



12 November 2025

Electricity Authority

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

Tēnā koe

## Response to “Improving Electricity Billing in New Zealand”

### Public Version

This is a public version of our submission, confidentially sensitive information has been redacted.

Contact Energy welcomes the Electricity Authority's consultation on improving electricity billing.

We support interventions to enhance clarity, comparability, and consumer empowerment across the retail electricity market. The electricity sector is the in process of being designated as within scope of the Consumer and Product Data Act 2005, making it the second sector in New Zealand (after banking) to have a consumer data right (CDR) implemented. This will enable consumers to have simple access to their data, and enable an ecosystem to utilise that data to improve consumer decision making.

The more heavy-handed billing interventions proposed by the Authority must be considered within this context. It is likely that consumers will rely less and less on billing as the primary tool for engaging with their energy use and provider. While we accept some minimum standards may be appropriate, the Authority should avoid over-investment in legacy tools.

These proposed mandates are also coming at a time of rapid innovation in the retail sector. Contact Energy is the market leader in innovative time of use (TOU) pricing. More than a third of our customers are benefiting from our “Good Plans” — collectively receiving more than 260 million hours of free power since 2021. In our experience, time-of-use pricing works best when consumers are supported with tailored advice and tools that reflect their unique usage patterns and preferences. A one-size-fits-all approach risks undermining consumer confidence and may discourage retailers from offering more dynamic or innovative pricing models.

Alongside market innovations Contact is also increasing its support for vulnerable customers. We recently launched the Good Initiative, a \$5 million programme designed to support vulnerable households and community organisations across Aotearoa. Through partnerships with social agencies and heartland community groups, we're covering energy costs to free up resources for food, housing, and wellbeing. This builds on our long-standing commitment to energy equity, including the removal of disconnection and reconnection fees for non-payment for all customers and our dedicated Energy Wellbeing team which provides direct support to more than 10,000 households annually.

While we support the overall intent from the Authority, we are concerned that the proposals as drafted are overly prescriptive, and will drive unnecessary cost and confusion. We are also concerned that insufficient attention has been paid to the potential for unintended consequences of these proposals on competition and innovation.

This submission is broken into five parts:

1. General comments on the better billing proposals.
2. An explanation of why the proposed billing information requirements are too prescriptive, and the costs that this will impose.
3. An explanation of why the proposed better plan requirements are not in the long-term interests of consumers.
4. A proposed revised implementation schedule to better reflect the significance of the changes proposed
5. Corrections to the Authority's estimate of costs and benefits.

We then provide two attachments to the submission. The first one responds to each of the prescriptive information requirements to be included in bills. The second responds to the consultation questions.

### **Summary key recommendations**

- The Authority should implement mandatory billing principles, instead of the proposed prescriptive requirements. This will reduce costs and improve outcomes for consumers
- If prescriptive billing information requirements are retained, then digital bill summaries should be excluded from this requirement. As currently drafted it is not possible to apply the information requirements to an interactive digital environment.
- Better plan requirements should be removed as they will harm innovation, TOU uptake, cause customer confusion, and act as a handbrake on competition.
- If the better plan requirements are retained, then the mandated low-user tariffs should be excluded from this requirement.
- If better plan requirements are retained the notices should be required twice every 12 months, rather than rigidly every 6 months.
- If the better plan requirements are retained, allow flexibility for these notices to be provided separately to the bill.
- Remove the onerous and misleading 3-month check in for new TOU customers. Instead we recommend that at the three month point retailers are required to provide a reminder message to customers on TOU plans about how they can shift their usage to get the most out of the incentives on offer.
- Implementation should be required 18 months from the date a final decision is made to reflect the scale of these changes and the significant wider compliance burden.

## General comments on the better billing proposals

We recognise that there are some aspects of service delivery that benefit from regulatory mandates where market discipline on its own is insufficient to align all providers with good practice. Contact Energy already complies with many of the minimum standards set out in the ‘better billing’ proposals, including:

- Contact already limits back billing to a maximum of six months (except where due to a customer’s own fault). We agree that this should be rolled out across the industry.
- We have no termination fees for any switching
- Details of all generally available plans are available to compare
- Contact uses simple billing based on user testing of what is intuitive, simple, and directs consumers to the most important information.

However, it is also possible that regulatory mandates in workably competitive markets<sup>1</sup> can limit the positive impacts of competition, harming innovation, consumer choice, and driving unnecessary costs. Mandates can put customer service decisions in the hands of a regulator that does not face competitive pressure, and has limited experience in customer engagement and user experience design. A regulator can be vulnerable to over-emphasising the interests of a small number of interest groups, rather than the revealed preferences of the majority of consumers.

As noted by Dr Stephen Littlechild:

*markets are better than regulators at discovering and providing what customers want and, importantly, incentivising them to engage in the market. This might be by suppliers making attractive tariff offers, by switching sites highlighting opportunities available, by new services offering to take the hassle out of comparing and switching, or by as yet undiscovered new approaches.<sup>2</sup>*

The proposals in this consultation paper are largely based on the Better Billing Guidelines implemented in the National Energy Market (NEM) in Australia. We therefore consider that the AEMC’s ongoing Pricing Review is of particular relevance. In the recently released discussion paper<sup>3</sup> they identified that retail regulations may be “constraining the kinds of products and services offered in the market, limiting customer choice and benefit [and] adding to the cost of doing business, which is ultimately borne by consumers.”

