



Electricity Authority
PO box 10041
Wellington

Submission on the Consultation for Improving the Consumer Care Guidelines

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1: Thank you for the work you do monitoring and regulating the electricity sector. We appreciate the opportunity to respond to your consultation on the Consumer Care Guidelines.

2: This submission is from Anglican Advocacy under the trust-board of Anglican Care Canterbury/Westland. Anglican Care is a social service agency operating in Canterbury. We run services and programs including community development, emergency support, residential support, budget services, and aged care.

3: If you have any questions regarding our submission contact [REDACTED]

4: Responses to consultation paper questions

4.1: Q1. Do you agree or disagree with our view that the Guidelines are not delivering on their purpose or intended outcomes? Please provide any supporting evidence

We absolutely agree that the Guidelines are not delivering on their purpose of ensuring a consistent minimum standard of care. Clients experiencing payment difficulty receive inconsistent responses from retailers. There is a lack of transparency on consumer bills making switching-websites difficult to use.

The Electricity Authority's review showed significant non-compliance, including in provisions covering medically dependant consumers.

Additionally, given the state of our housing supply in Aotearoa, it is a very fine line between someone who depends on electricity supply to medical equipment for their wellbeing (or survival) and a vulnerable client who depends on electricity to keep their family warm over winter. Responses from retailers to these clients are inconsistent – some cut people off on a cold winter night, others do not.

A survey from The Consumer Advocacy Council covering all demographics in Aotearoa shows 65 % of households are concerned about electricity prices ([Consumer sentiment survey 2023 | Consumer Advocacy Council](#)). Yet while that statistic reflects the broad sweep of our society, we see those who are most vulnerable. Virtually everyone we see through our social services is forced to make difficult choices – they have to choose between being warm or having enough food.

When we are working with clients to get them on appropriate plans (something which, according to the Guidelines, the retailers should be proactively doing) the results are varied. Some clients get help to change plans while others are told that better plans do not exist and do not receive any adequate help until an advocate specifically names a better plan. The inconsistency in approach and the poor results for many vulnerable families show the lack of consistent consumer protection.

4.2: Q2. Do you agree the policy objective should be delivering the purpose and intended outcomes of the Guidelines? If not, why not?

Protecting the interests of domestic consumers is an objective under the Electricity Industry Act. S15(2)

One goal of the Guidelines is to ensure protections for consumers through a minimum standard of consistent care. However, you cannot trade away some aspects of this goal in order to achieve other goals of the Guidelines. 'Balance' is therefore an unhelpful term (as used in 4.3 of the consultation document regarding the policy objective). The policy objective of the work should be to meet the obligation of the legislation.

4.3: Q3. Do you consider the Guidelines' recommendations, purposes, and intended outcomes continue to reflect general industry consensus? Note in this question we are seeking your views on the Guidelines' content; not whether they should be mandatory.

The current Guidelines leave large gaps in consumer protection. However, while they are an insufficient tool for the Authority to entirely meet the obligations of their updated mandate, they do still contain important protections. Although there are disagreements about the content of the Guidelines because they were formed by industry and consumer groups, they are the closest current document to a general minimum standard consensus.

4.4: Q4. What do you think about our approach to limit options to areas covered by the current Guidelines?

It is an understandable approach given the urgent need to get some protections in place. Limiting the options to areas covered by the current Guidelines would provide the swiftest path to some consumer protections.

4.5: Q5. What issues that fall outside of the current Guidelines would you like to see us consult stakeholders on in an issues paper to be released by mid-2024? If possible, please provide any initial evidence on these issue areas.

We would like to see consultation on the following areas:

- More expansive definition of medically dependent consumers.
- Clearer protections for, and a definition of, vulnerable clients. For example, in mid-winter in Te Waipounamu an elderly person or family with a sick child should be considered medically dependant on the ability to stay warm and dry.
- An alternative enforcement method to disconnections so that a service essential to health and wellbeing is not threatened.
- Prepay electricity pricing and auto disconnections. Most clients we deal with who are on prepay are not there by choice and should not be penalised by having to pay more than post-pay consumers
- All retailer software being able to accommodate the data provided by MEPs to make time-of-use billing possible.
- Disconnection and reconnection fees.
- Billing and transparency. Many consumers are unable to find their exact plan on a bill and this makes switching retailers more difficult. In order to have meaningful competition in the sector we would like to see a code for every pricing plan in the registry. Allowing price-switching websites to access these codes would provide instant and accurate price comparisons across retailers. It would also contribute to meaningful load-shifting conversations
- Complaints process and penalties. When the Guidelines are mandatory, penalties and process will need to be consulted on. Anglican Advocacy runs a tenant protection service and has seen the ineffectiveness of many of the enforcement/penalty mechanisms where there is significant power imbalance between parties.

