



kate@commongrace.nz

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### **Consumer Care Obligations - 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.

### **Summary**

We welcome these binding rules for power companies in the area of consumer care. The death of Mrs Muliaga is a tragic reminder of what is at stake if disconnection processes are not treated with the utmost caution and care. These new obligations are therefore long overdue. We are sincerely grateful to the team that has developed these proposals.

On the whole we support your approach, with the following revisions:

- please require companies to visit every customer before disconnecting them.
- please require companies to inform the EA urgently (within 2 hours) if they accidentally disconnect a medically dependent consumer so that you can immediately follow up.
- please require UDL to report all breaches of these rules to the EA, even if the matter is settled between the company and individual customer. This is essential for monitoring.
- please publish a review of company compliance with these Obligations at least once per year, so there can be public accountability, and to provide public assurance that the

enforcement regime is working. The public review should include information about each company's compliance (as previous reviews of the alignment with the Consumer Care Guidelines did).

It is vital that the Electricity Authority dedicates sufficient resources to monitoring and enforcing these rules, and that you actually follow through with penalties for non-compliance. If the enforcement regime is to be effective, penalties must be large enough to have deterrent value. It's also important to have a plan to educate consumers about their rights and how to make a complaint, and ensure that consumers receive compensation so they are motivated to make a complaint. Hearing from consumers is important for its own sake, but also to compliment the EA's monitoring.

Finally, we encourage you to expand consumer protections further as soon as possible, by:

- Banning disconnection and reconnection fees in cases of unpaid bills
- Ensuring prepay prices are no higher than the cheapest post-pay offering by that company (or its parent company)
- Requiring companies to tell consumers whether they are receiving their cheapest offering
- Standardising the information required on bills.

## **Responses to your questions**

### **Q1: Do you agree with our approach to making operational improvements to the Guidelines?**

Yes.

### **Q2: Do you agree with the new outcomes we have developed?**

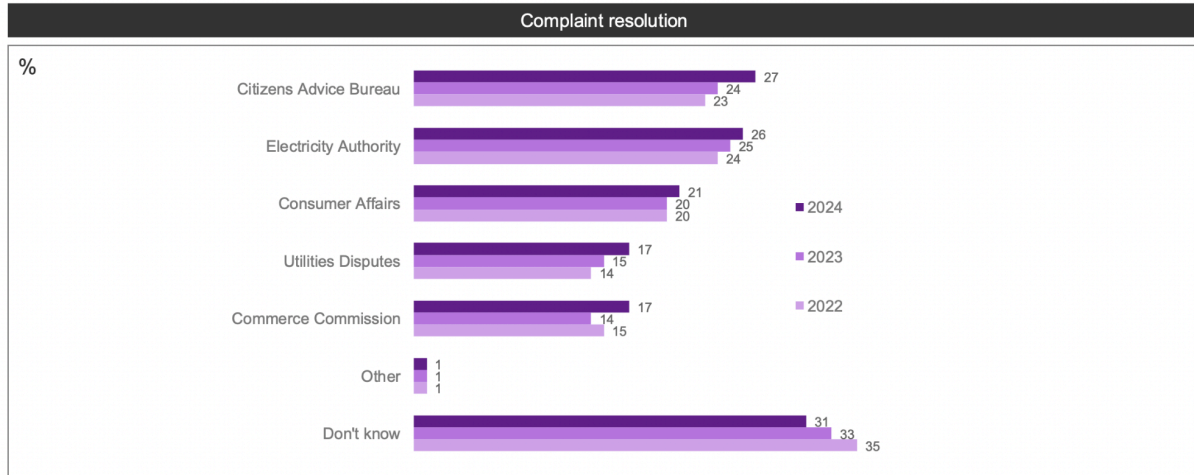
Yes but please also set outcomes about consumers knowing their rights and being empowered to make complaints.

Please note that very few consumers are aware of Utilities Disputes, despite information about UDL being on every bill. This shows the extent of education required for consumers to engage with a complaints process.

Consumer Advocacy Council's [2024 survey](#) (p.40) found that only 17% of respondents would turn to UDL if they had a complaint with their electricity provider, as shown in the graph below. As a result, they are turning to Citizens Advice Bureau, a community organisation with stretched

funding. It is important that the Electricity Authority publicises the future complaints process more effectively than UDL is currently publicised.

**Most commonly, New Zealanders would contact the Citizens Advice Bureau if they had a complaint about their electricity provider. This is a slight increase on 2023, but not a statistically significant one.**



### Q3: Do you have any concerns about retailers monitoring your electricity usage?

This is a helpful step to enable retailers to identify and support customers in hardship, or to identify customers who would be better off on a different plan.