Submitters provided further context to this concern:

- Energy Australia noted that they have “experienced difficulty in developing and bringing to market innovative retail products, primarily due to the complexity or limitations from complying with the current regulatory framework”<sup>4</sup>

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<sup>1</sup> <https://www.mbie.govt.nz/dmsdocument/31228-review-of-electricity-market-performance-by-frontier-economics>, section 5.4

<sup>2</sup>

[https://assets.publishing.service.gov.uk/media/56b9d96ced915d10bd000008/Mr\\_Stephen\\_Littlechild\\_et\\_al\\_submission\\_February\\_2016.pdf](https://assets.publishing.service.gov.uk/media/56b9d96ced915d10bd000008/Mr_Stephen_Littlechild_et_al_submission_February_2016.pdf)

<sup>3</sup> <https://www.aemc.gov.au/sites/default/files/2025-06/The%20pricing%20review%20discussion%20paper.pdf>

<sup>4</sup> <https://www.aemc.gov.au/sites/default/files/2025-07/EnergyAustralia%20-received%202015%20July.pdf>, p9

- Powershop highlighted that “A constant series of major regulatory reforms over the last decade have placed increasing pressure on capital and operational resources of retailers across the sector”<sup>5</sup>

Similar concerns have also been raised in the UK with Dr Stephen Littlechild noting that there is “an increasingly apparent incompatibility between these tariff restrictions and the variety of innovative tariffs that smart meters are meant to unleash.”<sup>6</sup>

New Zealand has the opportunity to learn from the experience in Australia and the UK and develop a set of minimum standards that is better aligned to the long-term interests of consumers. This will require:

- Recognising the role bills will play once the proposed CDR regime is implemented, and limiting duplication, and over-investment in legacy tools
- Recognising the unintended consequences of these proposals on consumer behaviour, and the incentives on industry. As drafted the proposals will incentivise less innovation, and lower uptake of beneficial time of use plans.
- Engaging customer experience (CX) and user experience (UX) expertise in refining these proposals so they better reflect how consumers want to engage with their energy provider. This is a critical skillset used by the industry to design billing and customer engagement.

In the sections below we provide specific feedback on the billing information proposals, and better plan proposal with the above principles in mind.

## **The proposed billing information requirements are too prescriptive**

We agree that some minimum standards of billing information may be beneficial for consumers. This could standardise the way information is described to make comparisons simpler, and ensure that all the information that consumers need is readily available.

However, the current proposals are too prescriptive. This will produce a worse outcome for consumers for a number of reasons:

- It limits the ability of the industry to utilise its CX and UX skills and experience
- It does not accommodate the limitations of different billing systems. For example, some systems limit the placement of certain graphics or text on a bill, meaning that the simple layout presented in the model bill is not possible. Accommodating the prescriptive information requirements within these limitations will result in cluttered and unattractive bills.
- It does not recognise the multitude of different types of bills we issue, including bundled services, different payment structures, different plan types etc. Each of these bill types need to be included in the design process and tested individually.
- It makes the bills inflexible to new products and business models that may benefit from additional or different information being presented upfront rather than buried on page three. For example, Energy Australia have noted of the billing information requirements that

*Retailers must include all the information required in the AER’s Billing Guideline on a customer’s bill, with no ability to allow for simplifications to*

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<sup>5</sup> [https://www.aemc.gov.au/sites/default/files/2025-07/Powershop\\_Shell%20-%202016%20July.pdf](https://www.aemc.gov.au/sites/default/files/2025-07/Powershop_Shell%20-%202016%20July.pdf), fn3

<sup>6</sup> <https://iea.org.uk/blog/a-bureaucratic-nightmare-risks-stifling-innovation-in-britains-energy-market>

*support innovative product offerings. If a customer wants to receive a subscription/simple type offering from their retailer, we cannot create a simplified bill to suit the customer's desire. Information is not knowledge; and in this example information overload is a problem for customers as it impedes their ability to understand their bill, causing increased distrust in the energy industry.<sup>7</sup>*

We have provided specific feedback on the billing information proposals as attachment 1.

We recommend that rather than taking this highly prescriptive approach that the Authority develops out a set of billing principles that retailers must show compliance with via an annual compliance statement. This would mean the outcomes sought by the Authority are achieved without imposing unnecessary costs.

### ***The proposed billing information requirements are incompatible with digital bill summaries***

The consultation paper notes that the billing information requirements would apply to all billing channels, such as apps, websites and email communication channels. However, the requirements seem entirely designed for paper/PDF bills. We cannot see how they could be applied to an interactive digital environment without materially harming the customer experience.

We recently redesigned our app-based bill summaries from the ground up with digital design principles. We undertook significant user experience testing which found that customers value simplicity, clarity, and visual hierarchy — with the total amount due, due date, and simple ways to pay being the most important elements.<sup>8</sup> We then utilised drop down menus to allow customers to gain further insights, rather than have all this information occur sequentially.

We have presented our app-based bill summaries to a number of consumer advocacy groups who have all commented that they achieve everything they want to see from a simple and easy to understand bill.

Meeting the billing information requirements would mean undoing all this work, and just reproducing our paper bills within our app. We are unsure how this would work in a digital environment as different considerations come into play, such as screen size etc. It would also mean repeating information on the billing tab, such as customer identification, retailer identification, plan summary, usage information, etc that our testing found was more intuitively placed on other parts of our app.

We therefore recommend that digital bill summaries are excluded from these requirements so long as the official invoice is readily available alongside the bill summary.

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<sup>7</sup> <https://www.aemc.gov.au/sites/default/files/2025-07/EnergyAustralia%20-received%2015%20July.pdf>, p9

<sup>8</sup> This involved developing a set of test pages, and seeking feedback from more than 150 customers. From this we analysed heatmap analysis, word associations, and verbatim feedback on likes, dislikes ease of navigation, etc. This revealed preferences on priority information, layout, colours, and other information.

## **Better plan requirements are not in the long-term interests of consumers**

We support improving customer engagement with their energy service, and improving customer access to their own data so they can make informed decisions. We consider that this will be best achieved by the Consumer Data Rights regime being developed by MBIE and supported by the Authority, and the improved energy comparison and switching service being developed by Daylight for the Authority. These interventions will allow consumers to easily compare plans not only within a retailer, but between retailers, and do so with a greater level of sophistication on their current and future use cases.

In this context, we do not consider that the proposed better plan requirements are a good use of industry time and resource. We also anticipate material consumer harm from the proposed requirement, including:

- They would harm product and service innovation
- They may dissuade uptake of TOU plans as they are backwards looking, rather than considering the benefits of changing consumption patterns
- They have been shown to cause consumer confusion in other jurisdictions
- They narrowly focus on energy supply, rather than the full value proposition to customers
- They are very expensive to implement, and have had limited impact in other jurisdictions.

