

# SUBMISSION ON THE CONSULTATION PAPER – CONSUMER CARE GUIDELINES

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We are available to provide further consultation as required

## EXECUTIVE SUMMARY

Tēnā koutou,

Christians Against Poverty (CAP) welcomes the opportunity to provide feedback on the Consumer Care Guidelines Consultation Paper.

We believe that electricity is essential to the health and wellbeing of communities. Because of this the Electricity Authority must ensure that households have the ability to afford to pay for electricity by adopting recommendations from the Energy Price Review.

CAP supports the regulations proposed in the Consultation Paper. However, we question whether voluntary guidelines will be able to bring about desirable systemic change. Because electricity is an essential service, we strongly recommend that the proposed guidelines form the basis of mandatory standards, as was recommended by the Electricity Price Review (B6).

Within this mandatory standard we recommend the following be included in addition to what has been set out in the Consultation Paper:

- Removal of barriers preventing customers with low credit scores from changing electricity providers/retailers to receive more affordable rates, services and products.
- Restrictions on standing (daily) charges for pre-pay services.
- The ability to change which day of the week/month a billing cycle occurs on.
- Clear expectations around the duration of time a reconnection should take.
- Encouraging flexibility around the timing of add-ons (such as free hours) for those who use medical equipment.

CAP anticipates that the Electricity Authority will facilitate additional consultation sessions, workshops and discussions. We welcome any further discussion you may wish to have with regards to the proposed changes.

In 2020, CAP UK produced a report based on comprehensive research into energy use. The report, "A Dark Place", is referenced in our feedback and is attached as an appendix.

## ABOUT CAP

### FREE DEBT-COUNSELLING – CAP DEBT HELP

CAP has been operating in New Zealand for over 12 years. CAP's free [Debt Help](#) service has now helped thousands of New Zealanders to grow in financial capability. CAP [Debt Help](#)

builds sustainable and liveable budgets; negotiates directly with creditors to ensure that debt repayments are affordable and fair; and supports clients long-term as they repay debt.

CAP works with its clients, on average, for two years (always free-of-charge) until they have repaid debts in full. CAP's **Debt Help** service is currently available in 47 locations across Aotearoa, from Kaitaia to Dunedin. On average, clients come to CAP with over \$28,000 of debt. Most of those clients present with debts specifically related to consumer credit such as car loans, truck shops, personal loans, credit cards and payday loans.

Over 70% of CAP clients rely on a benefit as the household's main source of income. Amongst CAP clients in paid employment, many still struggle to make ends meet and to provide for families because they receive the minimum wage.

CAP visits approximately 100 households each month. As a result, CAP constantly comes face-to-face with the crushing despair and misery created by debt. Over half of CAP clients could not provide three meals a day for their children. Anxiety and depression caused by debt caused 65% of clients to isolate themselves. Before coming to CAP, 1 in 4 clients had contemplated or attempted taking their lives.

***"I was very stressed, depressed - I was afraid of being judged, embarrassed, agitated. My children [were] feeling and suffering with me, which caused separation with my husband of twenty plus years of marriage." - CAP Client***

In the past ten years CAP has helped thousands of clients to pay off over \$38 million of debts and bills. In addition, we've enabled the write-off of over \$30 million of debt as result of negotiation with creditors and insolvency procedures.

The fruits of this work mean that over 1,800 people have become debt-free. Moreover, these numbers have positively transformed the homes of over 2,000 children.

## MONEY EDUCATION – CAP MONEY

In response to the vast need that we saw in families struggling in debt, Christians Against Poverty developed the **CAP Money** course in March 2009. Since its launch, the course has helped thousands of families avoid unmanageable debt by organising their finances. Nearly 15,000 people have successfully completed a **CAP Money** course to learn how to take control of their finances by teaching them how to build and live on a budget, how to keep track of finances and how to rely more on cash as an effective method to manage spending.

