 2021. Ultimately such costs are reflected in customer charges.
4. We have set out recommendations to remove complexity from the guidelines. These changes would not impact the effectiveness of the guidelines to protect customers and particularly medically dependent customers.
5. Should you have any questions, please contact Sarah Crowe at sarah.crowe@contactenergy.co.nz or myself. We would welcome the opportunity to discuss these recommendations with you further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Chris Abbott".

Chris Abbott
GM Regulatory Affairs & Government Relations

Consumer Care guidelines consultation

Overarching questions

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

Part	Clause	Feedback
Overarching	n/a	No feedback

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, agreed.

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	No feedback

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	No feedback

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		No feedback

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 feedback

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

Part		Feedback
1	Purpose	Yes
1	Principles	Yes

Part		Feedback
1	Outcomes 4Ab	Yes however 4Ab should be amended to ensure consumers are supported but at the same time not allowed to accumulate unnecessary debt as a result of requirements being imposed on retailers by these guidelines. Contact knows from experience that the higher a customer's debt then the less ability the customer has to recover and successfully reconnect if disconnection does occur.
1	Outcomes 4B	Contact agrees with the proposed outcome that Retailers have a right to be paid and competition and innovation are supported. However the consumer care guidelines in their current form do not seem to support this. Under the existing EA guidelines there is a more equal balance between the customer and the retailer. Smart meters are also a major innovation in the energy sector and retailers pay a premium for this technology. This innovation is not being supported with the requirement under the proposed guidelines to site visit or hand deliver letters to every customer or consumer being disconnected regardless of whether they have already been contacted. Contact knows from experience that site visits are only successful in 30% of cases and a posted letter, email or phone call is more effective.

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	4Ab	"..are supported without retailers letting customers accumulate unnecessary debt"

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 and the meaning is clear.

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		No feedback
2		No feedback

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	13ai	We agree in principle with this concept. However Contact's internal CRM system does not currently have the functionality to record two preferred communication channels and Contact already uses multiple modes of communication to contact customers e.g. text, email, phone, letter. This would require capital investment which translates to increased costs to our customers.

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		No feedback
3		No feedback

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	22	There are operational challenges for Contact to determine whether a customer is liaising with an agency in good faith at the onboarding stage and actioning the advice given by the agency. Contact has made significant capital investment to introduce Prepay as a way of ensuring that customers who are declined as part of the credit checking process can still be offered supply. Prepay is offered to all customers (with a communicating smart meter) unable to procure a post pay contract due to a poor credit record. In addition, prepay is no more expensive than postpay and there are multiple pricing plans available.
4	23ai	It is inappropriate and risky for CSR's to be providing information on other retailers pricing plans or payment plans therefore we recommend removing this clause. Clause 23aii is sufficient for CSR's to refer customers to compare other retailers pricing plans.
4	24	This will introduce increased cost in either FTE or capital investment which will be passed on to customers. If agreement is required, the retailers should be able to determine when this is required, see suggested wording below.

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
		Prepay is the perfect product for customers who are rejected through the credit checking process. Retailers should be referring customers to a retailer who offers Prepay. At Contact Energy, Prepay is available to all electricity customers with a communicating smart meter, is no more expensive than postpay and most pricing plans are available for prepay customers.

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	22	"Retailers unable to offer a postpay contract to a consumer due to the consumers poor credit record should refer the customer to retailers offering Prepay"
4	23ai	Remove this clause.
4	24	"...This approval can be sought at such time as the support person or alternate contact person needs to be contacted on behalf of the customer, not necessarily at inception of the contract"