If the Authority chooses to proceed with the better plan requirements, we recommend that at a minimum four changes are made:

- The mandated low-user tariffs are excluded from this requirement. These requirements are due to be phased out by 1 April 2027, and it is inconsistent with the policy intent to be driving uptake of these plans in their final moments.
- Rather than issuing a better plan notice every 6 months, require that two notices are sent in any 12-month period. A rigid requirement for a notice every 6 months will result in notices being sent every day to align with the join date of different customers. That means retailers will not be able to align the timing of the messages around other events, such as price changes, or plan retirements. This may lead to some very confusing messages.
- Allow flexibility for how the messages are provided to customers. A requirement to include them in the bill adds complexity and cost as we will need to design an entirely new bill type across all customer groups. We consider that this cost can be avoided with no impact on consumers by allowing the messages to be provided separately to the bill.
- Remove the onerous and misleading 3-month check in for new TOU customers. This will punish retailers driving TOU uptake. Instead we recommend that at the three-month point retailers are required to provide a reminder message to customers on TOU plans about how they can shift their usage to get the most out of the incentives on offer.

### **Better plan requirements would harm innovation**

As the market leader in innovative time of use pricing, the proposed better plan requirements would be more complex and costly to implement for Contact Energy than other retailers. This appears to be a punishment for innovation that the market will learn from and react accordingly.

Contact will face higher costs because it will be more complex to compare a suite of innovative time of use plans than it will for more traditional plans. It will require detailed assessment of hour-by-hour consumption and customer profiles.

We will also be hit particularly hard by the onerous 3-month check-in on TOU plans. Specifically the requirement to attempt to contact a customer three times will materially increase cost to serve, and many customers may consider it unwelcome over-communication. As well as having the most TOU customers in the market, in any given week we have around [ ] of our new sign-ups coming on our TOU plans. This onerous requirement would therefore hit us harder than any other retailer.

This requirement will also conflict with future offerings or innovative pricing structures. For example, it may be more costly (or impossible) to build an accurate comparison model for plans that offer discounts based on controlling hot water, EVs, or other home appliances. We cannot see how this load shifting could be accurately predicted ahead of time for a particular premise. Such plans are better suited to a conversation with consumers than an over-simplified message.

Other retailers can avoid these material costs by limiting innovative offerings, and ensuring that the mandated TOU plans are priced out of the market. We do not consider this to be in the long-term interests of consumers, and contrary to the intent of recent Authority work to increase uptake of TOU plans.

The negative effect on innovation of the Australian Best Offer requirements has been highlighted by EnergyAustralia, who have noted that it:

*does not allow for the benefits of VPP participation or load-shifting to be accounted for. For example, if a retailer plan includes an element of load-shifting (restricting charging an Electric Vehicle during peak energy days, or operating a battery based on wholesale market value) this variable operation cannot be accurately calculated. This will result in plans that are more expensive in retrospect being promoted as the 'better offer'<sup>9</sup>*

### **Better plan requirements would dissuade uptake of TOU plans**

The purpose of TOU plans is to change a consumer's consumption patterns. That results in lower network and energy costs for the retailer, and a sharp offer for consumers. An assessment of historic usage patterns will miss all this and send the wrong message to consumers, harming uptake, and the consumer and market-wide benefits of TOU pricing.

Our experience as the market leader in TOU pricing is that customers are able to make material changes in their usage patterns once moving to a plan with the right incentives. This is shown in figure 1 below which compares average consumption patterns of customers before and after switching to our 'Good Nights' plan.

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<sup>9</sup> <https://www.aemc.gov.au/sites/default/files/2025-07/EnergyAustralia%20-received%2015%20July.pdf>

[Figure 1: Load shape changes for Good Nights customers –Commercially confidential--]

A proactive message telling a customer they are better off not switching to a TOU plan will be a nudge in the wrong direction. A better approach would be to direct customers to a sophisticated comparison tool that lets them see the benefits of shifting load, and the savings they can achieve.

Our analysis also shows that TOU customers have a different seasonal profile than non-TOU customers. **[Confidential information]**

We therefore consider that a check-in after only three months on a TOU plan could be misleading to a large number of customers. They may receive a greater benefit during higher demand periods in winter, but miss out on that if we are only assessing summer consumption.

### ***Better plan requirements have been shown to cause customer confusion***

The Australian consumer advocacy group Choice recently wrote its first ‘super complaint’ to the ACCC regarding the confusion caused by the Best Offer requirements.<sup>10</sup> We expect many of the same problems to occur in New Zealand with the proposed implementation, specifically:

- Same name messages – this is described by Choice as “Best Offer” messages that refer to a plan with the same name as the customer’s existing plan but with different

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<sup>10</sup> <https://www.choice.com.au/consumer-advocacy/submissions-reports-complaints/2025/energy-plans-complaint>

prices". This would be feature of better plan requirements in New Zealand. This is because we do not update plan names every time we change in-market pricing. This sort of acquisition pricing is important for competition and gives the ability for retailers to grow (or shrink) their customer base. However, it means that confusing messages will be a feature of these notices.

- Customers receiving 'Best Offer' messages for unavailable plans. This will occur under the Authority's proposed implementation because of the rigid requirement to provide the message once every six months. That means retailers cannot adjust when the messages go out around the timing of plan changes. For example, a customer may receive a message to move to a plan, only for that plan to then be cancelled or prices changed shortly after. To mitigate this risk we request that if better plan requirements are implemented there is more flexibility on the timing of the messages, eg a requirement to issue two messages in any 12-month period, rather than once every six months.

### ***A better plan requirement would focus too narrowly on energy supply***

To meet the increasingly sophisticated energy needs of New Zealand consumers many energy providers offer a number of bundled or add-on services. These include bundling gas, broadband, mobile, and likely more in the future. It also includes services like out of home EV charging, reward services, smart home controls and more.

