

10 September 2024

Electricity Authority

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

### **Proposed Consumer Care Obligations**

Meridian appreciates the opportunity to provide comment on the Electricity Authority's (Authority) consultation on the proposed amendment to the Electricity Participation Code 2010 (the Code) to ensure residential consumers receive the care and protection they need from their electricity retailer.

#### **Meridian supports better outcomes for consumers**

Meridian has been a strong supporter of the Consumer Care Guidelines (Guidelines) with a track record of full alignment, most recently confirmed by our 2023/24 certification submitted to the Authority in August. We support delivering better outcomes for consumers and overall, consider that setting out clear expectations in the Code around customer care will help achieve this. However, we support the codification of the Guidelines into Consumer Care Obligations (Obligations) in a way that provides flexibility and clarity for retailers on how they operationally comply with the Obligations. This will be critical to ensure the Obligations are not overly restrictive and burdensome, and that scope remains for innovation in service delivery. A number of our comments set out below are focused on this principle.

#### **Timing and barriers to compliance**

We note the Consultation Paper states the Authority will release a decision paper in December 2024, with the Obligations to come into force from 1 January 2025. Meridian considers this timeframe is much too short. While Meridian is compliant with the current Guidelines, we expect the Authority's decision paper will confirm that the Obligations will impose some new and differing requirements on retailers, some of which may require system development to implement. For example, the requirements to collect and use a customer's (and their alternate person's) preferred two communication channels (clauses 15, 24, 26 and 37) and to include all payment options on all invoices (clause 22) would both require significant system development (notwithstanding our suggested changes to these requirements set out below).

Further, the Authority's decision paper may make additional changes to the Obligations in response to feedback provided through this consultation. The timeframe of less than a month for retailers to review, understand, and implement any further changes the Authority decides upon is unreasonable. Should any substantial system or process changes be required, it may simply not be possible to achieve compliance by 1 January 2025, particularly noting this spans the Christmas holiday period, when many staff will be on leave.

We therefore request that the Authority postpone the 'go live' date for the Obligations to 1 July 2025 to allow retailers to make the necessary changes to their documents, processes and systems to ensure that they comply with the Obligations by the time they come into force.

We also note there are a number of specific areas under the Obligations which, if taken at face value, would seem to require Meridian and other retailers to 'backfill' information on existing customers. Examples of this include requiring retailers to collect information on a customer's preferred communication channels and recording a time period after which a retailer may contact a customer's alternate contact person. We propose alternative approaches to these proposed obligations in our detailed responses below. However, if the Authority maintains these requirements as proposed, this would seem to require backfilling this information across our entire customer base. This would be an enormous task, and simply not possible by 1 January 2025. We strongly recommend the Authority reconsider these obligations and, as noted above, the associated timeframes to achieve compliance.

**Concluding remarks**

This submission is not confidential and can be released in full. I can be contacted to discuss any of the points made.

**Nāku noa, nā**



Debby Abrahams

Senior Legal Counsel / Regulatory Counsel

<b>Submitter</b>	<b>Meridian Energy Limited</b>
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	<b>Question</b>	<b>Meridian submission</b>
1.	Do you have any feedback on our approach to <b>making operational improvements to the Guidelines, to ensure the proposed Consumer Care Obligations are clear, and workable?</b>	Meridian has always supported and aligned its own customer care processes to the Guidelines. We agree with the need to make operational improvements to the Guidelines in converting them to codified Obligations. We support the Authority’s focus on clarifying and simplifying the Obligations while retaining flexibility and improving practicality for retailers.
2.	Do you have any feedback on the proposals to <b>clarify the application of the proposed Consumer Care Obligations?</b>	Meridian supports the proposals that clarify the application of the Obligations.
3.	Do you have any feedback on the <b>purpose statement</b> for the proposed Part 11A of the Code?	<p><b>Clause 11A.1 (Purpose and interpretation)</b></p> <p>Apart from the two items referred to below Meridian is satisfied with the purpose statement, as drafted:</p> <ul style="list-style-type: none"> <li>• Reference to “domestic customers” in the first line should be to “residential consumers”, as they are now termed.</li> <li>• We question whether use of the term “maximise” in clause 11A.1(b) is appropriate as part of an overarching purpose statement. This may place an unreasonable expectation on retailers. For example, it could be argued that in order to “maximise” a consumer’s ability to afford electricity, a retailer should provide electricity for free. This is clearly not the intention of the Obligations. Meridian proposes this clause is redrafted without use of this term.</li> </ul>
4.	Do you have any feedback on the <b>compliance monitoring provisions in the proposed Part 11A of the Code, or on the Authority’s new outcomes framework?</b>	<p><b>Clause 11A.5 (Providing information on request)</b></p> <ul style="list-style-type: none"> <li>• This clause proposes establishing a new (additional) power for the Authority to compel retailers to provide information. Meridian notes that the Authority already has broad existing powers under section 46 of the Electricity Industry Act (the Act), to gather information from participants, including for the purposes of monitoring and compliance.</li> <li>• The Authority’s powers under section 46 are, in our view, sufficient to ensure effective ongoing monitoring with the Obligations.</li> <li>• Seeking to create new and different information provision powers is unnecessary and potentially contrary to Parliament’s intent when they passed the Act. Continued use of section 46 of the Act would provide greater certainty for participants who are familiar with the requirements of that framework and would avoid a proliferation of unnecessary additional information provision obligations under the Code.</li> </ul>