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	NA	No feedback

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	NA	No feedback

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	38	The EA should include a recommended credit cycle under clause 38 as it does currently under the existing EA guidelines. Contact's credit cycle is very similar to the cycle described in clause 38 however the timing is slightly different e.g. after the initial late payment notice is issued, Contact's credit cycle kicks in at Day 21. Changing this to Day 22 requires capital investment in the tens of thousands and also allows customers to accumulate additional debt.
6	38	Including a customer's alternate contact in the full credit cycle will also require capital investment to ensure they receive automated emails/letters/texts that are part of the cycle. This is likely to cost tens of thousands of dollars to implement which will ultimately be passed onto customers. Contact currently uses alternate contacts at the outbound calling stage and recommend that retailers are allowed the flexibility to determine how and when they utilise the alternate contact. Retailers are already incentivised to use the alternate contact as it increases the likelihood of payment.
6	41	We are unclear on the point of this clause. A customer will be disconnected regardless of whether they owe distribution or energy charges. It would also require capital investment to allow a customer to be able to do this, it's not operationally easy to implement.
6	42b	Contact complies with clause 42 for smoothpay which is a payment plan that is based on current consumption. It makes sense for this type of monitoring to be in place for smoothpay. Instalment plans are also payment plans but are put in place to clear arrears, current consumption is less relevant and therefore instalment plans should be excluded from this clause.
6	42c	This will increase cost and require additional capital investment.
6	44 & 45	This will increase cost and require additional capital investment.

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	"...via the customers preferred communication channel. The alternate contact may be contacted at least once as part of supporting the customer to pay and ensure unnecessary accumulation of debt."
6	41	Remove this clause.
6	42b	"....that the payment plan may no longer be appropriate. Instalment plans are excluded from electricity usage monitoring".

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	50c.	The wording infers that a retailer cannot disconnect if a customer has made payments on a payment arrangement that has reduced debt, say from \$1k to \$500 but has not cleared their debt. This does not meet the intention of the guidelines to stop customers incurring unnecessary debt. Contact know from experience that the higher a customer's debt at disconnection, the lower the reconnection rates.
7	52b.	<p>Under the existing guidelines, a site visit is only required for a remote disconnection where contact has not been made with the customer (note 17 to section 43 e.g. returned mail, emails and texts have bounced back or the customer is unavailable via phone). For physical disconnections under the existing guidelines, any site visit required can be the disconnection visit (section 42 (c)).</p> <p>Introducing mandatory site visits or courier letters for all disconnections will increase costs by tens of thousands of dollars per annum which will be passed on to customers. Also, Contact knows from past experience that contact with a customer at a site visit is only successful in approximately 30% of cases. It is better to leave site visits for customers either up to the discretion of retailers, only required where the retailer has not been able to contact the customer (as per the existing guidelines for remote disconnections) or as part of the disconnection visit for physical disconnections (as per the existing guidelines for physical disconnections).</p> <p>80% of the country is also now covered by electricity smart meters with technology that eliminates the need for site visits. Higher lease fees are paid by retailers for this benefit. Imposing mandatory site visits or hand delivered courier letters is not in line with the movement in smart meter technology. Retailers are also about to begin rolling out Gas Smart Meters and business cases are built on the basis that site visits or hand delivered letters are not mandatory but will only occur where a customer has not been successfully contacted as part of the credit process via phone, text, email or letter (depending on the customers preferred means of communication).</p> <p>In addition, the timing of any site visit or courier letter should not be dictated by the guidelines. Dictating that the site visit or courier letter must be at least 10 days prior to disconnection will require capital investment to introduce an additional step in the credit cycle. Also the earlier in the cycle the site visit or the courier letter, the higher the cost (i.e. the credit cycle works like a funnel with more customers in the earlier stages as opposed to the latter). Retailers are motivated to engage with customers and obtain payment and where contact has not been achieved then the retailer is motivated to carry out a site visit or send a courier letter but the timing of this should be at the discretion of the retailer i.e. each retailer knows its own customers best and the most effective timing of when a site visit or courier letter is appropriate to engage with a customer.</p>
7	52c.	Again, the length of the credit cycle should be left up to the discretion of the retailers. However it is appropriate for the timing of the final notice of disconnection to be issued not less than 24 hours or more than seven days before disconnection.
7	54b	Contact currently only makes two attempts to contact and inform the customer before disconnection and these attempts are sent at business day 2 and business day 12. This will require capital investment to change the timing and quantity of these letters which is ultimately passed to customers. Therefore the timing and period should be not so prescriptive. These letters are also sent irrelevant of consumption to err on the side of caution.
7	54e	This will be a large additional cost to the business and a letter in the letterbox is arguably more effective than a site visit (contact is not made for 70% of site visits) or a courier letter requiring a signature. Welcome packs and other communications including disconnection warnings are addressed to 'the occupier' and therefore are not redirected by the post office. This is a material increase in cost to the business which will be passed on to customers with a less than effective outcome.