### Q4: Do you agree with the proposed operational improvements we have made to this area of the Guidelines? (Protecting consumers experiencing payment difficulties).

Please add in a requirement for companies to visit every customer before disconnecting them. Disconnecting without visiting a property can be dangerous. Other forms of contact, such as signed courier letter, answered phone call or read in-app message may not provide the full picture of what is going on. Customers, especially if highly stressed, may not read courier letters even if they receive them. A fleeting glance at a message-app may not mean the customer has engaged with the message properly. It is important that the company visit before disconnecting.

Further, please ensure that your enforcement regime will include:

- Penalties on companies that do not follow the rules, that are large enough to have deterrent value.
- Compensation for customers who do not receive due process.

**Q5: Do you agree on our proposed operational improvements for medically dependent consumers?**

Yes, but please add in a requirement for companies to inform the Electricity Authority urgently (within 2 hours) if they accidentally disconnect a medically-dependent consumer. This urgent communication is essential so that the Electricity Authority can follow up to check that (a) the customer is all right, (b) the company has changed its practices so that the problem cannot happen again. To wait for the normal reporting cycle is too slow to prevent another accident.

Please also ensure there are significant penalties if companies breach rules around medically dependent consumers, and that there is compensation for consumers. These penalties and compensation amounts should be among the highest possible.

Please also make explicit that companies may not refuse or discontinue service to customers who are, or become, medically dependent on power. To refuse or discontinue service for this reason would be discriminatory.

**Q6: Do you agree with our proposed approach to improve monitoring and compliance?**

Yes but it needs a more thorough plan about how consumers will be involved and compensated.

Please require companies to include in every bill clear communication about the Consumer Care Obligations and how to make a complaint.

The enforcement regime also needs to include:

- A well-resourced plan to educate consumers about their rights and how to make a complaint.
- A complaints phone line that is answered quickly.
- Adequate resourcing for the EA to monitor and investigate.
- A requirement on Utilities Disputes to inform the EA of all non-compliances, even if the issue is settled with an individual customer. That's necessary for the EA to be able to monitor companies' compliance levels and trends, and to investigate and impose penalties when necessary.
- The Electricity Authority to impose penalties that are big enough to motivate companies to follow the rules. Penalties could be scaled depending on company size.
- Compensation for consumers who are wronged, so there is incentive to make a complaint.

**Q7: Do you agree with our assessment that the benefits of mandating the Consumer Care Guidelines will outweigh the costs?**

Yes definitely.

**Q8. Do you have any feedback on Part 4 of the proposed Consumer Care Obligations relating to information and records relating to consumer care?**

We've heard several instances of companies not properly recording MDC information. Breaches in this area risk people's lives and should carry significant penalties.

**Q9. Do you have any feedback on Part 3 of the proposed Consumer Care Obligations relating to when a customer signs up or is denied a contract?**

Please make explicit that companies may not refuse or discontinue service to customers who are, or become, medically dependent on power. To refuse or discontinue service for this reason would be discriminatory.

Regarding MDCs and prepay, it is probably safest to prohibit companies from offering prepay connections to MDCs. However, that may result in some MDCs being unable to access any power plan at all (if companies are not willing to offer them post-pay plans due to poor credit). This point needs careful consideration. Perhaps there needs to be a bespoke retailer-of-last-resort offering for MDCs that cannot access post-pay, given the high risks involved.

**Q13. Do you have any feedback on Part 9 of the Consumer Care Obligations relating to fees, bonds and conditional discounts?**

Our research on disconnection fees showed that very few companies provided information on how their fees related to actual costs. Transparency about those costs is essential for customers to be able to make complaints in this area.

Please require companies to break down their fees, and show transparently how these relate to actual costs, if a consumer requests this.

**Do you have any other comments on the proposed Consumer Care Obligations?**

Please publish a review of company compliance with these Obligations at least once per year, so there can be public accountability, and to provide public assurance that the enforcement regime is working. The public review should include information about each company's compliance (as previous reviews of the alignment with the Consumer Care Guidelines did).

Finally, please go further, and expand consumer protections by:

- Banning disconnection/reconnection fees in cases of unpaid bills
- Prohibiting companies from charging more for prepay than their cheapest post-pay plan (or the cheapest post-pay plan offered by their parent company).
- Requiring companies to check every six months whether consumers are on the cheapest plan that they offer, and to inform them if they offer a cheaper option.
- Requiring companies to include standard information on bills.