Narrowly focussing a better plan notice on electricity rates may not appropriately consider the full set of services demanded by a customer. This may result in customers being given a recommendation to change plans that is not in their overall interests

### ***Better plan requirements are expensive to implement, and there is limited evidence that they are effective***

In Australia a Seed Advisory report found that implementing similar notices would cost about A\$1m per retailer, irrespective of the volume of customers served by each retailer.<sup>11</sup> We understand from conversations with retailers in Australia, that this was likely an underestimate of the final cost to actually implement, which may have been closer to twice that figure. Furthermore, the smaller size of New Zealand's market means that these costs would impose a relatively larger burden here, and could prove a substantial barrier to retail competition.

While the costs are clear and material, the benefits are much harder to identify. We are unaware of any objective evidence from other jurisdictions that have implemented similar interventions that they have had a positive impact on consumers. For example, the churn rate in Australia today is similar to what it was before their billing requirements were implemented.<sup>12</sup> There also does not appear to be any evidence that this intervention has any impact on retail margins. Evaluations undertaken tend to use abstract measures, such as visits to comparison sites, or focus group testing,<sup>13</sup> but have not been able to identify an impact on the outcome measures that really matter for consumers.

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<sup>11</sup> [https://www.aer.gov.au/system/files/2.%20AEC\\_Suitable%20for%20publication.pdf](https://www.aer.gov.au/system/files/2.%20AEC_Suitable%20for%20publication.pdf), p9.

<sup>12</sup> [Annual Retail Market Report 2023–24 - 30 November 2024 \(2\).pdf](https://www.pmc.gov.au/beta/projects/better-bills-impact-report)

<sup>13</sup> Eg <https://www.pmc.gov.au/beta/projects/better-bills-impact-report>

## An amended implementation approach can reduce compliance costs

Customer billing and plan recommendations should not be rushed into, mistakes will be costly, potentially misleading, and potentially harmful to consumers.

We propose a single date that these requirements must be in place by, rather than a phased approach. A phased approach would add material compliance costs. This is because a significant part of the costs of implementing changes to our bills will be testing across different types of bills.

We do not have one bill, we have many bill variations to capture different customer use cases, such as multi-product customers, overdue balances, payment plans etc. To ensure all these bills work together we run a process called 'regression testing' where we do multiple testing iterations across all bill types. This is because a change in one bill type has flow on impacts to others, so they need repeated testing to operate as desired.

If the changes are rolled out in stages, we will need to repeat this regression testing each time, multiplying the cost of implementation.

We propose that compliance with this regime is required 18 months after a final decision is made. We note that this is materially longer than proposed in the consultation paper, but we consider is necessary to take account of the significant changes proposed. It is also consistent with the implementation timeframe allowed in Australia for the Better Billing Guidelines, which are substantially the same as the proposals set out by the Authority.<sup>14</sup>

We expect that at a minimum the following steps are required to be compliant:

- Some of the changes, such as presenting all prices incl GST require reconfiguration of our billing engine in SAP. This is a material change that will require external input, and significant testing to ensure it is producing accurate results.
- Building a plan comparison model is a material undertaking. We will need to test this across multiple customer types, and develop systems and processes to implement accurately. We understand that this requirement was a material part of the reason for the 18-month implementation window in the NEM in Australia.
- A full redesign of our app.
- Changes will be required to our website, some of which appear to require material changes to functionality.
- We will then be required to update the bills themselves, and undertaking regression testing. This process is expected to take 6-12 months on its own, but may be able to done partially in parallel with other changes.

Furthermore, many of these changes we will require external expertise, potentially from outside of New Zealand. Bringing in these resources will have its own lead time. If all retailers are making these changes at the same time, access to this resource will likely be stretched across the industry.

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<sup>14</sup> <https://www.aemc.gov.au/rule-changes/delaying-implementation-aer-billing-guideline>

## The assessment of costs and benefits contains a number of errors and incorrect assumptions

The Authority has incorrectly estimated the costs of this proposal as around \$500,000 per retailer. While no reference is provided for this estimate, it appears to be a mis-reading of a report from Seed advisory in Australia, which estimated that the cost of implementing the tiered billing information requirements alone would be between AU\$500,000 and AU\$2,000,000 per retailer.<sup>15</sup> This does not take into account any of the other costs of the Authority's proposal.

The same report from Seed concludes that the total cost per retailer of all the proposed retail requirements in Australia (including the Best Offer requirement) would be in the order of AU\$2.7m per retailer.<sup>16</sup> As noted above the actual cost to implement certain parts of the better bills guidelines in Australia were more than this initial estimate, for example the Best Offer requirements were likely closer to AU\$2m per retailer rather than the AU\$1m estimated by Seed. To account for this uncertainty, we recommend the Authority starts with an estimate of AU\$2.7m – AU\$3.7m per retailer.

This estimate was carried out in AUD in February 2022. Converting it to NZD and taking account of inflation since 2022 brings the estimate to approximately NZ\$3.3m to NZ\$4.5m per retailer. This aligns with our own initial costing of the regime proposed by the Authority. This means that the Authority has underestimated the costs of this regime by 600-900%. We also note that the costs of this regime will be recovered across a smaller customer base than in Australia, increasing the cost per customer by roughly 4 times.

We also strongly disagree with the Authority's reasoning that their proposals will be simpler to implement than in Australia. There are a number of aspects of the proposals that will make them materially more expensive to implement, including:

- Materially greater uptake of TOU plans and variety of TOU plans in New Zealand. This increases complexity of the underlying models, requiring detailed comparison of hour-by-hour consumption.
- Increase smart meter penetration means there are a large portion of customers eligible for TOU plans, increasing the number of customers that this more complex calculation needs to be carried out for.
- Poor alignment with planned upgrades **[Confidential information]**
- Increased complexity of the requirements, such as the proposal to attempt to contact customers three times after being on a TOU plan for three months.

Across the industry we expect the cost of implementing this regime to be similar to the \$20-30m that the Authority has estimated for the proposed non-discrimination regime. For that regime the Authority has shown that these costs will only be justified if mass market retail prices decreased by approximately 4.6%. We do not consider this order of benefit to be credible.

