



Submission to Electricity Authority on the Consumer Care Guidelines

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1.0 Background

Citizens Advice Bureau New Zealand (CABNZ) Ngā Pou Whakawhirinaki o Aotearoa welcomes the opportunity to comment on the *Consumer Care Guidelines*.

The purpose of our organisation is to:

- Ensure that individuals do not suffer through ignorance of their rights and responsibilities or of the services available; or through an inability to express their needs effectively — Me noho mataara kia kua te tangata e mate i tōna kore mōhio ki ngā āhuatanga e āhei atu ana ia, ki ngā mahi rānei e tika ana kia mahia e ia, ki ngā ratonga rānei e āhei atu ana ia; i te kore rānei e āhei āna ki te whakaputa i ōna hiahia kia mārama mai ai te tangata.
- Exert a responsible influence on the development of social policies and services, both locally and nationally — Kia tino whai wāhi atu ki te auahatanga o ngā kaupapa ā-iwi me ngā ratonga ā-rohe, puta noa hoki i te motu.

We support the principle of partnership reflected in the Treaty of Waitangi - e tautoko ana Ngā Pou Whakawhirinaki o Aotearoa i te mātāpono o te pātuitanga e ai ki Te Tiriti o Waitangi.

We work to empower individuals to resolve their problems and to strengthen communities. The person-to-person service provided by over 2,300 Citizens Advice Bureau (CAB) volunteers is unique in New Zealand. From 83 locations around New Zealand, the CAB provides individuals with a free, impartial and confidential service of information, advice, advocacy and referral. Ka mahi mātou ki te whakakaha i ngā tāngata takitahi ki te whakatika i ā rātou ake raruraru, ki te whakakaha hoki i ngā hapori. He mea ahurei i roto o Aotearoa te ratonga kanohi-ki-te-kanohi e whakaratohia e ngā kaitūao 2,300 o Citizens Advice Bureau (CAB). Mai i ngā takiwā e 84 puta noa i Aotearoa, e whakaratohia ana e te CAB ki ngā tāngata takitahi he ratonga koreutu, tōkeke, matatapu hoki e pā ana ki te mōhiohio, te tohutohu, te tautoko me te tukunga.

We use our experience with clients to seek socially just policies and services in Aotearoa New Zealand.

2.0 CAB Clients and Electricity

Every year the CAB assists over 1,000 clients specifically with electricity related issues and many more where electricity is a component of the issues we are helping clients with. A recent in-depth analysis of these enquiries identified the following as the most common issues:

- Unexpectedly high bills – The single most common issue identified by the analysis was clients’ concerns when they received much higher bills than usual. This causes considerable stress to many clients. Often this is a result of previous bills being inaccurately estimated.
- Other billing issues – Clients come to us with a variety of other billing issues including concern over additional fees and charges that they weren’t expecting.
- Poor customer service – Clients experienced difficulty getting hold of their utilities providers in order to resolve the issues they were experiencing. This was particularly true when clients did not have access to digital channels, which many utilities companies try to push their clients into using.
- Vulnerable consumers aren’t being adequately identified by their utilities company - We see numerous situations where clients clearly meet the definition of vulnerable, but haven’t been treated as such by their utilities provider.

Our response to the proposed Customer Care Guidelines is based on how well we consider that these Guidelines will help address the issues clients have been seeking our help with. Underlying this we consider that electricity should be considered an essential service and we should be working together towards a solution where no one gets disconnected because of an inability to pay. Because electricity is an essential service, strong protections are needed for all consumers.

3.0 Submission Template

Overarching questions

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

Part	Clause	Feedback
Overarching	n/a	<p>We are generally supportive of the structure of the guidelines and the process that the EA is followed to review the MDVC Guidelines.</p> <p>Given that these are only guidelines we consider that monitoring the impact of these guidelines and the behaviour of electricity retailers is vital. It is important to ensure that there is adequate oversight to identify and address consumer harm from energy hardship, with active consideration of moving to mandatory minimum standards, particularly around disconnection.</p>

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 strongly support changing the focus to apply to all domestic customers. Our experience is that vulnerability is a state which all people can move into and out of depending on their changing circumstances. Our experience with the current MDVC Guidelines is that many of the clients we see could be considered vulnerable, but haven't been identified as such by retailers.

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	We support the guidelines sitting within a wider guidance package, especially in relation to ensuring that there is clear information to assist services like the CAB to understand the practical implication of the guidelines. We are however wary that packages of guidance can become unwieldy if there are too many components to them.

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		It might be useful to clarify that the guidelines should always be read in light of the purpose statement of the guidelines where interpretation is unclear.

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 support the addition of sub purpose statements throughout the document. These should clearly focus retailer's conduct on preventing consumer harm due to energy hardship. Reinforcing these points will help guide retailers to delivering better outcomes for consumers.

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

Part	Clause	Feedback
1	Purpose	We support having a clear purpose statement and intended outcomes. We would like the purpose statement to reflect that electricity is an essential service. We would also like to see the purpose statement be more aspirational in tone, e.g. instead of minimise harm, the purpose should be to avoid harm.
1	Principles	A principle should be added that clearly states that energy is an essential service that is important to the health, wellbeing and social participation of people and whānau in communities.

