

Submissions Electricity Authority  
 Level 7, AON Centre  
 1 Willis Street  
 Wellington 6011  
 via email: [switchingconsultation@ea.govt.nz](mailto:switchingconsultation@ea.govt.nz)

14 May 2024

### Options to support consumer plan comparison and switching

Mercury would like to thank the Electricity Authority ('Authority') for the opportunity to submit on the "Options to support consumer plan comparison and switching" consultation paper ('Consultation').

As a member of the Electricity Retailers' Association of New Zealand ('ERANZ') we support the ERANZ submission in response to the Consultation. We also set out below our additional feedback in response to specific Consultation questions.

Consultation question	Mercury response
<p>Q10. What are your views on how retailers providing "best plan" information could work? For example, how should they assess the "best plan" and present/target information to consumers, and how often? What do you think of the Australian "automated-switch" idea?</p>	<p>Mercury does not support the Authority mandating a requirement for retailers to provide their existing customers with best plan information at this time.</p> <p>In the context of the Consultation, "best plan" seems to equate to "lowest rate card plan". As in any efficient market, electricity customers choose the plan that is right for them based on a variety of needs and the value they seek. Poor regulation likely constrains retailer's ability to offer this personalised value. As the sector moves through a period of change over the next few years, we expect changes to network pricing constructs, changes to customers load (ie the addition of an electric vehicle, a shift from gas to electricity or the desire to move electricity around). Coupled together we believe that the kind of regulation proposed will likely result in worse outcomes for consumers.</p> <p>We see the following outcomes as almost inevitable were the best plan requirement to be mandated:</p> <ul style="list-style-type: none"> <li>• Less switching;</li> <li>• Significant compliance costs and remediation issues with systems and processes having to be built at scale and out of order;</li> <li>• Less innovation and structuring to circumvent the intent as we observe in other jurisdictions;</li> <li>• Poor customer experience and incorrect advice – in a compliance heavy regime we lose the ability to respond to customers changing patterns of behaviour due to lack of personalisation and the priority to comply. We urge the Authority to conduct further research into the Australian market where we have heard anecdotally that customer experience is almost non-existent because of the hardship regulation now in place. Any decision made by the Authority to require best plan notifications should be backed</li> </ul>

Classification: General



	<p>up with evidence to show that it does have a positive impact for consumers.</p> <p>We strongly advocate for the Authority to allow retailers to reach the desired outcome in their own time and in a manner that enhances the retailer's ability to create products that 'delight' customers.</p>
<p>Q12. What conditions or support would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?</p>	<p>As ERANZ have noted in their submission, there are already numerous community groups and programmes actively supporting consumers with their electricity usage such as EnergyMate and the Ministry of Business, Innovation and Employment's "Support for Energy Education in Communities". We agree that the government should be looking to consolidate and coordinate these efforts, not duplicate them.</p> <p>We also refer the Authority to our recent work with Genesis and Dr Sea Rotmann into <a href="#">Hidden Hardship</a> where we heard from community what they need from industry to better support whanau who struggle with hardship. This can be summarised into four themes as follows:</p> <ul style="list-style-type: none"> <li>• Trust – this is the foundation of all community relationships; we need to mend it where it is broken and start to rebuild.</li> <li>• Community voice – understand that community organisations are experts in their field, we must learn to listen first and elevate community voice.</li> <li>• Stay in your lane – respect each other's expertise and support community to do what they do best</li> <li>• Develop mana-enhancing practices – acknowledge that most of our products and processes are not designed with vulnerable customers in mind. We should start to build cultural competency and empathy into everything we do.</li> </ul> <p>These four themes can be seen as guiding principles for any service provider or industry body who is responsible for ensuring that New Zealand's transition to a low carbon economy is an equitable one. Based on the above principles, there are some immediate actions the Authority could take to support community advisers. For example, the Authority could organise a hui with EnergyMate coaches to ask them what they need to better help their whanau. This has to be more than traditional consultation; it has to be genuine co-design. The advice of the people with the expertise has the same weight as the advice coming from any other party to the design process.</p>

In summary, Mercury supports the Authority adopting Option 4 of the Consultation with consumer choice options B and C to support switching (subject to modifications suggested by ERANZ). Mercury does not support the mandating of a requirement to regularly offer best plan information to customers. Like the Authority, we desire the best outcomes for our customers but need time to build our capabilities through innovation.

Yours sincerely



Jo Christie  
**Regulatory Strategist**