		<p><b>Clause 11A.8 (Independent reviews)</b></p> <ul style="list-style-type: none"> <li>Meridian suggests that it would be helpful for the Authority to provide further guidance on who would be an appropriate independent person to conduct the independent reviews. For example, would it be appropriate for a retailer to appoint their independent external auditor to conduct the review?</li> <li>This would help ensure nomination processes are efficient and give appropriate consideration to the relevant factors. Such guidance could be provided outside of the Code.</li> </ul> <p><b>New outcomes framework</b></p> <ul style="list-style-type: none"> <li>It is unclear how proposed outcome 3 (“customers are on the most suitable plan for their circumstances”) will be evaluated from the information to be provided. It is presumed that outcomes 1 (“customers to receive care and respect”) and 2 (“customers to receive consistent minimum level of care”) be evaluated from each retailer’s customer care policy. More clarity is required on this from the Authority.</li> <li>More broadly, it would be helpful if the Authority could provide further guidance on the purpose and approach to the proposed outcomes framework e.g. when will progress be assessed? How will progress be assessed? Is it intended these assessments would inform future changes to the Obligations?</li> </ul>
5.	Do you have any feedback on the <b>proposed improvements to terminology</b> ?	<p><b>Clause 11A.2 (Interpretation)</b></p> <ul style="list-style-type: none"> <li>Meridian supports the use of improved and consistent terminology, as proposed in the Consultation Paper. It will support customers’ understanding of similar terms across retailers.</li> </ul>
6.	Do you have any feedback on the <b>proposal to align standards of behaviour in the proposed Consumer Care Obligations</b> ?	We support simplification and consistency in the use of terms relating to standards of behaviour, as proposed by the Authority.
7.	Do you have any feedback on Part 2 of the proposed Consumer Care Obligations <b>relating to consumer care policies and related matters</b> ?	We support the simplification of more prescriptive recommendations to ensure retailers retain flexibility in determining how requirements are met.
8.	Do you have any feedback on Part 4 of the proposed Consumer Care Obligations <b>relating to information and records relating to consumer care</b> ?	<p><b>Clause 15(1)(a) (Preferred communication channels)</b></p> <ul style="list-style-type: none"> <li>Meridian currently does not record a customer’s preferred communication channels. Rather, we use all available communication channels when communicating with a customer on issues such as disconnections. The Obligations as drafted will require retailers to record each customer’s preferred communication channels. For Meridian, this will require system changes and potentially backfilling information for all current customers. This will be a substantial and time-consuming undertaking.</li> <li>Since some of communication channels will be more appropriate to use than others in different circumstances (for</li> </ul>

example it would be more appropriate to phone, and not email, a customer if we wanted to discuss disconnecting their power) Meridian recommends this clause is amended to require retailers to store at least two communication channels (where possible) for each new customer and then, where relevant and before disconnection, use all communication channels to contact the customer. Other references in the Obligations to contacting customers and alternate persons via preferred communication channels would also need to be updated to reflect this change.

**Clause 15(1)(b) (Preferred phone times)**

- Not all retailers offer 24/7 or after hours call centres. Where this is not currently offered, it would be very difficult for retailers to comply with a customer's preference if their choice is to be contacted on weekends or public holidays or after usual business operating hours.
- Meridian recommends that this clause be amended to permit the retailer to limit the customer's preferred days of the week and hours of the day to those that fall within the retailer's business hours.

