



Tuesday, 3 March 2020
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
P O Box 10041
WELLINGTON

By email only: AwarenessOfUDandPS@ea.govt.nz

Trustpower Limited
Head Office
108 Durham Street
Tauranga
Postal Address:
Private Bag 12023
Tauranga Mail Centre
Tauranga 3143
F 0800 32 93 02
Offices in
Auckland
Wellington
Christchurch
Oamaru
Freephone
0800 87 87 87
trustpower.co.nz

RAISING CONSUMER AWARENESS OF UTILITIES DISPUTES AND POWERSWITCH SERVICES

1. Background

- 1.1.1 The Electricity Price Review (**EPR**) recently highlighted the importance of raising the levels of consumer awareness of electricity price comparison websites and of complaints resolution services.
- 1.1.2 In particular, the EPR Panel recommended the Electricity Authority (**the Authority**) amend the Electricity Industry Participation Code 2010 (**the Code**) to require retailers to prominently display on their websites and consumer communications details about Powerswitch and Utilities Disputes Limited (**UDL**). This recommendation has been supported by the Government.
- 1.1.3 The Authority has recently published a request for submissions on its *Raising consumer awareness of Utilities Disputes and Powerswitch services* consultation paper (**the Consultation Paper**) which proposes to progress this recommendation
- 1.1.4 Trustpower welcomes the opportunity to provide a submission on this proposal.

2. Trustpower's view

- 2.1.1 Trustpower is supportive of measures to strengthen consumers' engagement with the electricity industry.
- 2.1.2 It is essential to develop ways to engage positively with consumers while recognising we all have too much information to process and use mental shortcuts (heuristics) to make decisions quickly and efficiently.¹ For many, the rising volume of messages across all mediums and platforms is not always empowering—instead, it can be overwhelming.
- 2.1.3 UDL and Powerswitch are important but sometimes overlooked consumer tools. As the solution to the lack of engagement with both services, the Authority is proposing for retailers² to provide information about both UDL and Powerswitch on consumer correspondence that involves the sale of electricity.
- 2.1.4 In our experience, the need/relevance of information is situation/timing specific. This is particularly the case when consumers seek information on either UDL or Powerswitch, who offer vastly different services. Communication about each service should be relevant and specific to consumers' needs – it should be fit for purpose.
- 2.1.5 With this in mind, Trustpower is broadly supportive of Authority's intent to amend the Code with regards to making information around UDL services clearer and more prominent (subject to some changes to address a number of practical considerations).

¹ Cairney, P., Kwiatkowski, R. *How to communicate effectively with policymakers: combine insights from psychology and policy studies*. Palgrave Commune 3, 37 (2017). Available from: <https://www.nature.com/articles/s41599-017-0046-8>

² And distributors who bill direct.

- 2.1.6 We also encourage the Authority to consider:
- a) amending the Powerswitch proposal so that retailers' obligations are to promote Powerswitch on their website (but not necessarily on the front page of it) and once annually on a consumer's bill for the next three years; and
 - b) acquiring the rights to the Powerswitch brand.
- 2.1.7 We explore these matters in more details in the rest of this submission.

3. UDL information should be displayed on bills and on a retailers' website

- 3.1.1 We support the Authority in considering the Code changes regarding UDL information to be limited to details being displayed on a consumer's monthly bills and on the retailers' website (as opposed through all consumer communications).
- 3.1.2 It is essential that messaging is fit for purpose and this is one of the reasons why we currently display UDL contact information on our monthly bills. The majority of complaints UDL receives are about the bill so it makes sense to display UDL's details on the invoice.³
- 3.1.3 Furthermore, as most consumers regularly research online for information, Trustpower would welcome retailers working with UDL to find a mutually agreeable location on retailers' website to display information on the services UDL offers.
- 3.1.4 Most consumer concerns and queries can be addressed by retailers working with consumers. We have a dedicated team of customer service agents whose purpose is to address our customers electricity, telecommunications and gas needs. In with our current process, we would continue to advise consumers of, and refer consumers to, UDL. Should retailers be obligated to "prominently" display UDL's details in most consumer communication there is a risk that all complaints and queries might go to UDL as the first port of call instead of the retailer. This would place an enormous strain on their resources and potentially lead to poorer consumer outcomes. A trade-off between prominence and appropriateness will be required.
- 3.1.5 As Trustpower is a multi-utility provider, we currently publish Telecommunications Dispute Resolution (TDR) information on a consumer's bill, in addition to UDL's contact details. If the Authority's proposal is accepted unchanged it may cause confusion for consumers purchasing multiple services and uncertainty as to which agency to contact in which instance (UDL v. TDR). It may also lead to a situation where there is "overcrowding" in consumer communication and the main message is not clear⁴; or instances where some services are promoted over others.
- 3.1.6 We therefore encourage the Authority in amending guiding principle 1 to include the wording "as mutually agreed with the service provider" as opposed to solely using the word "prominently". This would allow the industry to work with UDL to agree a mutually sustainable outcome that accounts for the practical realities of the obligations to be worked through over the next few months. Otherwise there is a risk of unintended consequences arising.
- 3.1.7 Finally, Trustpower is supportive of changes to the Code to make it mandatory to include information on dispute resolution schemes on consumers bills and retailers' websites with the specific details of how the arrangements are to be implemented to be worked through by UDL and relevant participants over the next few months. It is essential all retailers afford the same priority to this initiative.