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<sup>15</sup> [https://www.aer.gov.au/system/files/2.%20AEC\\_Suitable%20for%20publication.pdf](https://www.aer.gov.au/system/files/2.%20AEC_Suitable%20for%20publication.pdf). p4. We have assumed these figures come from this report as the same range and midpoint is used in the Seed report and the Authority's paper.

<sup>16</sup> Ibid, p2.

The benefits identified by the Authority have not been quantified or well justified. As a result the benefits have been materially over-estimated.

- Improving customer trust –the proposed regime is likely to make bills more cluttered, remove customer centric app-based bill summaries, give inaccurate recommendations for TOU plans, and cause customer confusion. We do not believe that in its current form that this will increase customer trust.
- Improve outcomes for residential consumers – we note that similar interventions in other jurisdictions are typically justified on the basis of excessive retail profits. This has not been identified as a feature of the New Zealand market. In fact the evidence points to a very thin retail margin. That means the proposals will (at best) result in a redistribution of costs across different retail customers. Theoretically there may be some benefit of this if we can be sure that the costs are redistributed to more vulnerable consumers. However, it is not clear that this will be the outcome of this intervention. Currently more price sensitive customers can signal their price sensitivity by shopping around, and therefore get the best deals. If this proposal results in a redistribution to less price sensitive customers, then that may increase costs for more vulnerable price sensitive customers.
- Competition benefits – the proposals represent a material risk to competition by increasing barriers to entry, and barriers to product and service innovation. We consider that competition will be best served by an appropriately scoped consumer data right, and a modern plan comparison platform.
- Efficiency benefits – the Authority bases this benefit on an assumption of increasing uptake of TOU plans. However as we have shown, these proposals will act as a disincentive to offering attractive TOU plans, and will give consumers incorrect information on the benefits of TOU plans. The supply and uptake of TOU plans will decrease as a result.
- Reduced complaints and cost to serve – we are unsure how the Authority was able to come to this conclusion. It is clear to us that both complaints and cost to serve will materially increase as a result of this proposal. This is because of the requirements to increase touch points with customers (particularly TOU customers), and the confusion that will be caused by the better plan notices.

Ngā Mihi



Brett Woods

Head of Regulatory and Government Relations

Contact Energy.

# Attachment 1: feedback on proposed billing information requirements

Proposed information requirement	Contact Energy comment
<b>Tier 1</b>	
<p><b>(a) Customer identification</b></p> <ul style="list-style-type: none"> <li>i. Customer name and address of the premises the electricity is being supplied to</li> <li>ii. Customer mailing address (if different)</li> <li>iii. Customer account number – to identify the customer when contacting the retailer</li> <li>iv. Unique installation control point number – to identify the property if switching power companies</li> </ul>	<p>We are unsure what problem is being solved by specifying this information in regulation. Are there examples of retailers not providing information on customer name and account number?</p> <p>We provide information on the ICP number on the second page of our bill along with the detailed information on consumption. This is not a number that a consumer will normally need to access, so may not justify space on the first page of a bill.</p>
<p><b>(b) Retailer identification</b> including identifying information such as name, brand (if applicable), logo and website</p>	<p>We are unsure why it is necessary for the Authority to specify this in regulation. Are there any examples where a retailer does not include this information on existing bills?</p>
<p><b>(c) Invoice information</b></p> <ul style="list-style-type: none"> <li>i. Invoice number and issue date</li> <li>ii. Amount due and due date – distinguishing between the current invoicing period and any overdue amounts. Total amounts should be displayed inclusive of GST and levies</li> <li>iii. Payment methods</li> <li>iv. Whether the bill is based on estimated or actual reading and the reading date. Where a bill amount is based on an estimate, the bill must state that the bill is “based on an estimate” and include a link to, or information on, how to submit a customer meter reading</li> <li>v. The (proposed) product identifier code from the Authority’s product</li> </ul>	<p>We support including key invoice information clearly upfront in the bill.</p> <p>However, there are a number of problems and challenges with these prescriptive requirements:</p> <ul style="list-style-type: none"> <li>• We are unsure why the amount does not allow for a breakdown of the costs of each bundled good. We consider that this will increase confusion for customers.</li> <li>• For customers on direct debit we do not show alternative, or other payment options. We are unsure what benefit there would be for including this information for these customers.</li> <li>• For non-direct debit customers we put payment information on the second page, as it can be lengthy</li> </ul>

<b>Proposed information requirement</b>	<b>Contact Energy comment</b>
<p>data standards consultation, if adopted – to enable interoperability with third party comparison tools</p> <p>vi. “Back bill” (where appropriate) the amount to be recovered and an explanation of that amount</p> <p>vii. “Final bill” (where appropriate)</p>	<p>and detailed. We are unsure what consumer benefit there is to moving this to the first page.</p> <ul style="list-style-type: none"> <li>When a bill is based on an estimate, we just use the word “estimated”. We are unsure what consumer benefit there will be in changing this to “based on an estimate”. Even changes like this can come with material costs as they require resizing of the elements of the bill, testing etc.</li> <li>We remain concerned that the (proposed) product identifier code will be unintuitive and unhelpful for consumers. We understand its potential value as part of a back-end system for comparing tariff rates, but it may not aid in consumer understanding of their bill. This is because we understand that a unique code will be required for every combination of plan and discount, which could result in thousands of unique identifiers across the customer base.</li> <li>We take extreme care in cases where back-billing is required. In these cases we make a dedicated call to the customer, and email/letter messages setting out why it has occurred and how they can pay. However, specifically recording back bill amounts on a bill is not possible. We consider that instead the Authority should set a principle that consumers are made aware of back billing, why it has occurred and how to pay.</li> </ul>
<p><b>(d) Contact and dispute resolution</b></p> <p>i. How to contact the retailer to seek plan information, make payment arrangements or make a complaint</p>	