**Clause 17(1)(a) and (b) (Alternate Contact Person)**

- Meridian does not currently use or apply specific time periods (ie neither retailer standard timeframes nor customer specified timeframes) within which it contacts a customer's alternate person. Rather, if we were not able to contact a customer, our default process would be to contact the person authorised on the account as an alternate person.
- The Obligations, as drafted, will require retailers to record and apply a customer-specified time period when contacting a customer's alternate person, or if a time period is not specified, contact the alternate person within the retailer's standard timeframes, if they weren't able to contact the customer.
- These requirements are impractical and possibly unmanageable given the different timeframes/periods a retailer would have to manage across all their customers. For Meridian this will also require system changes and potentially backfilling information for all current customers, which would be a substantial and time-consuming undertaking.
- Meridian suggests that it would be less complicated, more manageable and require less resources to manage contacting alternate contact persons if they were all contacted in the same manner and proposes that the clause be amended to permit retailers to contact the alternate contact person as and when the retailer is unable to contact the customer.

**Clause 17(1)(c) (Consent from Alternate Contact Person)**

- On the current drafting of the Obligations, retailers will be required to seek consent from an alternate contact person to act as an alternate contact person. This requirement is impractical.
- For Meridian this will require a system change which would be a substantial and time-consuming undertaking.

		<ul style="list-style-type: none"> <li>Meridian proposes that retailers should be entitled to rely on Information Privacy Principle 2 of the Privacy Act 2020 – ie where a person’s information should not be collected unless it reasonably believes that the (alternate) person has authorised such collection – and recommends that the clause be amended to require customers to obtain the consent of the person that they wish to be their alternate contact person. The retailer could then assume that a nominated alternate contact person has provided consent.</li> </ul>
9.	<p>Do you have any feedback on Part 3 of the proposed Consumer Care Obligations <b>relating to when a customer signs up or is denied a contract?</b></p>	<p><b>Clause 8(1)(a)(i) (information to be provided prior to sign up in the course of an oral communication)</b></p> <ul style="list-style-type: none"> <li>This clause is unnecessarily onerous as it requires retailers to provide information on all available product offerings and related pricing plans and payment options even when they may be irrelevant to a potential customer’s needs. For example, a customer with a new EV looking for an EV plan may not be interested in the retailer’s standard electricity or solar plans.</li> <li>Meridian proposes amending the wording to require retailers to only provide information on products that would be relevant to a customer’s needs at the time.</li> </ul> <p><b>Clause 13 (Information to be provided to new customers – about the process when invoice is not paid):</b></p> <ul style="list-style-type: none"> <li>Meridian currently provides information on our process regarding payment difficulties and disconnection in our Consumer Care Policy. We are of the view that including more specific information on the details of the non-payment process at the start of a relationship with a customer is not conducive to building a relationship of trust between retailers and consumers. Such information could be negatively viewed by customers who may take this information as a presumption by Meridian that they will not be able to pay their bills.</li> <li>Meridian suggests that it would be more appropriate for a retailer to advise a new customer how they will support them by simply advising them of the retailer’s Consumer Care Policy (links to which are provided in Welcome communications) and committing to support the customer if and when they experience financial hardship.</li> </ul>
10.	<p>Do you have any feedback on Part 5 of the proposed Consumer Care Obligations <b>relating to business-as-usual account management?</b></p>	<p><b>Clause 20(a) (Information to be provided prior to customer making changes)</b></p> <ul style="list-style-type: none"> <li>Similar to the comment on clause 8(1)(a)(i) above, Meridian recommends that a retailer should only be required to provide information on products that are relevant to a customer’s needs at the time. The wording of this clause should be amended to reflect this.</li> </ul> <p><b>Clause 22 (Information on available payment options required on invoices)</b></p> <ul style="list-style-type: none"> <li>We note that the Guidelines currently require payment options to be set out “on each invoice <b>or</b> in supporting documentation (including via each retailer’s website).” Meridian complies with this requirement by providing information on payment options on its website. The current drafting of the Obligations requires</li> </ul>

