kate@commongrace.nz

28 February 2023

Improving Retail Market Monitoring

Submission from Common Grace Aotearoa

Common Grace Aotearoa is a community of Christians working to transform unjust structures for the common good. We lead campaigns toward climate, economic and Te Tiriti justice and mentor groups of advocates to engage in collective action alongside the wider community and civil society.

Energy hardship is one of our focus areas because we can see achievable changes that the Electricity Authority can make that would benefit thousands of people, especially people on lowest incomes or medically dependent on electricity. With such enormous potential to improve people's health and wellbeing, this is an exciting area in which to call for change.

General comments

- We strongly support the proposal. Gathering the proposed data will have significant public benefits. We acknowledge it imposes costs for retailers but believe the public good outweighs the costs.

- There is strong public support for goals that absolutely rely on the collection of the data proposed.

  We have a live petition signed by 3,495 people calling on the Electricity Authority to:
  1: Ban disconnection and reconnection fees in case of unpaid bills
  2: Make prepay no more expensive than a retailer's cheapest plan, and publish prepay disconnection data.
  3: Make the Consumer Care Guidelines mandatory.

  The proposal to collect data supports all these goals, by:
  1. Shining light on whether disconnection/reconnection fees are reasonable and how widespread their use is.

1

2. Shining light on prepay prices.
3. Enabling monitoring of prepay disconnections.
4. Enabling monitoring and enforcement of the Consumer Care Guidelines.

These are merely a few examples of public benefit that could arise from collecting this data.

- It is not sufficient to rely on retailers voluntarily supplying data. In May 2023 Common Grace Aotearoa contacted 16 companies to tell us about their disconnection fees. Only 5 replied to us and none provided the information we requested. For transparency, the EA must make it mandatory for retailers to provide data, and the EA must publish this regularly.

- To strengthen the data set, we recommend requiring retailers to provide additional information, **outlined in full below**, but including:
  - For each ICP:
    - Meter type and configurations. Is the customer's meter type or meter configuration preventing them from getting a lower price?
    - What was the last date the retailer checked this customer was on the best plan for their usage? And - did they consider a meter reconfiguration when making that assessment?
    - Was there an incentive (eg. free or discounted retail product such as a TV) offered at the point of sale? What was the value of it?
    - Is this customer facing an early termination fee? Of what value?
  - For plans:
    - A unique identifier code for each plan, not just 'plan name' as these can double up.
    - For what reasons will the retailer exclude people from this plan? (credit history? meter type or configuration? Location?)
  - General questions: What is your credit score threshold or criterion for accepting customers?

- Please change the definition of prepay. This needs to differentiate between prepayment metering, where no direct debit authority is in existence so the service will just stop if funds are low or run out, and prepaid payment plans that rely on direct debits.

- We ask that sufficient data be published at least quarterly to allow public monitoring. At the absolute minimum we would like to see quarterly:
  - *Disconnections for non-payment:*
    - *total disconnections;*
    - *total disconnections longer than 24 hours;*
    - *Number of ICPs that have disconnected for non-payment (to monitor how many households are being disconnected, in some cases multiple times)*
    - *total prepay disconnections*
    - *Total prepay disconnections over 24 hours*

- - Number of ICPs affected by prepay disconnections (to monitor how many households are frequently disconnecting)
  - Each of the above *by retailer*
  - *Warning letters threatening disconnection for non-payment. Total, and by retailer*
  - *Debt levels*
  - *Customers refused service: total; for what reasons; by retailer*
  - *All data required for public scrutiny of compliance with Consumer Care Guidelines, including breakdowns by retailer.*

  - Please add in a statement making it clear you expect retailers to report in good faith, based on the intent of the question, not wriggle out of reporting based on exact wording. How would a customer, in layman's terms, expect them to answer this question?

  - Please add in an emergency/immediate reporting requirements for certain information that is too important to wait for the monthly reporting. For example, if a retailer disconnects a MDC, they should inform the Electricity Authority immediately, or no later than 12 hours after the incident. This would enable the EA to take immediate enforcement action and follow up to ensure safety.