4. Powerswitch brand should be advertised annually, and Authority to acquire rights

- 4.1.1 Trustpower supports a requirement being incorporated into the Code for retailers to promote the Powerswitch brand annually for the next three years as continue to consider that the industry has

³ Utilities Dispute, *Annual Report 18/19*, 4th July 2019. Available from: <http://media.utilitiesdisputes.org.nz/media/Annual%20Reports/2019%20Annual%20Report.pdf>

⁴ Particularly if similar measures are implemented in the telecommunication industry.

too many participants for a voluntary arrangement to be effective. After three years the Authority could consider whether to extend the requirement in the future, once a broader assessment of the effectiveness of the package of reforms in promoting switching can be undertaken.

- 4.1.2 We are keenly aware of our customers' needs and, in our experience, sending information about an issue that is not relevant to the consumer at that point in time can be ineffective. It risks driving disengagement between consumers and retailers, as well as adding unnecessary cost. For example, when we send a welcome letter to a customer who has newly joined Trustpower, it does not seem essential to advertise Powerswitch's services. The customer knows about the benefits of switching and is aware switching providers is a good option for them.
- 4.1.3 On the other hand, a reminder annually or at the end of a fixed-term contract with details of how to access the Powerswitch website to obtain information about competitor offers is a more efficient solution that addresses the problem and ensures communication is targeted, fit-for-purpose and effective.
- 4.1.4 More broadly, we are strongly supportive of the Authority acquiring rights to the Powerswitch website for several reasons:
- a) investment in building awareness is a long-term journey. Given Powerswitch receives government funding, it effectively becomes the "vouched for" comparison website and the longevity of the journey means it is the Authority who is best placed to oversee the independence of the comparison website (by owning the intellectual property and brand). Licensing for the comparison webpage could then be tendered to an appropriate provider, with an ongoing focus on ensuring efficiency and cost-effectiveness of the arrangements;
 - b) it would enable the Authority to run an advertising campaign similar to that which was adopted by the broadcasting industry on a number of platforms, including through social media, to improve awareness of Powerswitch; and
 - c) it aligns with the Authority's statutory objective of promoting competition for the long-term benefit of consumers. We consider that competition is working effectively in the retail electricity market and the Powerswitch website provides a trusted mechanism through which consumers can more easily engage with the market and benefit from this competitiveness.
- 4.1.5 It is worth noting that parties involved in this consultation are policy experts, not marketing experts. The designing of policy should address the source of the problem rather than the symptoms, and the design should ensure the policy is correctly targeted.⁵ Therefore, the effectiveness of the changes proposed should be tested before being locked into regulation, particularly in the absence of feedback from the consumer advisory council.⁶
- 4.1.6 For any questions relating to the material in this submission, please contact Claudia Vianello – Advisor Strategy and Regulation on 021 681 206.

Regards,



Craig Neustroski
General Manager - Markets

⁵ The Treasury (NZ), *Guidance note: Effective Consultation for Impact Analysis*, December 2019. Available from: <https://treasury.govt.nz/sites/default/files/2019-12/guidance-note-effective-consultation-impact-analysis.pdf>

⁶ The Authority notes the primary reason for not deferring making amending the Code until the consumer advisory council can be consulted on is because of potential delays by at least 12 months, and up 24 months.