		<p>that information on available payment options must be provided “on each invoice <b>and</b> in any supporting documentation.” This will be a substantial change to our invoicing system and would be very challenging to achieve in the time available between the Authority’s decision paper and the Obligations coming into force on 1 January 2025.</p> <ul style="list-style-type: none"> <li>• Furthermore, there are instances where these requirements are irrelevant. For example, where customers have already selected to pay their bills by recurring direct debit or credit card payments and do not need to be advised of alternatives. Anecdotal feedback from customers also indicates that, in general, they prefer simpler and more straightforward invoices, rather than extensive (and questionably relevant) detail. As a result, this change may actually be detrimental to a customer’s experience.</li> <li>• We strongly recommend that the requirement to provide information on payment options reverts to either invoices <b>or</b> supporting documentation.</li> </ul> <p><b>Clause 23 (Retailers to allow at least 14 days for payment of invoices)</b></p> <ul style="list-style-type: none"> <li>• Powershop, a Meridian brand, has payment terms of 3 days. That is, under Powershop’s terms and conditions, customers are required to set up auto-payments from nominated accounts authorising Powershop to auto-deduct monthly payments 3 days after receiving their monthly invoice. This is a clear requirement of the product and customers are made aware of this at sign-up. Customers wishing to join Powershop provide the necessary banking information and consent to do this.</li> <li>• Under the Guidelines, retailers were required to allow a minimum of 14 days for payment to be received. Powershop manages this requirement by not commencing the debt recovery process until 14 days have passed without payment being received.</li> <li>• Does this, now mandatory clause, mean that Powershop would be required to change the manner in which its payment terms were structured, to allow a customer 14 days to pay rather than 3? This would be a significant change for the business and constitute an overhaul of Powershop’s product.</li> </ul>
11.	Do you have any feedback on Parts 6 and 7 of the proposed Consumer Care Obligations <b>relating to customers experiencing payment difficulties and disconnections?</b>	<p><b>Clause 25(2)(b) (Purpose/Interpretation – when payment difficulties are anticipated or arise):</b></p> <ul style="list-style-type: none"> <li>• Meridian requests that reference to “more than one billing cycle” be clarified in the drafting – that is, is this intended to mean more than one billing cycle “in a row” or “over the term of the relationship between the retailer and the customer” or “over a specified period of time for example 6, 12 or 18 months”?</li> </ul> <p><b>Clause 27 (Information to be provided to customers experiencing payment difficulties)</b></p> <ul style="list-style-type: none"> <li>• Meridian agrees with the general principle that retailers should seek to provide all necessary and relevant information to customers experiencing payment difficulties. However, we do not consider that advising a customer of all the information set</li> </ul>

		<p>out in clause 27 every time we need to communicate with that customer about their financial hardship situation, will always be the most appropriate way to assist a customer in financial hardship.</p> <ul style="list-style-type: none"><li>• Meridian proposes that clause 27 be amended to require that the matters listed must be communicated to the customer “at least once as and when necessary and relevant during the course of the retailer’s engagement with a customer facing payment difficulties”.</li></ul> <p><b>Clause 30(3) (Material decrease in electricity)</b></p> <ul style="list-style-type: none"><li>• Based on Meridian’s experience working closely with customers in energy hardship, we do not think a material decrease in usage is a good indicator of hardship.</li><li>• For example, this criteria may lead to identification of baches and households that travel frequently.</li><li>• Meridian recommends that this subclause be deleted in its entirety on the basis that this information is insufficient to provide a clear indication that a customer is experiencing actual or anticipated payment difficulties.</li></ul> <p><b>Clause 37(3) (Traceable form of communication)</b></p> <ul style="list-style-type: none"><li>• Meridian considers an email that has been sent to an email address provided by a customer and which has not bounced, should be considered as successful completion of a traceable form of communication.</li><li>• We recommend this further example is added to the list of examples provided in clause 37(3).</li></ul> <p><b>Clause 38(1)(b)(i)(new sub-clause (D)) (Conditions for using estimated readings)</b></p> <ul style="list-style-type: none"><li>• A further instance that will require using an estimated reading is where the customer does not respond to our communications requesting access for a meter reading.</li><li>• Meridian recommends that this be added as a new sub-clause (D).</li></ul> <p><b>Clause 40 (Notices issued to post-pay customers)</b></p> <ul style="list-style-type: none"><li>• Meridian does not consider it is appropriate or helpful to include a reference to disconnections in every notice we issue to a customer relating to the payment of debt.</li><li>• For example, we may choose to only include such a reference from a customer’s second reminder (ie first disconnection notice) onwards as we do not consider it appropriate to refer to disconnections when a customer may have simply missed a payment and their first reminder due to, for example, being overseas on holiday.</li><li>• Meridian recommends this clause is amended to provide retailers with the flexibility to decide when to advise customers of the possibility of disconnection in accordance with their own debt recovery process.</li></ul>
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12.	Do you have any feedback on Part 8 of the proposed Consumer Care Obligations <b>relating to medically dependent consumers?</b>	<p><b>Clause 55 (Retailer to request application from MDC)</b></p> <ul style="list-style-type: none"> <li>• While Meridian understands that medically dependent customers (MDCs) are required under the Guideline and also the draft Obligations to apply to become MDCs, it seems like an unnecessarily administrative and burdensome process for both retailers and potential MDCs.</li> <li>• Meridian’s experience with this has been when the information comes to Meridian’s attention that a customer may be medically dependent, to record that individual as an unconfirmed MDC in the system and then ask them to confirm their MDC status with their health practitioner. Once they do that, their information is then verified and the customer is “confirmed” in the Meridian system as an MDC. This way still allows the customer to be recorded as an MDC (albeit initially “unconfirmed”) as soon as Meridian becomes aware of this information and does not wait until this status is verified before adding this information to the system, thereby closing the gap between first learning of the information and having that information verified.</li> <li>• Meridian recommends that the Authority consider removing the additional step of applying to become an MDC to lessen the administrative burden for both the retailer and the customer of registering an MDC.</li> </ul> <p><b>Clause 57(1)(d) (Confirmation of status form prescribed by the Authority)</b></p> <ul style="list-style-type: none"> <li>• Meridian notes the reference to the Authority providing “the applicant with the confirmation of status form prescribed by the Authority” in this clause.</li> <li>• Meridian recommends that the form be provided by the Authority outside of the Code.</li> </ul> <p><b>Clause 58 (EIEP form to share information about MDC)</b></p> <ul style="list-style-type: none"> <li>• Meridian notes the reference to advising MEPs of MDC statuses via an EIEP, which is currently only used by retailers to inform distributors (not MEPs) of MDC statuses.</li> <li>• Meridian currently makes <u>MEPs</u> aware of an individual customer’s MDC status only when work is required to be performed at a specific customer’s ICP. It would be good to understand the Authority’s reason for requiring retailers to provide all customers’ MDC status’ via EIEP when MEPs won’t be required to action anything off the list. Implementing the process currently proposed by the Obligations (which could be</li> </ul>