Consultation Questions

Q1. The current lack of data about things like disconnections for non-payment has hindered our organisation's ability to understand and advocate on energy hardship. We urgently need transparent, solid data.

Q2. Strongly support.

Q3. Not sure, whatever mechanism enables mandatory provision of data in a timely fashion.

Q7. Do you have any feedback on the proposed notice (Appendix A)? Yes, **see tables below.**

Q9. Collecting the data proposed, with the additions we suggest below, is essential if you are to fulfil your statutory objective of improving outcomes for domestic consumers.

Q10. Yes. There is significant public good in reducing energy hardship and the associated health and other costs. To do so we need to be able to monitor trends such as disconnections for non-payment, and this data request notice is essential to enable that.

Q14. We have listed above the absolute minimum of data we would like to see published quarterly.

Answer to Question 7: Feedback on Appendix A

Table 1

Change recommended	Rationale
Add row for Meter Type (legacy, smart, other?)	Meter type can limit customers' choice of plans. Understanding numbers, locations of meters that are limiting customers choice will help monitoring barriers to switching. This data would help enable smart-meter roll out, and to understand how many meters can be reconfigured remotely. It is also needed to see whether disconnections, and disconnection fees, are affected by meter types, and whether upgrading meters would reduce these problems.
Add row for 'Meter Configuration' or something to the effect of 'Is this meter configured in such a way to allow time of use / night and day plans?'	Meter configuration can limit customers' choice of plans. Data on number, and locations, of customers who are limited in choice by meter configuration is important for monitoring barriers to switching, AND to work out whether a programme is needed to reconfigure meters.
Add row to effect of: "Date the retailer last informed customer of the best plan for them"	Need to monitor how often customers are being offered the best plan.
Perhaps add row to effect of: "Did you consider the possibility of meter reconfiguration when making that best plan assessment?"	Ideally your consultation on 'Options to support comparison and switching' will result in retailers being required to <u>consider the option of meter configuration</u> when determining best plan, and offering to reconfigure the meter if that will enable the customer to access a better plan. Recommend a question to help you monitor that.
Perhaps add row: Date retailer last offered to reconfigure their meter.	If meter configuration is limiting choice, you want to be able to see if retailers are helping to reduce that barrier.

Under 'Plan Name', add a row for 'Unique identifying code for this plan'.	A unique identifying code for each plan would enable this to be input into Registry alongside ICP, so that it is clear what plan each ICP is using. Could also be input into Powerswitch (ideally automatically when customer inputs their address), so that customers never need to remember their plan name to use these tools.
'Additional discount' row. Need to somehow see whether this discount is resulting in an early termination fee, and how these two relate. Perhaps ask 'Early termination fee' question straight after this question.	Early termination fees limit switching, therefore need to be monitored for reasonableness. Need to be able to see links between discounts (eg TVs or other retail products) offered, and barriers to switching.
'Early termination fee'. Keep this row. Also need to add a row: Total value of any fee(s) **that will be** charged for the early termination/cancellation of a customer's contract. You could ask that here, or in the table about plans.	Need to know both: - How many of these fees are actually being charged, and how much - AND what fees are hanging over customers preventing switching. (whether or not they are charged).
MDC After 'Set as N/A if you do not collect this information', perhaps add an educational sentence: note that it is mandatory to collect this information'. Need an urgent action response / immediate flag to come through your data system if a retailer answers that they do not collect this information.	
Prepaid – need to change definition to exclude pay-in-advance options that do not automatically disconnect when credit is low or runs out, ie differentiate between prepayment metering, where no direct debit authority is in existence so the service will just stop, and prepaid payment plans that rely on direct debits.	The prepaid disconnection data needs to be of households who have been disconnected because they have run out of credit.

