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6 September 2024

Consumer Care Team  
Electricity Authority  
Wellington

By e-mail: [ConsumerCareConsultation@ea.govt.nz](mailto:ConsumerCareConsultation@ea.govt.nz)

## Clause 23 - payment terms

In discussion with the Authority's team working through the Consumer Care Obligations consultation, Electric Kiwi was asked to provide specific examples of the issues this clause would cause for the retailer.

While we support obligations to ensure consumers are protected, we do not believe clauses which mandate payment timeframes will improve affordability and anticipate a negative impact on competition. As such, we ask the Authority reconsider the inclusion of such clauses.

Retailers currently have the flexibility to enable innovation in pricing methodology as well as support for customers on a more tailored basis which this clause, and Clause 37, eliminates. With Clause 37, our joint submission makes the point about tailored support for consumers. Clause 23, however, has commercial impacts we highlight in this individual submission.

The below information is based on customers not in debt or receiving support for payment difficulties.

Electric Kiwi's standard payment terms are 3 days and for [REDACTED] customers on weekly billing so this would remain unchanged with Clause 23 enforced. However, for those on fortnightly and monthly billing, this change would have a significant impact [REDACTED] on working capital. As an independent retailer, even if competition and wholesale issues did not exist in NZ, this material impact would require an increase in prices [REDACTED] to cover the loss. This increase is over and above lines increases effective from 1 April 2025, [REDACTED].

The issue of rising wholesale costs further impacts the affordable options available to consumers. Electric Kiwi has consistently voiced concern around this point in submissions and communications with the Authority, Commerce Commission and other relevant agencies.



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Further impacting consumer access to affordable energy options, we expect the lack of flexibility to tailor support for customers in debt would essentially mean more debt garnered and so we would also increase our credit score threshold to guard against bills racked up in the meantime.

Affordability aside, the clause would entail system changes which, as we have stated in the joint submission, would not be able to be completed without a transition period between publishing the obligations in December and compliance. 1 January 2025 is not a reasonable timeframe. Where the EA stated compliance should not require a transition period due to compliance with the current guidelines, we regard this clause is a significant change, notwithstanding the removal of clause xi, allowing for alternative options in the spirit of the guidelines.

We support mandating obligations but maintain they must be reasonable and achieve the stated objectives of supporting consumers to access affordable energy products. Electric Kiwi see no consumer benefit from this specific clause, only cost which will inevitably be passed on to customers.

Yours sincerely

A handwritten signature in black ink, appearing to read "Huia Burt".

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