

9 May 2023

By email:

Kia ora

The Electricity Authority (Authority) has completed its first annual review of electricity retail brands' alignment with the Consumer Care Guidelines (the Guidelines).

I am writing to you as the CEO of a retail participant to inform you of the review's findings and outline my expectations for retailers' alignment with the Guidelines to support the interests of consumers.

Context

The Guidelines were developed in 2020 to update the then existing guidelines on arrangements to assist vulnerable consumers and medically dependent consumers.

The Authority took a collaborative approach in developing the Guidelines, involving the majority of the NZ electricity retail sector. Given the amount of collaboration the Authority had with stakeholders during their development, the Authority expects retailers to align their practices with the Guidelines, to support good outcomes for consumers.

Currently the Guidelines are voluntary. They describe a minimum standard of care to protect the interests of all electricity consumers, with a particular emphasis on the needs of Medically Dependent Consumers (MDCs).

Retailers were expected to be fully aligned with the Guidelines, including publishing a consumer care policy, by 31 December 2021.

The Authority's decision paper on these Guidelines, published in March 2021, stated that the Authority would conduct an annual review of each retailer's self-assessment statement. These self-assessment statements are to be signed by the CEO of each retailer, stating that the retailer's processes and systems align with the recommendations in the Guidelines.

The decision paper also stated that should achievement of the purpose and intended outcomes of the guidelines not be satisfactory the Authority could immediately progress a workstream to explore making one or more components of the Guidelines mandatory.

Findings of the first annual review

The review has found significant variability amongst retailers' stated alignment with the Guidelines for the FY 2021/22.

I recognise that by its nature, self-assessment can lead to participants reporting different levels of alignment even when their underlying approach might be the same. Some retailers may hold themselves to higher standards when assessing their alignment with the guidelines and aspire to more comprehensive processes than others.

Regardless, given the involvement of most retailers in the development of these guide, these results are disappointing.

There were 38 electricity retail brands operating in New Zealand in October 2022. Of the 28 retail brands which responded, 18 stated they were fully aligned with the Guidelines (covering around 41% of residential ICPs) and 10 stated they were not fully aligned.

Stated non-alignment with Parts 7 (Disconnection) and 8 (MDCs) for the not fully aligned group are of particular concern to me.

Similarly, that nine retailers, covering around 5% of residential ICPs, did not provide a self-assessment despite repeated efforts by Authority staff to contact them, is very concerning.

Authority staff received the last alignment statement in October 2022. Since then, Authority staff have undertaken further work to understand the relative accuracy of retailers' stated alignment or non-alignment including an operational and desktop review of a selected sample of retailers' websites and publicly available information around consumer care guidelines related policies. These findings indicate wide variability around retailers' approach to applying the Guidelines and will be published on the Authority's website on May 15th, 2023.

Expectations

The Guidelines were developed in close collaboration with electricity retailers and the Authority considers that the Guidelines are a product of general industry consensus.

I expect all electricity retailers, regardless of their size, to participate in the annual self-assessment exercise willingly and genuinely.

I also expect retailers to fully align with the Guidelines, and that such alignment is easily identified in their internal and externally facing processes and policies.

Next steps

The findings of the first annual review and the reasons for non-alignment as stated by each retailer will be published on the Authority's website on May 15th, 2023.

Authority staff have further analysis already under way to inform the Authority's decisions on appropriate next steps to ensure the desirable level of retailer alignment with the Guidelines is achieved.

I do want to acknowledge all the mahi and various initiatives across many retailers to support consumers in energy hardship, and to commend retailers' efforts, following Cyclone Gabrielle, to manage the adverse impacts on individual consumers, whānau and wider communities.

I am optimistic that the sector will continue to work collaboratively with the Authority to achieve the best results for consumers.

Nāku iti nei, nā



Sarah Gillies
Chief Executive