Part	Clause	Feedback
7	55a	The wording for this should be amended to “has not received payment ‘in full’ from the customer or consumer...” I.e. retailers don’t want to lose the ability to disconnect just because a customer has made a payment of \$1
7	59d	Whilst we agree with the intention, it is impractical to ask retailers to judge whether a communication is understood. Instead retailers should be required to communicate clearly and simply.
7	60	It would be good to include some clarification on how ‘immediately’ is defined, some suggested wording is outlined in 21. Below.

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

Part	Clause	Feedback
7	50c.	This should be amended to “ the customer has not entered into a payment arrangement that was paid in full and no subsequent payment arrangement has been broken”
7	52a	“...through other communication channels. Include the customers support person/alternate contact person where appropriate as part of this process (where provided)”
7	52b.	This should be amended to “where contact has not been made with the customer, provide to the customer in person (e.g. a representative visiting the premises or a courier letter requiring a signature on receipt) a notice of disconnection at a time that the retailer ensures is the most effective time for both the customer and retailer to ensure payment is made”
7	54b	“make at least two attempts to contact and inform the consumer before disconnection over a 7-14 day period”
7	55a	“...has not received payment ‘in full’ from the customer or consumer...” I.e. retailers don’t want to lose the ability to disconnect just because a customer has made a payment of \$1
7	59d	The word ‘understood’ should be removed. This is not possible for a retailer to ascertain.
7	60	“Retailers should immediately (on the day of) and prior to disconnecting a post-pay...”

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	No feedback

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	No feedback

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		No feedback
8		No feedback

Questions on Part 9: Bonds and Fees

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

Part	Clause	Feedback
9		No feedback

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	106	It is industry standard for bonds or security to be set using the period from day 1 of consumption until supply has ended. Accordingly a bond should cover the customer' expected invoice amount for a billing cycle plus the length of the individual retailers credit cycle.

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	"..expected invoice amount for a billing cycle plus the length of the retailers credit cycle".
9		No feedback

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 feedback

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		No feedback
10		No feedback

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	No feedback

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	No feedback
Monitoring	n/a	No feedback

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	If the guidelines are less prescriptive and system changes are not required then the 1 July 2021 deadline may be feasible. Otherwise 1 July 2022 is recommended.

Questions on the indicative impact assessment

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

Part	Clause	Feedback
Impact	A28b	Under the current guidelines a site visit is not required for meters with remote capability where contact has been made with the customer. A courier letter requiring a signature is an increased cost.
	A28c	The requirement to send multiple communications to a customer's alternate contact has an impact on cost which is ultimately passed onto customers.
	A29g	Retailers will spend more effort providing notices of electrical disconnection. I.e. higher volumes and having to courier or provide a site visit.
	A29h	There are increased requirements on retailers to contact customers facing payment difficulties eg 42b, 42c, 43, 45 etc

34. Are there benefits missing?

Part	Clause	Feedback
Impact	n/a	No feedback

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	No feedback

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

Part	Clause	Feedback
Impact	n/a	No feedback

37. Are there costs missing?

Part	Clause	Feedback
Impact	n/a	No feedback

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	No feedback
