



2 October 2023

Electricity Authority

By email to: [ConsumerCareConsultation@ea.govt.nz](mailto:ConsumerCareConsultation@ea.govt.nz)

Tēnā koe,

## **Response to Options to update and strengthen the Consumer Care Guidelines – Consultation Paper**

Thank you for the opportunity to respond to the consultation paper 'Options to update and strengthen the Consumer Care Guidelines'.

Contact Energy has long been a supporter of the guidelines, initially as an industry-led project, and the evolution to guidelines set by the Electricity Authority (Authority). Electricity is an important part of making New Zealander's homes safe and warm. Consumers should expect a minimum service standard by all retailers.

In principle, we support the Authority's proposal to make certain parts of the guidelines mandatory. This will give a greater level of assurance to consumers that there is consistent treatment on critical matters such as managing payment difficulties, and disconnections.

However, before the Authority considers making the guidelines mandatory, there must be a more in-depth review of the specific requirements to ensure that they are fit for purpose. We highlighted several practical issues in our 2020 submission<sup>1</sup> on the draft guidelines, which continue to be a challenge. For example, it is inappropriate for customer service representatives to attempt to represent pricing or payment plans of our competitors, and we have found that traceable forms of contact are ineffective - and costly. Details on these and other challenges are covered in the attached answers to the consultation questions.

Please contact me at [REDACTED] if you wish to discuss further.

Ngā Mihi,

A handwritten signature in blue ink, appearing to read "Brett Woods".

Brett Woods

Head of Regulatory and Government Relations

Contact Energy.

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<sup>1</sup> <https://www.ea.govt.nz/documents/2238/Contact-Energy-submissions.pdf>



## Attachment 1: Response to consultation questions

<b>Consultation question</b>	<b>Contact Energy response</b>
<p>1. 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.</p>	<p>We use the guidelines to ensure that we meet, and well exceed the minimum standards of care for our customers.</p>
<p>2. Do you agree the policy objective should be delivering the purpose and intended outcomes of the Guidelines? If not, why not?</p>	<p>We agree with the purpose of the guidelines.</p>
<p>3. 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.</p>	<p>We broadly support the guidelines, however, there are some areas where strict, letter of the guidelines implementation is impractical, and would impose costs that would ultimately be borne by consumers, for little benefit.</p> <p>These matters are covered in detail in the ERANZ submission. However, we make the following comments:</p> <ul style="list-style-type: none"><li>• Parts of clauses 11, 14, 15, 17 are highly prescriptive in the way retailers communicate with customers. While we achieve the intent of these clauses there are often more efficient and customer centric ways to achieve the intended outcomes.</li><li>• Clauses 25 and 31 require retailers to represent pricing plans available by competing organisations. This raises considerable risk of mis-representing other organisations pricing and is better achieved by directing to PowerSwitch.</li><li>• Clauses 57 and 64 require retailers to use a traceable form of contact. In our experience this is an expensive and ineffective way to engage with customers.</li></ul>

<b>Consultation question</b>	<b>Contact Energy response</b>
	<ul style="list-style-type: none"> <li>• Clause 112 requires us to set Bond at a level that takes into account a customer's expected invoices. Meeting the letter of this requirement would require us to obtain information on past invoicing information from the past retailer. This would make the switching process more complicated and slower. We do not consider that this is a good outcome for consumers.</li> </ul> <p>We also note that some parts of the guidelines rely on compliance by other parts of the supply chain. For example, the requirement at clause 75 to reconnect pre-pay customers within 30 minutes. This will require all metering equipment providers to provide this level of service. This is not currently the case.</p>
<p>4. What do you think about our approach to limit options to areas covered by the current Guidelines?</p>	<p>We support this approach.</p>
<p>5. 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 mid2024? If possible, please provide any initial evidence on these issue areas.</p>	<p>It may be appropriate for the guidelines to consider the circumstances where a retailer refuses supply to a prospective customer. For example a retailer may choose to only serve customers with smart meters, reducing options for customers with traditional meters – which include a disproportionately high portion of households in energy hardship.</p>
<p>6. 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??</p>	<p>Beyond the matters raised by the Authority, we would like to see the following clarifications:</p> <ul style="list-style-type: none"> <li>• Clause 43.i requires that retailers pause disconnection if a customer has contacted a support or social agency. We would like it clarified that we can seek confirmation from the support agency that this support has been sought and an appointment booked. We note that this can only be done where the customer provides a privacy waiver.</li> </ul>

<b>Consultation question</b>	<b>Contact Energy response</b>
	<ul style="list-style-type: none"> <li>• Clause 75 states that pre-pay customers must be reconnected within 30 minutes after they purchase a credit. It should be clarified whether this is 30 minutes after payment is confirmed by our bank, or if there is some other event that starts the timer.</li> </ul>
<p><b>7.</b> 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?</p>	<p>Yes, we agree that these parts provide the greatest value to consumers.</p>
<p><b>8.</b> Are there any other options you think we should consider?</p>	<p>.</p>
<p><b>9.</b> Do you agree with our criteria to assess options? Are there any other criteria you think the Authority should use?</p>	<p>We support the criteria identified by the Authority.</p> <p>However, we consider that the cost to implement for the industry should also be considered. A higher cost to implement will tend to be passed on to consumers in a competitive market. Options that are very costly to implement but have little benefit to consumers should be downweighted in the assessment. We consider that this is likely to have a much more significant impact on consumers than the costs of implementation to the Authority included as criteria 5.</p>
<p><b>10.</b> Do you agree criteria four and five should be weighted less than the first three criteria?</p>	<p>Yes, we agree that these criteria should be weighted less.</p>
<p><b>11.</b> 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?</p>	<p>The guidelines currently allow for alignment to be achieved by taking alternative actions that achieve the purpose and outcomes in Part 1. If the mandatory requirements do not include this provision, then there is considerable scope for increased costs of compliance.</p> <p>However, if our recommendations at questions 3 and 6 are implemented then the compliance cost of making the guidelines mandatory will be minimal.</p>

<b>Consultation question</b>	<b>Contact Energy response</b>
12. Do you agree that under the status quo, concerns regarding retailer alignment with the Guidelines are likely to continue?	.
13. What impacts to competition, innovation and efficiency in the retail market would you expect to see for options three and four respectively?	If the changes recommended in questions 3 and 6 are implemented we consider that there would be minimal impact on competition and innovation.
14. For retailers, broken down by Guidelines part, what would the estimated costs to your business be of codifying parts of the Guidelines under option three or four (for example implementation and compliance costs)?	If the changes recommended in questions 3 and 6 are implemented we consider that there would be minimal additional cost for our business of either option.
15. What do you think the benefits to domestic consumers will be under options two to four?	Contact Energy fully aligns with the guidelines. We do not expect any of the options to make a material difference for our consumers.
16. Do you agree with our initial assessment of the options against the status quo? If not, what is your view and why?	Yes, we agree with the Authority's assessment.
17. Do you agree with our preliminary view? If not, what is your view and why?	We are supportive of the guidelines becoming mandatory, conditional on the recommendations we have made in questions 3 and 6.