<b>Proposed information requirement</b>	<b>Contact Energy comment</b>
<ul style="list-style-type: none"> <li>ii. Who to contact to make fault enquiries and report emergencies</li> <li>iii. How to make a complaint to Utilities Disputes</li> <li>iv. A link to the retailer's consumer care policy</li> </ul>	
<p><b>(e) Encouragement to compare and switch</b></p> <ul style="list-style-type: none"> <li>i. A link to the new Electricity Authority funded independent energy price comparison and switching website and a copy of its logo</li> <li>ii. A better plan message (once every six months). This would either confirm that the customer is already on the most suitable plan with that retailer, or alert them to a possible better plan and explain how to switch at no cost (see Proposal B below).</li> </ul>	<p>We support advertising the new Electricity Authority funded independent energy price comparison website on our bill.</p> <p>We do not support the better plan message. However, if this is included in the final proposal, we recommend that it is not contained in the bill. Because we have to set the format of our bill and keep it constant, there will be a blank space in 5 out of 6 months where the better plan information will be presented. We consider this a poor use of space.</p> <p>Instead we propose that the better plan message is included as a separate message provided direct to consumers.</p>
<p><b>(f) Emergency information (if relevant)</b></p> <ul style="list-style-type: none"> <li>i. Information relating to any major natural disasters, pandemics and emergencies that have occurred, where relevant.</li> </ul>	<p>Our bills are a static image that requires considerable effort to amend. It is not the place for bespoke messages in response to a disaster, which could be an indeterminate length. We consider that this information is better presented to consumers as a bespoke notification, for example via email or letter.</p> <p>A bespoke message is also more likely to be read compared to a bill, which in our experience have a very low response rate, eg for marketing comms.</p>

## Tier 2

<p><b>(a) Plan summary</b></p> <ul style="list-style-type: none"> <li>i. Plan name and (proposed) product identifier code from the Authority's product data standards consultation, if adopted</li> </ul>	<p>As noted above, we do not consider that the product identifier code will be helpful for consumers.</p>
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<b>Proposed information requirement</b>	<b>Contact Energy comment</b>
<ul style="list-style-type: none"> <li>ii. Key aspects of the plan such as shoulder, peak and off-peak hours, free hours, discounts and conditions</li> <li>iii. Contract end date</li> <li>iv. Whether any early termination or other break fees (e.g. repayment of the cost of enticements) apply to this contract and their amount</li> </ul>	
<p><b>(b) Breakdown of amount due calculation</b></p> <ul style="list-style-type: none"> <li>i. Billing period (date to date) and number of days</li> <li>ii. Previous and current reading</li> <li>iii. Usage (in accordance with plan breakdown such as peak, off-peak or shoulder, in kWh and/or MJ)</li> <li>iv. Rates (in \$)</li> <li>v. Levies (in \$)</li> <li>vi. Any credits (in \$)</li> <li>vii. Any discounts (in \$)</li> <li>viii. Any Government or other rebates (in \$)</li> <li>ix. GST (in \$)</li> <li>x. Any exports – from solar or other generation</li> <li>xi. If bundled goods or services have been received by the customer, the amounts owing for each good or service as a separate item from the amount owing for electricity</li> </ul>	<p>This section again highlights the unintended consequences of a highly prescriptive approach. For example, for our ToU ‘good’ plans we do not provide details on previous and current reading. This is because we bill consumption blocks, based on half-hour information rather than midnight readings. Information on the midnight reading of the previous and current bill will therefore not always align to the ToU billing, product and consumption packaging, and would increase confusion for customers. i.e. the meter readings would apply to non-ToU consumption which isn’t reflective of what the customer is billed.</p>
<p><b>(c) Consumption information</b></p> <ul style="list-style-type: none"> <li>i. Average daily usage and exports (in kWh or MJ and \$)</li> <li>ii. Average monthly usage and exports (in kWh or MJ and \$) and comparison with previous month, where available</li> <li>iii. Average annual usage and exports (in kWh or MJ and \$) and comparison with previous year, where available</li> </ul>	<p>Our bills present monthly consumption, including comparisons to other months. We consider that this is the right level of information for a monthly publication.</p> <p>We consider showing daily and annual usage, on a bill may cause clutter and is likely more detail that consumers wish to see on the bill.</p> <p>We present hourly and daily consumption information on our app for customers with a communicating smart meter. This means customers can access up to date information</p>

<b>Proposed information requirement</b>	<b>Contact Energy comment</b>
	and take action, rather than looking for the information on a monthly bill, that will be a few days delayed before it is received by the customer.
<p><b>(d) Additional support</b></p> <ul style="list-style-type: none"> <li>i. For customers without communicating smart meters, information about their protection from back bills of longer than six months and what support is available if they receive a back bill (e.g. payment in instalments)</li> <li>ii. Contact details for any government agencies offering financial assistance for energy hardship</li> <li>iii. Interpreter services (where the retailer has made this available)</li> <li>iv. Services for customers with hearing or speech impairments or any other disabilities (where the retailer has made this available)</li> </ul>	<p>We consider that this information can be better presented elsewhere without cluttering bills.</p> <p>We consider that information about back bills should be only presented for customers facing back bills. As above we consider a dedicated message is appropriate in this case rather than hiding in the bills.</p> <p>Contact offers service from HelloCo for real-time on phone translation, and NZ Relay for hearing impairment. Our staff are trained on when to utilise these services with customers, it is not a service that the customer themselves is able to opt-in to. This helps protect us from the material costs of these services while still offering them when truly needed. If this becomes a customer choice we will likely need to stop offering these services as the costs may become prohibitive.</p>