		<p>a daily process) would require significant time and budget to implement.</p> <ul style="list-style-type: none"> <li>• Meridian also notes the requirement to advise all distributors and MEPs about (a) an MDC application at the time the application is made and then (b) confirmation (or not) of the MDC application. Practically, as these interactions may well be daily notifications between all three parties, they could become administratively burdensome for retailers, distributors and MEPs to manage.</li> <li>• Currently Meridian provides monthly updates on all customers' MDC status (via EIEP4) to those distributors who request this information and provides MDC information to MEPs on a customer-by-customer basis when we request an MEP to perform an action on a particular customer ICP (see note on clause 55 above).</li> <li>• Meridian suggests that these two processes are appropriate to ensure distributors and MEPs have sufficient MDC information on a customer. To implement what could amount to daily notifications of MDC status', the Obligations as drafted would require significant budget and development time for retailers.</li> </ul> <p><b>Clause 60(3) (Confirmation of status forms)</b></p> <ul style="list-style-type: none"> <li>• Meridian notes the amendment from “may” to “must”, adding an obligation on the part of the retailer to directly request a copy of a confirmation of status form from a customer’s health practitioner if the customer requests the retailer to do so.</li> <li>• Practically speaking, unless health practitioners are aware of and accept this new duty placed on retailers, this process will place an unrealistic administrative burden on retailers as not all health practitioners are willing (for various reasons including not having time to communicate with third parties) to share the information directly with retailers.</li> <li>• Meridian proposes that the word “must” be replaced with “may” leaving it up to the discretion of the retailer (depending on resourcing) to decide whether they are able to obtain a copy of the confirmation of status form for the customer.</li> </ul> <p><b>Clause 64(6)(b) (Review of MDC status)</b></p> <ul style="list-style-type: none"> <li>• Meridian notes the reference to “<u>0</u>(b) and (c)” in this clause and suggest that it should refer instead to “<u>63</u>(b) and (c)”.</li> </ul>
13.	Do you have any feedback on Part 9 of the Consumer Care Obligations <b>relating to fees, bonds and conditional discounts?</b>	No feedback.
14.	Do you have any feedback <b>on the proposed Code obligations for distributors?</b>	No feedback.

15.	Do you agree that the <b>benefits of the proposed Code amendment outweigh its costs?</b>	We broadly agree with the Authority's assessment that the benefits will outweigh the costs, subject to the recommendations made in our submission being addressed prior to finalisation of the Obligations.
16.	Do you have <b>any comments on the drafting of the proposed amendment?</b>	Meridian's comments on this are included in our responses above.