# CONSUMER CARE GUIDELINES CONSULTATION PAPER FEEDBACK:

## Overarching questions

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

Part	Clause	Feedback
Overarching	n/a	<ul style="list-style-type: none"> <li>CAP agrees with the majority of the structure and contents of the guidelines, yet we would have greater confidence in systematic change if the guidelines were enforced. It is our belief that the incentives to promote the adoption of the guidelines and industry alignment may be outweighed by the ease of business-as-usual. For this reason, CAP recommends that these guidelines form the basis of a mandatory minimum standard, especially when it comes to requiring energy providers and retailers to measure and provide statistics around client hardship, while also ensuring that electricity is provided in a fair, accessible and affordable manner.</li> </ul>

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	<ul style="list-style-type: none"> <li>It is not always apparent when someone is experiencing hardship or in a season of vulnerability. Furthermore, due to the subjective nature of such terms, some people may not describe their situation as one of hardship, be it due to a lack of understanding of what constitutes such a term, or out of an unwillingness to be labelled such. Because of this, CAP supports the move to apply an approach of care to all customers.</li> </ul>

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	N/A

## 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	<ul style="list-style-type: none"> <li>It has come to our attention that some households receive electricity from non-conventional means other than through retailers. An example of this is a household within an apartment block, where the apartment is the customer. Because of this, we recommend that these guidelines apply to all residential electricity providers.</li> </ul>

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		N/A

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	N/A

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

Part		Feedback
1	Purpose	Yes
1	Principles	Yes
1	Outcomes	Yes

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		N/A
1		

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	<ul style="list-style-type: none"> <li>We believe that clause 6.b. should recognise that electricity supply <i>is</i> essential to the wellbeing of consumers. It is important to recognise that without electricity, households cannot be heated, they are severely restricted in their ability to communicate, to clean, and to cook. Furthermore, the safety of homes is severely compromised without having access to lighting generated by electricity.</li> <li>Similarly, clause 7.a. should be reworded to recognise the fact that electricity supply is essential to wellbeing.</li> </ul>

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		N/A
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	<ul style="list-style-type: none"> <li>• Clause 13.a. should ask customers what their preferred day of the week and time of that day to be called is. If a customer misses a call, an automated txt should be sent explaining who is calling, the number to call back on, and the case number the customer should quote. This should be done as many people don't listen to voicemail due to its additional cost.</li> <li>• Clause 13.b. should include the customer's preferred day for receiving an invoice or having bills deducted from their account. The retailer's consumer care policy should acknowledge that this can be subject to change.</li> <li>• All power companies should ensure that they have a freephone to ring when power gets disconnected. We recommend that retailers offer small/short term IOUs for customers who ring them in the event of an emergency, and that this be extended to all customers regardless of their account type.</li> </ul>

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		N/A
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	N/A

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	<ul style="list-style-type: none"> <li>• A retailer should consider whether the payment of a bond would balance the risk of taking up a client who has a bad-credit score. Such a bond should not constitute an</li> </ul>

Part	Clause	Feedback
		unreasonable amount and should be proportional to the expected usage a customer would have over one month.

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		N/A
4		

#### 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	<ul style="list-style-type: none"> <li>We find it unreasonable to believe that retailers would voluntarily pass on other retailers' information to their customers as set out in Clause 29.b. It is more likely that a retailer would do this if they wished to end their agreement with a customer rather than out of a sense of customer care. In such a case a customer may feel pressured to leave their electricity provider, when it is in their best interests to remain. Instead of referring customers directly to other retailers, we recommend that retailers refer them to support or social agencies who can then refer them on to other retailers.</li> <li>We believe that in the interests of customer care, reminders detailed in clause 32 should be provided at 24-, 6- and 1-hours' notice to the customer of any low credit balance. This ensures that the customer is afforded the greatest opportunity to top-up without risking the chance that the customer has simply forgotten or not paid attention to the retailer's communication. Furthermore, this will clearly remind the customer of when they will be disconnected exactly, so that they can best prepare for this.</li> <li>We recommend that minimum top-ups be scrapped from pre-pay accounts so that low-income households are not disadvantaged from being able to top up regardless of the amount.</li> </ul>