## Attachment 2: Response to Consultation Questions

Questions	Contact Energy Response
<b>Proposal A – Standardise billing information</b>	
Q1. Should minimum billing standards be compulsory or voluntary?	<p>We consider that mandatory billing principles is the appropriate approach, rather than the overly prescriptive mandatory information requirements. This will allow for more flexibility for innovative plans and pricing, and allow retailers to utilise their customer experience expertise.</p>
Q2. Would the Authority providing a model bill and guidelines reduce your implementation costs and the time needed to implement these changes?	<p>This is unlikely to be of material benefit. A regulator is unlikely to have greater CX and UX expertise than organisations operating in a competitive market.</p> <p>The model bill is a simplification of the changes we would be required to make. We have many variations on our bills, including multi-product customers, overdue balances, payment plans etc. Any model bill won't be able replicate this complexity.</p> <p>We will also have to design our bills within the constraints of our own billing system so will be unable to replicate the model bill in any event.</p>
Q3. Tiered layout – Do you support adopting a two-tiered approach to information on bills? If not, how should critical and important information be distinguished?	<p>No, we consider the current proposed requirements to be overly prescriptive. We would like the Authority to focus on the principles and outcomes it considers important from bills rather than prescribing the exact content, ordering and layout.</p>
Q4. Content requirements – Do you have any additions or removals to the proposed tier one and tier two content lists?	<p>We consider that the specific content should be entirely removed from the requirements,</p>
Q5. Implementation – For retailers, how much time would be needed for your organisation to incorporate this content across all billing channels? What challenges or dependencies (e.g. data collection, data standards,	<p>Implementing these requirements in stages will materially increase the implementation costs. This is because a significant part of the costs of making these changes will be testing across all the different types of bills.</p>

<b>Questions</b>	<b>Contact Energy Response</b>
<p>IT systems or staff training) need to be factored into timing?</p>	<p>As noted above, we do not have one bill, we have many bill variations to capture different customer use cases, such as multi-product customers, overdue balances, payment plans etc.</p> <p>To ensure all these bills work together we run a process called 'regression testing' where we do multiple testing iterations across all bill types. This is because a change in one bill type has flow on impacts to others, so they need repeated testing to operate as desired.</p> <p>If the changes are rolled out in stages, we will need to repeat this regression testing each time, multiplying the cost of implementation.</p>
<p>Q6. Future-proofing – What mechanisms would best ensure these standards to evolve with new technologies, plans and AI-enabled billing in future?</p>	<p>We consider that it is not possible for the highly prescriptive approach specified by the EA to be compatible with new technologies. As above we strongly recommend the EA moves to a principles based approach focussed on the outcomes it seeks to achieve, rather than the specific content.</p>

#### **Proposal B – Introduce better plan**

<p>Q7. Do you agree with the proposed better plan review mechanism?</p>	<p>No. We consider this to be an unnecessary, and expensive intervention, that will harm innovation and uptake of TOU plans.</p> <p>If this requirement is implemented, we recommend that the mandated low-user tariffs are excluded from this requirement. These requirements are due to be phased out by 1 April 2027, and it is inconsistent with the policy intent to be driving uptake of these plans in their final moments.</p> <p>We also recommend that the Code allows for these messages to be provided outside of the bill. A requirement to include them in the bill adds complexity and cost as we will need to design an entirely new bill type across all customer groups. We consider that this cost can be avoided with no impact on consumers by allowing the messages to be provided separately to the bill.</p>
<p>Q8. Is six months the right frequency for a better plan review?</p>	<p>Without prejudice to our response to Q7, we consider that this requirement should be relaxed to require each customer to receive two notices</p>

<b>Questions</b>	<b>Contact Energy Response</b>
	<p>every 12 months. This provides greater flexibility for retailers to manage around plan and price changes. A static 6-month requirement would see a recommendation given to shift to a plan that is then soon after re-priced, or cancelled. More flexibility would also allow retailers to adjust to other customer communications and avoid customer fatigue.</p>
<p>Q9. Is three months an appropriate time frame for time-of-use trials? If not, what period would you suggest?</p>	<p>Three months is insufficient to assess if customers have been able to change their behaviour to respond to a TOU plan. Our analysis also shows that TOU customers have a different seasonal profile. We therefore consider that a check-in after only three months on a TOU plan could be misleading to a large number of customers. They may receive a greater benefit during higher demand periods in winter, but miss out on that if we are only assessing summer consumption.</p> <p>Instead we recommend that at the three-month point retailers are required to provide a reminder message to customers on TOU plans about how they can shift their usage to get the most out of the incentives on offer.</p>
<p>Q10. Do you have any feedback on the risk-free time of use proposal, requirement to inform customers whether they are saving on a time-of-use plan and type of guidance given on how to shift consumption?</p>	<p>Contact Energy is the market leader in TOU plans. We continue to have material growth with around [ ] of all sign-ups coming on these plans. This proposal will therefore disproportionately affect Contact and our customers.</p> <p>These notices appear to be a disincentive to rolling out successful TOU plans, will materially increase cost to serve and harm customers' ability to achieve cost savings.</p> <p>Alongside the concern raised above about the short assessment period, our other primary concern is the expectation that retailers proactively seek to contact a customer three times to ensure they have engaged on their plan choice. This will add material costs to retailers, and would likely lead to customer fatigue. It is inconsistent with user experience best practice to</p>

<b>Questions</b>	<b>Contact Energy Response</b>
	chase customers to that degree on a matter of customer choice.
Q11. Do you support prohibiting termination fees when switching between plans with the same retailer?	
Q12. For retailers, what costs do you anticipate in implementing this change and what implementation support would reduce such costs?	Contact does not have termination fees for any switching.
Q13. Do you agree with our proposed transitional arrangements? If not, how would you change them?	

**Proposal C – Encourage consumers to compare plans across all retailers and switch where it will save them money**

Q14. Do you agree with the proposed wording of the prompt?	The prompt requires more user testing, including the space it would occupy on the bill. We provide further information above on wider changes required to the billing proposals.
Q15. For retailers, what lead-in period would you need to implement this prompt across all channels?	Minimum 18 months, to deliver on this in all channels we will need in depth CX and UX redesign to maintain the a good experience
Q16. Do you agree that each retailer should be required to maintain a catalogue to allow customers to compare their full range of plans and costs?	
Q17. For retailers, do you already have a catalogue in which you show your current and any prospective customers your generally available plans and tariffs? If not, why not?	Our website already provides full details of our available plans. We do not anticipate needing to make any change to meet this requirement.
Q18. Do you agree that the annual check-in should also include telling customers about the retailer's channels for comparing and accessing better plans?	We have no concerns with this proposal.