1	Outcomes	We consider that the outcomes need to have a closer alignment to the intent outlined in the purpose, ideally these eventually would be linked to measurable outcomes.
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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>We support the expectation that retailers should publish a consumer care policy. We support the policy being as clear as possible about the steps retailers will take to assist people who are having difficulty paying. Our view is that is policy should ideally be something that CAB volunteers can use to understand what retailers should be doing, and hold them to account if they are not.</p> <p>We also support the development of a best practice customer care policy that retailers could use for the basis of their individual 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	7b	The language of 7(b) should be strengthened to provide a more definitive statement e.g. [We, Retailer] will ensure
2	9b	Simply providing a hyperlink to the policy is insufficient for clients who may not have easy to the internet, so if correspondence is not occurring digitally then other means of informing customers about the policy should be used.

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	We support clear guidelines about this section. We consider that this section could be strengthened by linking it more closely to the purpose of maintaining records related to customer care, i.e. This information is collected for the purpose of ensuring that the retailer is able to help customers as effectively as possible if they are having difficulty paying of their electricity.

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	We are strongly support of the purpose of this section, but are concerned that it places too much weight on the effectiveness of disclosure of information. Our experience across regulatory systems is that disclosure is too heavily relied on, and often provides little protection, especially to those who most need that protection. People are overwhelmed by privacy statements, terms and conditions, and other detailed documents, and tune out disclosure. We are concerned that disclosure is overused, because it is seen as being low cost and relatively easy to implement, but in fact it is often a symptom of the wider problem of under-regulation. Consumers are overwhelmed legal documents because our under-regulated marketplace provides so many opportunities for abuse. Disclosure

		simply does not do a good job of protecting vulnerable people from abuse and is not strong enough to be the foundation of any regulatory system.
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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	We do regularly see clients who are struggling to open an electricity account and so are very supportive of the concrete steps being recommended to assist clients where the retailer decides not to enter a contract with them. While we believe these guidelines are a good first step we are concerned that there is insufficient information about the nature and scale of this problem and would like to see retailers reporting the number of client where they have denied a retail offer, so that we can ensure that this problem is adequately resolved.

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	We support the addition of a clause which includes making prepaid customers aware of the price difference between pre and postpaid accounts.

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	We support more clearly articulating that retailers are providing an essential service (which means supporting their clients to access adequate energy services to maintain health and wellbeing). Retailers should be required to prove they are actively tracking a client's electricity usage to determine any unusual variations that may be indicators of the client facing harm due to minimising usage.

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	In general we support the recommendations, however given these are voluntary guidelines we want to see effective monitoring of the effectiveness of these to determine if they are effective in achieve their purpose.

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	This clause is very much couched in terms of the retailer's reasonable opinion and actions, which is a weak threshold. At a minimum, we would want to see that the retailer has to maintain an explicit written record of the evidence that they used to form their opinion, so that there is a clear expectation that retailers need to be able to justify that their actions were based on evidence. 37(d) should have an 'and' preceding it otherwise it effectively undermines the whole section.
6	38-40	The way this is currently outlined provides a clear timeline for notices about invoices, but not about the other actions that the retailer should take. It would be useful to incorporate these in some way e.g. Day 15: A late payment notice maybe issued, this should be accompanied by (the steps in clause 40).
6	42	Our experience is that sometimes clients will make a part payment in an attempt of good faith and it would be useful for the guidelines to explicitly address this point.
6	44-45	There is fundamental disjuncture between the minimum recommended actions for post-pay and pre-pay customers, which appears to offer pre-pay customers considerably less support and protection. If this is not addressed we would be concerned that it could act as an incentive for retailers to drive customers to pre-pay products. We consider that there needs to be a reworking of clauses 44-45 to address this disparity.

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	Where a client has been disconnected we support the client being referred (preferably prior to disconnection) a specialist energy advice centre to assist the client to develop a plan for using energy as efficiently as possible.

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

Part	Clause	Feedback
7	51	While we support that disconnection should not normally occur because of non-payment of an estimated invoice our experience is that many clients encounter payment problems due to receiving an actual bill which is considerably higher than previous estimates. We would like to see this captured in the guidance, along the lines of "Retailers should not normally commence disconnection for non-payment of an invoice, where that invoice is substantially higher than previous invoices."
7	55	It would be useful for this clause to address the issue of part payment.
7	68-69	As with clauses 44-45 we are concerned at the disparity between post and prepaid customers.

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
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8	n/a	We support having a section specific to MDCs, but think it would be worthwhile making explicit reference to MDCs in other parts of the guidelines, particularly part 7.
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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	102	Given our early concerns about over reliance on disclosure we consider that it would be useful to give some additional guidance about how retailers can be confident that customers actually understand the fees.
9	106	We are concerned that this clause weakens the guidance about what bond can be charged. This could well result in bond becoming a significant barrier in clients being able to access post-paid electricity.

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	In general we are supportive of efforts to provide more transparency. Given that these guidelines are not compulsory minimum standards we think it's vital that there is effective monitoring of whether the guidelines are achieved their stated outcomes. In order for effective monitoring to take place there needs to be a high level of compliance with the disclosure and monitoring guidelines and we are concerned that the incentives to do this are inadequate. In particular we are concerned that there is little consistent information about harm caused by pre-paid electricity and by refusal to supply and want to see a concrete plan to address this.

4.0 Summary of main recommendations:

- We support the overall direction of these Guidelines, including the change in focus from 'Vulnerability' to applying to all domestic customers.
- Given that these are only Guidelines we consider that monitoring the impact of these Guidelines and the behaviour of electricity retailers is vital. It is important to ensure that there is adequate oversight to identify and address consumer harm from energy hardship.

Thank you for this opportunity to comment. Please contact me if you have any questions, or want any clarification about our submission.

Yours sincerely



Dr Andrew Hubbard
Deputy Chief Executive