Table 3: Disconnections

Change recommended	Rationale
Please strike 'self-disconnections' from your vocabulary. Replace with 'auto-disconnections' or just 'disconnections'.	The term 'self-disconnection' wrongly implies that the customer has chosen to disconnect. 'Auto-disconnection' is closer to the truth, although the retailer still has to order the disconnection from the metering company (therefore not truly 'automatic').
Add row - is this customer on redirections/payments direct from Work and Income? (Perhaps covered already by 'support payments' question in next table)	Important because discos after redirection are the customers in greatest hardship and without options. Would be valuable to include an extra level of check before disconnecting them – if Work and Income redirections stop, it may be outside the customers control, they may have hit the limit of what Work and Income will provide in debt.
Disconnection remote, Reconnection remote, Disconnection date, Reconnection date. Each of these rows needs to be **repeated for every instance** of disconnection and reconnection during the data period.	Customers may have multiple disconnections/reconnections for non-payment within reporting period, especially if on pre-pay. All need to be counted.
Perhaps add a row for: 'number of disconnections during the data period.'	Customers may have multiple disconnections/reconnections for non-payment within reporting period, especially if on pre-pay
Arrears: Remove 'if able'.	Retailers must be required to know the electricity component of bundles. We need transparency within bundling.
Add a row for: Interest rate being charged for arrears owing.	Important to know if retailers are charging unreasonable interest on debt.

Disconnection fee, reconnection fees. Add separate rows for **each instance** of disconnection, and note down the disco/reconnection fees charged in each instance. Clarify definition of reconnection fees, so that prepay top-up fees do fit within the definition of reconnection fee.	Some customers may face multiple disconnections per month. Need to count, and know sum of, the fees charged in each instance.
In cases of bundled plans, is there some way to capture whether retailers are disconnecting customers due to non-electricity debt? They should not be allowed to disconnect due to non-electricity debt.	

Table 4: Debt

Change recommended	Rationale
Perhaps add row: 'Prepay' Yes or no	If restating in this table makes it easier to see prepay/non-prepay against debt levels.
Electricity arrears. Remove 'If you are unable to differentiate debt between utilities then include all debt in this column.'	Retailers should be required to differentiate arrears from electricity within bundles.
Perhaps add row: 'Number of disconnections in the reporting period'	
Contact attempts disconnection ; Contact made disconnection ; Contact channels disconnection. Needs clarity about how many **instances** of disconnection these are for. Perhaps add a row 'number of disconnections in the reporting period'. OR perhaps add all the above rows (contact attempts, contact made, contact channels) for EACH instance of disconnection.	Consumer Care Guidelines require multiple attempts of communication before each instance of disconnection. Need this information for each instance.

Add row: Contact attempts reconnection	Worth checking whether retailers contact people before turning power back on. This is a safety concern. What if a customer has left a teatowel sitting on a stove-top and the power comes back on without warning?
Add row: Interest rate being charged on electricity arrears	Need to check that interest rates are reasonable.
Other debt management actions – retailers must allow people to select multiple actions for this question, eg. input 'a, b, c' if they've done three actions.	
Writeoffs. Remove 'if able'.	Retailers should be required to differentiate debt and writeoffs specific to electricity.
Debt agency. Remove 'if able'.	Retailers should be required to differentiate debt specific to electricity.

Table 5 General Plan

After 'plan name', add row: Unique identifier code associated with this plan	A unique identifying code for each plan would enable this to be input into Registry alongside ICP, so that it is clear what plan each ICP is using. Could also be input into Powerswitch, so that customers never need to remember their plan name to use these tools.
Add row: Exit fee/ early termination fee associated with this plan	Needed to monitor reasonableness, and to monitor what is limiting switching
Add row: Exclusions / What customers cannot access this plan? Eg. A) meter type, b) meter configuration, c) credit history, d) location. Allow retailers to input multiple options from the above.	

Monthly questions

- As well as "4: What is the number of individuals refused electricity supply?" Add: Please specify the numbers of customers refused for each of the following reasons:
  - Credit worthiness
  - Meter type
  - Meter configuration
  - Other (please specify)

- Add question: What is your credit score threshold or criterion for accepting customers?

- 6. Complaints.
  - Billing – I think we would need further breakdown for this data to be helpful. Billing errors is quite a different problem to high prices.
  - Suggest shifting 'disconnecting a medically dependent consumer' into 'MDC processes'

- Add question: How many customers do you have on legacy/analog meters, and what are you doing to upgrade them?

- How many customers do you have on meter configurations that limit their plan options? What are you doing to support these customers to have their meters reconfigured?