4.6: Q6. Are there other interpretation issues or areas of the Guidelines that you consider need to be clarified, that do not significantly amend or extend the Guidelines?

Greater clarity is required about medically dependent and vulnerable clients.

We also support the submission of FinCap on this question as it relates to specific areas of research they have done.

4.7: Q7. Do you agree that parts two, six, seven and eight are the parts of the Guidelines preventing the greatest harm from occurring to domestic consumers?

We agree that these parts contain the most urgent area of need, and the quickest path to getting some protections in place. However, section 9 on bonds and fees also needs urgent codification to ensure the fees charged reflect the actual costs.

We would also be concerned if option 3 was put in place with insufficient consideration of monitoring and penalties to ensure they are effective.

4.8: Q8. Are there any other options you think we should consider?

Our preference is to codify all parts of the Guidelines as they all contain consumer protections. If the Authority goes ahead with option 3, we would like to see that as a stepping stone to option 4 rather than a stand-alone option.

4.9: Q9. Do you agree with our criteria to assess options? Are there any other criteria you think the Authority should use?

We agree with the first criteria as described. For the second criteria 7.4(b), we would like to understand what costs are considered 'undue'. The key consideration should be ensuring effective competition in a sector that delivers an uninterrupted essential service.

4.10: Q10. Do you agree criteria four and five should be weighted less than the first three criteria?

Yes.

4.11: Q11. Do you agree with our assumption that retailers already following the Guidelines should not experience a significant increase in their compliance costs if any part of the Guidelines is mandated?

Generally speaking, we agree that retailers who are already following the Guidelines should not experience increased cost. However, we note that there are questions about interpretation of the Guidelines. There may be retailers that claim to be following the Guidelines who discover that there is still work to be done.

We also note that this is a sector that has reported significant profits over many years. Retailers have the capacity to absorb the costs of amending their systems to include the consumer protections that should have been in place for decades. Given consumers are currently often unable to meet existing costs, it should be the responsibility of the retailers to absorb this cost.

4.12: Q12. Do you agree that under the status quo, concerns regarding retailer alignment with the Guidelines are likely to continue?

The retailers have had an extended opportunity to demonstrate care and support of the communities they are supposed to be part of. They have demonstrated that voluntary Guidelines are not sufficient. There is no reason to believe this situation would change if the Guidelines remained voluntary.

4.13: Q13. What impacts to competition, innovation and efficiency in the retail market would you expect to see for options three and four respectively?

We would expect to see a levelling of the playing field so that all retailers follow the same rules. This should ensure competition in the sector. We also believe it is essential for competition to have transparency in billing for effective price-switching websites. Ensuring all retailers' software can handle the full potential of metering and data would allow for healthy innovation.

4.14: **Q14 N/A**

4.15: **Q15. What do you think the benefits to domestic consumers will be under options two to four?**

Option 2: We cannot see this option providing any additional benefit to consumers than they already receive under the current voluntary system.

Option 3: Making parts 2, 6, 7 and 8 of the Guidelines mandatory may be the quickest way to get some protections in place. However, some vulnerable groups, such as people on pre-pay, would still be without sufficient protection. Some significant consumer harm would continue.

Option 4: Making parts 1 through 9 mandatory gives the most comprehensive protection. This should be the goal even if a staged approach is taken.

4.16: **Q16. Do you agree with our initial assessment of the options against the status quo? If not, what is your view and why?**

We agree with this assessment.

4.17: **Q17. Do you agree with our preliminary view? If not, what is your view and why?**

We believe option 4 provides the most complete protections as noted above. But also appreciate that a staged approach starting with option 3 (with the inclusion of part 9) would lead to key interventions in a timely manner.

5: Given the state of housing, and particularly rental housing, in Aotearoa, electricity is an essential service helping protect a vital human right: the right to adequate housing. Having an electricity generation and retail service in Aotearoa that can cut a family off in mid-winter is shameful. Any protections put in place through these Guidelines are part of safeguarding health and wellbeing for everyone. It is possible that winter disconnections have been a contributing factor to serious hospitalisations or worse.

While we understand that the state of the housing stock is not the responsibility of the electricity retail market, this is the market they choose to operate in. The lack of awareness demonstrated by the number of winter disconnections, and the unwillingness to align with voluntary Guidelines, does a lot to lose trust. Making the Guidelines mandatory is a good starting point for protecting our families.

6: Anglican Advocacy would be happy to discuss any aspect of this submission further. We look forward to any additional consultation opportunities.

7: Thank you again for your consultation on the Guidelines.

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