

09 April 2020

Requirement to provide information under section 46(2)(a) of the Electricity Industry Act 2010

The Authority is requiring [COMPANY] to provide information under section 46(2)(a) of the Electricity Industry Act 2010 (the Act).

Authority's power to require information

Under section 46(2)(a) of the Act, the Authority may require an industry participant to provide any information, papers, recordings, and documents that are in the possession, or under the control, of the participant, for the purposes of:

- carrying out the Authority's monitoring functions; and
- carrying out the Authority's function of investigating breaches or possible breaches of, and enforcing compliance with, Parts 2 and 4 of the Act, the regulations, and the Electricity Industry Participation Code.

Reasons for requirement

COVID-19 and the associated lockdown is impacting the electricity industry. The Authority has increased its focus on monitoring, to ensure it understands exactly what is occurring in the industry, and can respond if needed.

To assist in this, the Authority is undertaking monitoring under section 16(1)(g) of the Act, which provides that one of the Authority's functions is:

to undertake industry and market monitoring, and carry out and make publicly available reviews, studies, and inquiries into any matter relating to the electricity industry

As the Authority is undertaking market monitoring, it is permitted by section 45(a)(iii) to use its power under sections 46(2)(a).

The Authority intends to share aggregated data with the Ministry of Business, Innovation and Employment which may be used as evidence to inform policy advice.

For many years, retailers have provided the Authority with information to assist its market monitoring function.

We acknowledge retailers have been proactive and volunteered information to assist with growing our understanding of the effect of COVID-19 on the electricity industry and the ability of customers to pay for their electricity bills. We thank you for the information you have provided us to date and also the participation of retailers in the recently set up working group to further inform our knowledge of the issues and impacts.

Under normal circumstances, we would seek information voluntarily but the speed and potential impact of COVID-19 has put a premium on time and the need for quick and decisive action. We want to ensure we get the information we need quickly and in a consistent format to support the accurate aggregation of data.

Information required to be provided

Please provide the Authority with the information contained in Annex One and Two.

You will see from the information contained in the request that some of it is likely to be commercially sensitive. We undertake to treat this information with due care to ensure that it is only seen by those directly working on this project, although note that we are covered by the Official Information Act. The information requested in Annex Two must be weekly data, broken down by residential and business customers and going back as far as the week ending 6 January 2019.

Response to requirement to provide information

The Authority requires [COMPANY] to email the initial specified information to Info.Provision@ea.govt.nz using an electronic Excel template (to be sent to you next week) no later than 5pm on 17 April 2020. Once you have emailed the initial information, the Authority requires the specified information in both Annex One and Two to be updated and emailed to Info.Provision@ea.govt.nz every Wednesday by 12pm (noon) until 14 October 2020.

We understand that everyone is under pressure as a result of COVID-19 and we request that you get in contact with us as soon as possible if you are unable to meet the specified deadline.

Compliance with requirement to provide information

Failure to comply with the requirement to provide information, papers, recordings, and documents under section 46 of the Act is treated as if it were a breach of the Code. In the event of such failure to comply, the Authority may apply to the Rulings Panel for any order under section 54 of the Act (under section 46(4) of the Act).

Further information

If you have any questions about this letter, please contact us at Info.Provision@ea.govt.nz

Yours sincerely



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Chief Executive

Annex One: Steps taken to cater financially for any increased overdue debt

In response to the impact of COVID-19:

- a) Do you plan to or have raised additional equity and if so, how much?
- b) Do you plan to or have obtained additional loans from shareholders and, if so, how much?
- c) Have you sought additional loan facilities from financial institutions, and if so, how much and with what success?
- d) Have you sought arrangements to factor your overdue receivables, and if so, with what success?
- e) Have you sought extended credit from suppliers, e.g. distributors and if so, with what success?
- f) Have you reduced remuneration of staff and principals and if so, what have been the aggregate savings per month?
- g) Have you negotiated deferral of interest on shareholders' loans and/or suspended dividend payments to shareholders, and if so, what have been the aggregate amounts?

Annex Two: Weekly data request to monitor the impact of COVID-19 on the electricity industry

BROKEN DOWN BY: Residential and business customers
FREQUENCY: Weekly data for weeks ending on midnight Sunday
TIME PERIOD: From 1 January 2019 (we are seeking more historical data because we need some baseline data and to differentiate seasonal effects)
INITIAL DUE DATE: No later than 5pm, Friday 17 April 2020.
FUTURE REQUESTS: Every Wednesday by 12pm (midday) until 14 October 2020.
TO: Info.Provision@ea.govt.nz

Customer enquires

In this question we're seeking information to provide a leading indicator on how widespread the potential impacts of COVID-19 could be in the sector.

1. Number of customer enquiries that are related to COVID-19, payment flexibility or payment deferral.

Direct customer financial support (residential accounts only)

In this question we're seeking information on the levels of direct financial support already assisting customers to pay their invoices.

2. Number of customer accounts where any part of the invoice is paid directly by Work and Income.
3. Total payments received from Work and Income.

Customer invoices not paid by the due date

In this question we're seeking information on number of customers not paying their invoice on time to help us understand the impact they are collectively having on retailers. This question is targeted at shorter-term debt (1 day to 30 days late) before customers typically enter a late payment credit management process.

4. Number of customer accounts where the latest invoice has not been paid by the due date.
5. Number of customer accounts where direct debit payments have defaulted for the latest invoice (this will be a subset of 4 above).
6. Total debt from customers that are in arrears by up to 30 days.

Customer invoices overdue by more than 30 days

In this question we're seeking information on the number of customers that have failed to pay their invoice and are now overdue by 30 days or more to help us understand the impact they are collectively having on retailers. This question is related to longer-term debt (30 days or more) where customers typically enter a late payment credit management process but before their ICP is scheduled for disconnection.

7. Number of customer accounts where invoice payment is more than 30 days overdue and the ICP supplied has not been scheduled for disconnection.
8. Total debt from customer accounts where invoice payment is more than 30 days overdue and the ICP supplied has not been scheduled for disconnection.

Disconnections of ICPs supplying customers (non-vacant ICPs)

In this question we're seeking information on the number of customers that have failed to pay their invoice(s) or reach an agreed payment plan through the credit management process to help us understand the impact this is having on retailers. This is related to longer term debt that is harder to recover where the next step is typically disconnection. Here we are focused on ICPs supplying households or businesses, and not vacant premises.

9. Number of customer accounts sent disconnection warning notices.
10. Number of customers accounts where ICP disconnection is scheduled and has not yet been actioned.
11. Total debt from customer accounts where ICP disconnection is scheduled and has not yet been actioned.
12. Number of ICPs disconnected for non-payment for a period less than 24 hours.
13. Number of ICPs disconnected for non-payment for a period more than 24 hours.
14. Total debt from customers disconnected for non-payment.

Summary for customer account information

In this question we are asking for summary information to help assess the scale of the COVID-19 impact to your business operations and the retail sector. Please provide information for the latest month available.

15. Number of customer accounts billed each month
16. Total billings for customer accounts this market segment each month

Retailer stress from overdue customer accounts (total residential and business)

In this question we're seeking information about the impact that total customer account debt (residential and business) is having on retailers and their capacity to sustain their business operations.

17. The proportion of total consumer account debt to shareholder equity
18. The proportion of total consumer account debt relative to unused and currently available funding lines that were already existing or are newly arranged.