<b>Questions</b>	<b>Contact Energy Response</b>
<p>Q19. Do you agree that retailers should offer information about better plans whenever a customer contacts them about their bill or plan, not only when the customer explicitly asks to change plans?</p>	<p>This would add material costs to serve customers, with limited benefit in addition to the notices already required.</p> <p>We consider that the EA needs to ensure highly costly proposals are aligned with customer needs by undertaking research and engaging customer experience expertise.</p>

#### **Proposal D – Limit back-billing to protect residential and small business consumers from bill shock**

<p>Q20. Do you agree with this proposal to limit back-billing with justifiable exceptions?</p>	<p>Contact Energy already limits back billing to six months, except in cases of fraud or other customer fault.</p>
<p>Q21. Is a six-month cap reasonable?</p>	<p>We agree that formalising this protection across the sector is a positive step toward reducing bill shock and improving consumer trust.</p>
<p>Q22. Do you agree that customer should be allowed to pay back bills in instalments matching the period of the back bills? If not, what alternative do you propose?</p>	<p>Taking a customer focused approach is vital in these situations, assessing the individual's needs, financial situation, size of the bill, etc is done best as part of a discussion. It would not serve any retailers interest to create an unmanageable repayment obligation. In reality the instalments we set up are designed to help the customer meet their obligations and often go much longer than 6 months.</p>
<p>Q23. What additional proactive measures (beyond those listed) would best prevent back bills from accruing?</p>	
<p>Q24. For retailers, taking into account any operational requirements, is the proposed transition period sufficient to implement these obligations?</p>	

#### **Next steps and proposed implementation**

<p>Q25. Are these the right outcome measures to track success?</p>	
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<b>Questions</b>	<b>Contact Energy Response</b>
Q26. Do you agree with these implementation principles?	
Q27. How could we best support smaller retailers during the transition?	
Q28. Are there other interdependencies we should factor into the timetable?	
Q29. Do you agree with our preferred timing?	We consider that there needs to be a lead time of 18 months to implement all the changes as proposed. As noted throughout this submission there are some very substantive changes proposed, and a high risk of error. Implementing these changes will require redesigning our billing engine, designing a new comparison model, redesigning and testing our app, altering our invoicing system, and more.
Q30. If you prefer option 3, which elements should be delayed to 2027?	In practice implementing these changes will require us to bring in external expertise, potentially from outside of New Zealand that will have its own lead time. If all retailers are making these changes at the same time, access to this resource will likely be stretched across the industry.
Q31. How much lead time do you need to implement these proposals, should they proceed?	A phased approach would add material costs, as it would require duplicating our regression testing process, adding material implementation costs.

#### **Regulatory statement for the proposed amendment**

Q32. Do you agree with the objectives of the proposed amendment?	We support measures that improve competition and customer experience. We also support measures that support vulnerable customers.
Q33. Do you agree that the benefits of the proposed Code amendment outweigh its costs?	As we have shown in the body of this submission the Authority has materially underestimated the costs of this regime. We estimate that it will cost the industry around \$20-30m to implement these changes.  Other work by the Authority has shown that this would require benefits in the order of a 4.6%

<b>Questions</b>	<b>Contact Energy Response</b>
	<p>reduction in retail pricing. We do not consider this to be credible.</p> <p>The benefits identified by the Authority are unquantified, and not well justified. As covered in the body of this submission, we do not consider the benefits will come close to justifying the cost of the regime in its current form.</p>
Q34. Do you have any feedback on these criteria for weighing options?	
Q35. Do you agree with our assessment of the four options presented?	<p>We consider that the Authority should have also assessed an option that had mandatory billing principles, rather than prescriptive requirements. We consider that this would have materially lower compliance costs and a better outcome for consumers.</p>
Q36. Do you agree with our proposal to introduce mandatory billing improvements, rather than voluntary guidelines?	<p>No, we consider that the Authority should implement mandatory billing principles.</p>
Q37. Which elements of standardisation (if any) could remain voluntary without undermining consumer outcomes?	
Q38. Do you agree with our proposed approach regarding small businesses?	
Q39. Do you agree with our assessment on alternatives to proposal B?	<p>We agree that the proposals should not apply to small business customers. Many businesses in the small business category are sophisticated businesses with bespoke electricity plans. These are now well suited to standardisation.</p> <p>The smallest businesses are those that require the most support, and they typically utilise residential electricity plans, and would therefore be captured by this regime.</p> <p>We support not including estimated savings on the better plan messages. This will be complex to accurately calculate, and will inevitably be</p>

<b>Questions</b>	<b>Contact Energy Response</b>
	<p>different to the realised savings of a customer, causing confusion and harming trust.</p> <p>We disagree with the assessment of a 6-month check-in for new TOU customers. Our data shows TOU customers have different seasonal usage patterns, suggesting an assessment in one season may not be applicable to the possible savings over a year. We recommend that this 3-month check in is a standardised notice to all new TOU customers on how they can get the best out of their plan, and how to check they are on the best plan by using the independent switching service.</p> <p>We agree with the Authority that retailers should not be required to refund customers or undertake automatic switching. Having sharp in-market pricing is an important feature of a competitive market, allowing campaigns to grow market share, and encourage switching. This proposal would ultimately harm competition and consumers.</p>
Q40. Do you agree with our assessment on alternatives to proposal C?	
Q41. Do you agree with our assessment on alternatives to proposal D?	Yes, we consider a cap on back billing of 6 months strikes the right balance. It would be difficult to implement a shorter period, and longer leaves customers vulnerable to bill shock.
Q42. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	We have provided feedback throughout this submission on the changes required to align the benefits and costs of these proposals.
Q43. Do you agree the proposals are overall better than the alternative considered? If you disagree, please explain your preferred option in terms consistent with the Authority's	

<b>Questions</b>	<b>Contact Energy Response</b>
statutory objectives in section 15 of the Electricity Industry Act 2010.	
<b>Proposed Code amendment</b>	
Q44. Do you have any comments on the drafting of the proposed amendment?	
Q45. Do you have any comments on the transitional provisions?	
Q46. Do you have any other feedback on this consultation paper or proposed Code amendment?	