



6 March 2024

Consumer plan comparison and switching

Submission from Common Grace Aotearoa

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

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

Comments

We support your proposals of website Option 4 and consumer choice support options A, B and C. These will be great steps to increase switching rates.

However these proposals are incomplete.

Please also make two specific changes to make Powerswitch work better:

- **Consumers need to be able to authorise Powerswitch to access their own personal usage data** immediately from the metering provider (rather than the status quo which gives retailers up to 5 days to release this information). If customers could authorise this, then Powerswitch's calculations could be perfectly tailored to each customer rather than reliant on estimates (which lessen users' trust). They would then be more likely to switch.
- **Powerswitch also needs to be able to access customers' plan information directly from Registry - so that customers don't need to remember which plan they're on.** To enable this, retailers need to be required to assign a unique identifier code to each plan, and

input this into the Registry, stored against ICP. Then when a customer inputs their address into Powerswitch, the website could then access data about the current provider and plan at that ICP from Registry, so the customer could use the website without knowing that information themselves. (Customers seldom know their plan name and it's not written on their bill. As you state, "Around 15% of Powerswitch call centre enquires are from users unable to find their plan name.")

The Community Advisors proposal is a good one, but please broaden their role.

- In addition to helping people compare and switch, please **train Community Advisors to also assist customers to identify breaches of the Consumer Care Guidelines, make a complaint and seek remedies.** If you are going to all the effort of training and creating a network of advisers, please ensure they can assist customers with problems, not just switching. This recommendation follows the finding by CAC in their 2023 Consumer Sentiment Survey that very few people know where to resolve disputes with their electricity retailer - only 15% would go to Utilities Disputes and 33% 'don't know' where to go for support ([full report p.36](#)). Community Advisors as touchpoints in the community would be a great way to help address this.
- Organisations that might be interested in having their staff/volunteers trained as Community Advisors include Citizens Advice Bureau, FinCap, The Salvation Army, AAAP and other budget advice services, City Missions, Community Law Centres, home energy advisors and tenancy managers of Community Housing Providers. Further options could be librarians, bank tellers, post office staff, or supermarket staff - such people are accessible in communities, and approaching them for assistance is free of any stigma.

The Best Plan proposal is a good one, but please go further.

- Require retailers to give **best plan information at least every three months.** Given these assessments (and informing customers) would be automated, there would be little cost to retailers in setting up these assessments to run more frequently.
- When making the best plan assessment, **require retailers to consider whether a meter upgrade or meter reconfiguration would provide access to cheaper plans.** In such cases, require retailers to inform customers of how they can access these changes to their meter.
- To avoid false confidence, **require retailers to follow their best plan statement with a sentence such as: "Note this is the best that *our company* can offer for your usage. Other companies may offer cheaper plans. Visit Powerswitch to see offers from other companies."**
- **Require companies to give customers the option to 'opt in' to being automatically switched to the better offer.** This would need to go along with consumer protections that (1) retailers must inform the customers of all the details of the new plan; and (2) give them an easy way to switch back at no cost. (3) 'Better plans' must not impose any

new fees (such as termination fees) that were not on the previous plan. (4) Assessments for automatic switching should be regular (such as three monthly), so that change of season or lifestyle could be quickly responded to by reassessment of the best plan.

The rationale for this is: why should companies be allowed to keep overcharging a customer, when they know they have a better plan that would be more suitable? Simply providing best plan information may not be sufficient to overcome all the reasons for 'stickiness'. The idea of automatic switching should be trialed by allowing customers to opt in - and this should be for all customers, not just those in energy hardship. This measure could prove a more powerful 'creator of switches' than other interventions you have proposed.

Consumer choice and consent could sit alongside automatic switching, if customers opt in, and have the option to easily switch back. Regular checks (every three months) would minimise harm from switching somebody only to find that their usage immediately changed, for instance due to season, or lifestyle change. Their usage change would get picked up in the next three-monthly switch.

The research examples you have cited are insufficient to rule out this idea, given its potential benefits.

- The examples of the Big Switch and Collective Switch (p.21-22 of your document) showed low percentages of people switching - between companies - when presented with cost savings. However switching to a *different company* is quite different from *switching plans within the same company*, whose interface a customer is already familiar with. The barriers to switching listed in that case¹ are less likely to apply when staying with the same retailer. That example therefore offers little insight into whether consumers would like to be automatically switched within the same company, or whether they would opt in to such a scheme.
- "The Australian Energy Regulator's November 2023 Game changer report recommends requiring retailers to automatically place consumers in hardship programmes on a 'better offer'." This is significant, but it is unclear why the benefits of automatic switches shouldn't be offered more widely than energy hardship customers.

For these reasons, please require companies to give customers the option to 'opt in' to being automatically switched to the better offer, with accompanying consumer protections.

¹ Listed in consultation document as: accuracy concerns, preferences over non-price characteristics (eg, preferring a particular supplier tariff type), ethical/environmental stance of supplier, concerns about the switching process (eg, something may go wrong) and time pressures in engaging with switching.

Beyond what you have proposed:

- **Please require retailers to include standard information on all invoices and bills**, as proposed by the Consumer Advocacy Council.
- **Finally, please ensure upcoming programmes of work prioritise the people who cannot switch** because no other retailers will take them, eg. people with poor credit scores. Please investigate ways to ensure that *everyone* can access affordable electricity, including a range of post-pay plans, regardless of credit history. Please also investigate how prepay prices compare to post-pay, and take steps to ensure that prepay providers cannot effectively penalise people who have no other options, as [recently occurred](#).