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	32	<ul style="list-style-type: none"> <li>More clarity around what a "low credit balance" is exactly.</li> </ul>
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	<ul style="list-style-type: none"> <li>The recommendations in clause 34. Are extremely vague and not specific around how representatives should engage with customers. There is no elaboration as to how their representatives are to be empowered or the kind of assistance they can offer customers facing financial difficulties.</li> <li>We welcome the system of referring struggling customers to support/social agencies. However, clause 37.c. should detail what evidence of engaging with such services looks like.</li> <li>While post-pay customers can have an additional 14 days of electricity without being disconnected if they engage with a support agency referred to by the retailer; there is no similar provision for pre-pay customers; thus they are both unlikely to be referred, have incentives to join or access to the payment break post-pay customers can receive.</li> <li>There is no provision around retailers informing pre-pay customers of whether there are better rates available, despite the fact that there are often at least two different tariffs (low/standard user). Similarly, regardless of a customer's credit rating, there is no recommendation that retailers advise customers of better rates in alternative methods of payment. There is a clear gap in the recommendations relating to pre-pay customers despite our understanding that most customers who are struggling financially migrate to a pre-pay plan.</li> <li>We recommend that the guidelines encourage a pre-pay tariff which does not have, or has very low, daily standing charges. A common theme found by Christian's Against Poverty UK's 2020 Energy Report "A Dark Place" (see appendix), was that many low-income households who ration electricity usage find high standing charges incredibly frustrating. They argue that they should be paying for the electricity they use, not for the ability to use electricity. "Standing charges or 'meter rents' were mentioned unprompted in all focus groups. There was a strong dislike for them and a sense of injustice, especially when not using energy over summer or during periods of disconnection. Participants described how standing charges intensified their struggle to top up gas meters during colder months or in one case when returning home after a six month stay in a rehabilitation centre" (pg. 23).</li> </ul>

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	37.a.	This clause could detail examples of what fraudulent use of electricity is.
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	<ul style="list-style-type: none"> <li>We recommend that disconnection fees for pre-pay customers be scrapped altogether.</li> <li>We recommend under Clause 60; the guideline specify that retailers who send a representative on a site visit provide evidence that they took reasonable steps to contacting the client both on their premises and by phone. Such evidence could include a picture of the closed front door. They should also conduct best practice by leaving a business card for the customer to follow up on.</li> <li>Because prepay meters encourage customers to track their usage, many customers actively cut back on essential electricity appliances such as heating, cooking etc. This phenomenon of fuel poverty requires additional insight, which is why we would encourage a mandatory standard for retailers and providers to track and declare statistics around extreme cutting back and disconnections.</li> <li>We seek clarification around whether disconnections due to insufficient pre-pay funds would still count towards the disconnection tally being tracked by retailers. Our understanding is that this would constitute the definition of a self-disconnection. The CAP UK 2020 Energy Report found that only 6 'disconnections' took place in 2018 (pg. 9). However, the report found this number misleading as it did not factor in pre-payment meter customers who self-disconnected. The report drew attention to the UK's Office of Gas and Electricity Market's estimated 350,000 'self-disconnections' within the same period (Ofgem, 2019, "Vulnerable customers in the energy market: 2019"). In light of this report, we believe that in order to have adequate insight into the condition of Aotearoa New Zealand's electricity users, it is imperative that data around disconnections resulting from non-payment (post-pay) and disconnections resulting from failure to top-up (pre-pay) is both accurately measured and tallied. Furthermore, for this outcome to be accomplished we recommend that the collecting and reporting of such data be made mandatory for retailers provide to the Electricity Authority.</li> </ul>

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

Part	Clause	Feedback
7	71	<ul style="list-style-type: none"> <li>It would be beneficial to provide clear expectations around the reasonable duration it should take to reconnect a customer.</li> </ul>

[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	<ul style="list-style-type: none"> <li>In addition to what is set out at clause 83, retailers should ensure that in the event of a planned outage or disconnection MDC consumer households are informed of the outage/disconnection by their preferred method of communication. This should be done at least on two occasions, one being when the plan is originally made and the second be 24 hours in advance. This ensures that households are prepared for the outage/disconnection even if they forgot the original warning.</li> </ul>

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	N/A

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		N/A
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	<ul style="list-style-type: none"> <li>Clause 107 does not set out the acceptable reasons a retailer can extend the period of retaining a customer's bond. This should be rectified by setting out clear expectations, as retaining a bond can lead to undue hardships on customers who would benefit from having access to such funds.</li> </ul>

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		N/A
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	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		N/A
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	

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	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	CAP agrees with the proposed timeline for implementation of the guidelines.

Questions on the indicative impact assessment

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

Part	Clause	Feedback
Impact	n/a	N/A

34. Are there benefits missing?

Part	Clause	Feedback
Impact	n/a	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	N/A

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

Part	Clause	Feedback
Impact	n/a	N/A

37. Are there costs missing?

Part	Clause	Feedback
Impact	n/a	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	N/A