



10 September 2024

## Submission to Electricity Authority on the Consumer Care Obligations

### Introduction

#### 1. Our service

Citizens Advice Bureaux New Zealand | Ngā Pou Whakawhirinaki o Aotearoa (CAB) provides a free, confidential, and independent service of information, advice, and advocacy. We work to empower people to resolve their problems, and we use the insights gained from our work with clients to advocate for fair policies and services for all New Zealanders.

Our service is provided from over 80 locations around Aotearoa New Zealand by our 2,500 trained CAB volunteers. In the past financial year, the CAB helped with over 360,000 client interactions across the range of issues that affect people in their daily lives. Our aim is to help people know their rights and feel empowered to act on them.

Every time a person seeks the CAB's help, we record what they sought help with and what we did in response; this gives us unique information about the issues affecting people in communities nationwide.

#### 2. CAB Clients and Electricity

Every year the CAB assists over 1,000 clients specifically with electricity related issues and many more where electricity is a component of the issues we are helping clients with. Some of the common issues we help clients with include:

- Unexpectedly high bills – The single most common issue we help clients with is when they received much higher bills than usual. This causes considerable stress to many clients. Often this is a result of previous bills being estimated inaccurately.
- Other billing issues – Clients come to us with a variety of other billing issues including concern over additional fees and charges that they weren't expecting.
- Poor customer service – Clients experienced difficulty getting hold of their utilities providers in order to resolve the issues they were experiencing. This is particularly true when clients do not have access to digital channels, which many utilities companies try to push their clients into using.



- Fees, charges and issues around debt collection – this includes unwillingness of some companies to come to a reasonable agreement with clients.

### 3. Summary of submission

We welcome the shift to mandatory Consumer Care Obligations and support it as a positive step to ensure more consistency for clients receiving what is an essential service. We support the moves to clarify terms and conditions of electricity provision, expected communication between retailers and consumers, and stating customer care standards. We would like to see a strong statement in the Consumer Care Obligations which acknowledges that everyone has a right to access energy.

However, we also have some concerns about potential weaknesses of the proposed Consumer Care Obligations. These concerns include:

- That there are insufficient incentives to ensure compliance with these obligations.
- That the proposed obligations provide insufficient protections around disconnection.
- That the proposed obligations provide insufficient protections for prepay customers, who are often the most vulnerable customers.

We would also like to ensure that there is sufficient public data to allow the public, including consumer advocates, to understand more about the behaviour of electricity retailers. At a minimum this should include a regular publication of easy-to-understand schedules of fees and charges, number of disconnections, number of estimated bills and number of declined customers for each retailer.

### 4. Feedback on the proposed Consumer Care Obligations

#### Ensuring compliance with the Consumer Care Obligations

We are pleased to see the Consumer Care Obligations being made mandatory and support the change in name to signify that shift to obligation. However, we are concerned that as it stands there are insufficient incentives to ensure compliance with these obligations. We support the following changes to increase the likelihood of compliance:

- Clear communications in billing about consumer rights and how to make a complaint. We would like to see a much more robust pathway for consumers to make a complaint.
- The Electricity Authority to proactively monitor compliance, and Utilities Disputes to inform the EA of all instances of non-compliance, even if the issue is settled with an individual customer.



- The Electricity Authority to impose penalties that are big enough to motivate companies to follow the rules.
- Creation of mechanisms for timely remedy to those harmed to prevent compounding issues.
- Publication of data to help consumers and consumer advocacy organisations to understand potential areas of concern. At a minimum this should include: clear schedules of fees and charges, number of disconnections, number of estimated bills and number of declined customers for each retailer.

### Banning disconnection and reconnection fees

Given the level of harm we see caused by disconnection and reconnection fees and given that some retailers have already scrapped these fees we strongly support including a ban on disconnection and reconnection fees in the case of non-payment.

### Ensuring adequate contact with consumers prior to disconnection

A message opened on an app does not necessarily reflect it having been read. A very brief phone call that is answered but quickly ended does not provide time for conversation around assistance to avoid a disconnection that could pose a safety risk. Having these as tick boxes that retailers can utilise to move to disconnection does not reflect drafting that adequately considers the challenges faced by whānau unable to make payments. We recommend that 37 (3) & 43(1)(iii) remove courier letters and in app messages and also set a higher threshold for recorded phone calls where assistance under part 6 is clearly offered.

### Ensuring no disconnections during weather events

Protections against disconnection during a potential local emergency are vital to preventing harm. We support the protections in Proposed Obligations at 45(c) and 51 to not disconnect during a severe weather event but further recommend this also prescribe no disconnections where an official severe weather warning is in place.

### Ensuring pre-paid electricity is a reasonable price

We would like to see the obligations include a clear statement that pre-paid electricity should be no more expensive than post-pay. Given that by its very nature pre-paid electricity mitigates the risk of provision of the essential service of electricity to clients who may, for whatever reason, pose a higher risk of non-payment, it is perverse that they are then in a situation where their power costs are higher than post-paid.



### Definition of “Payment Plan”

While we support the addition of a definition of the term “Payment Plan”, we are concerned that the definition is too wide, and therefore misses the policy intent of providing a definition. We propose that “Payment plan” should be more clearly defined, something like, “A payment plan means an agreed plan, suitable to the customers circumstance, between a retailer and a customer who is anticipating or experiencing payment difficulty. Such a plan should have regard to a customer’s capacity to pay, any amount they owe, and how much energy they expect to use over the next year.”

### Ensuring customers can effectively engage with retailers

Many of the issues that we assist clients with are a result of poor communication between the retailer and consumers. Often this is exacerbated by customer frustration at the difficulty in getting hold of a person to talk to at the retailer. This is further exacerbated by the fact that many clients who are the most vulnerable also find it difficult to engage online (which retailers often push them to do). The requirement that retailers need to communicate with customers by their preferred method is good. This preferred method should be available both ways i.e. a customer should be able to phone a retailer, if that is their preferred method of contact to use.

### Requiring retailers to inform customers if they are on the cheapest plan

Given the complexity for consumers of understanding potential electricity plans, we consider that the obligation to assist customers to understand the most suitable pricing plan for their circumstances needs to be more prescriptive. We support a requirement that power bills show a prominent Best Plan Notice, letting customers know if there’s a cheaper plan available and how much they could save by switching.

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