

10/09/2024

Consumer Care Team  
Electricity Authority  
Wellington

By email: [ccc@ea.govt.nz](mailto:ccc@ea.govt.nz)

Kia ora team,

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## CONSUMER CARE OBLIGATIONS FEEDBACK

Flick welcomes the opportunity to submit in response to the Electricity Authority's Proposed Consumer Care Obligations Consultation paper.

This submission is in addition to the feedback provided in the joint independent retailers' submission to which Flick is a signatory.

Overall, we appreciate the care and consideration that the Authority has given to the Consumer Care Obligations and its collaborative approach throughout the consultation process in order to best meet the needs of Kiwi consumers.

We have been publicly vocal in our support of mandatory guidelines because we believe that it is necessary to have safeguards in place that determine a consistent baseline level of care and protection for Kiwi consumers for what is an essential service.

### **The proposed Obligations continue to be too prescriptive**

While a number of changes have been made to improve the current Guidelines, we are of the view that the proposed Consumer Care Obligations continue to be too prescriptive and have not considered that all retailers provide unique pricing plans and services. We are concerned this would create barriers to retail innovation and impose increased operational costs on retailers which would ultimately be passed on to consumers.

We note, with concern, that the Authority has chosen to remove the statement, "Retailers can align with the guidelines by adopting the recommended actions and/or taking alternative actions that achieve the purpose and outcomes". Retailers must have some flexibility as to how the guidelines are applied so that they are empowered to meet the purpose and outcomes of the Obligations in a way that best supports the needs of their customers. The current rigidity of the Obligations may have an undesired effect in removing satisfactory customer protections and forcing those retailers who already exceed the current guidelines to amend their processes to remain compliant.

### **The cost to retailers to implement the prescriptive requirements would be significant for no additional benefit**

We agree that all retailers have a responsibility to support and care for residential consumers, especially our most vulnerable members of society. Flick prioritises customer care and we have created internal systems and processes that best suit the needs of our customers. As such, the overly prescriptive requirements proposed in the Obligations would require us to update our systems at a considerable cost and with no additional benefit to our customers.

The Authority has requested Flick provide an estimate of the length of time and the cost to our business to implement the changes under the Proposed Consumer Care Obligations Consultation paper. We estimate this would take our team approximately 8 months to complete, at a cost of \$400,000.

### **The proposed timeline requires extending**

We also have substantive concerns about the Authority's intention to mandate the Consumer Care Obligations from 1 January 2025. As a retailer, this gives us very little time in which to implement any changes (especially given this is still in the consultation phase), and we would have great difficulty in extending our resources to meet this deadline.

Clause	Feedback
Schedule 11A.1 Part 3 (10)	<p>This clause does not enable a retailer to decline a prospect due to poor credit without considering a range of data points that are typically made available to the retailer through the sign-up process.</p> <p>It is unclear whether the retailer is required to proactively seek this information for consideration.</p> <p>Currently all Flick’s online sign-ups are credit checked without manual intervention. Adhering to this clause as it is currently drafted would impose significant additional cost and resources on our business. We would need to build systems to request this information and track responses and create additional processes and criteria for the assessment.</p>
Schedule 11A.1 Part 4 (15)	<p>For retailers with a large customer base, it is impractical and costly to maintain preferred communication channels and records of each customer’s preferred day or days of the week to be phoned and suitable times of those days.</p> <p>This clause also contradicts clause 26(3)(a) which requires customers to be contacted “(i) at different times of the day, and (ii) spread over a period of more than seven days”.</p> <p>It is unclear if it is acceptable for a retailer to simply record “any information the customer wishes to provide regarding the customer’s preferred language”, or whether this information must be used in written and oral communication with the customer by offering translation services in multiple languages.</p>
Schedule 11A.1 Part 5 (20)	<p>We offer our customers flexibility to move between our Off Peak and Flat plans, which they can do as and when they like through their customer dashboard, without our intervention. This ability to self-serve through our customer tools is highly valued by our customers.</p> <p>To meet the requirement of this clause Flick would be required to interact with each customer requesting a plan change. This would likely delay their change between pricing plans and could have an adverse effect on a customer’s savings. We believe this clause would be a barrier to innovation and would disempower many of our digitally savvy customers.</p>
Schedule 11A.1 Part 5 (23)	<p><b>We strongly oppose this clause.</b></p> <p>Imposing a minimum period of time between invoice and payment is not in the best interests of consumers as it delays retailers’ ability to identify consumers in hardship and help get them the support they need. We currently offer 2-day payment terms for weekly and fortnightly bills and 9-day payment terms for monthly bills. We do not receive any negative feedback regarding this from customers and do not see it as an issue because we provide daily billing totals to our customers in our online tools so that there is no bill shock, and our customers can plan payment in advance.</p>

	<p>As this clause is currently proposed, none of Flick’s payment terms would be acceptable. Amending our system to adhere to the guideline would impose significant additional costs on our business.</p>
<p>Schedule 11A.1 Part 6 (26)</p>	<p>The prescriptive nature of this clause will require changes to our existing processes at a great cost, even though our own existing processes align with the desired outcomes.</p> <p>We suggest a less prescriptive requirement that is based around delivering the desired customer outcome. This could be audited as part of the participant audit.</p>
<p>Schedule 11A.1 Part 6 (30)</p>	<p>A customer may have a decrease in electricity usage for several reasons e.g. being on holiday, a flatmate moving, or payment difficulties. It is therefore generally inefficient and costly for a retailer to monitor usage information, as a reduction in usage does not necessarily mean a customer is experiencing payment difficulties.</p> <p>Furthermore, many customers would find it highly invasive and intrusive to be questioned by their retailer as to whether they are “intentionally reducing their consumption due to actual or anticipated payment difficulties”.</p> <p>Metering data should be stored centrally, and government support agencies should be used to reach out to those in potential hardship based on a range of factors, not just electricity consumption.</p>
<p>Schedule 11A.1 Part 6 (31)</p>	<p>Retailers each have their own processes in place in regard to customers on payment plans. The overly prescriptive nature of this would add cost to the retailers without adding any value for the customer.</p>
<p>Schedule 11A.1 Part 6 (32)</p>	<p>While our internal staff are trained in engaging with customers and building rapport, we have little control over the training of our external contractors e.g. debt collectors, and there would be privacy issues in sharing customer data with these representatives.</p>
<p>Schedule 11A.1 Part 6 (39)</p>	<p>We believe issuing another final notice will have an adverse effect on the customer as the overdue amount will increase. This requirement can be achieved by advising the customer of the new disconnection date.</p>
<p>Schedule 11A.1 Part 6 (41)</p>	<p>This clause does not add value and is workably impractical. This clause would require external contractors to implement new training processes that cover these requirements, and we question whether it is reasonable to expect them to undertake this level of customer contact. At present, we have little control over the training of our external contractors. We also believe there would be privacy issues in sharing customer data with these representatives.</p> <p>Furthermore, as part of the debt collection process, the retailer will have already informed the customer of this information in written communication, and all avenues will have been exhausted prior to sending a representative to site. Requiring this process to be repeated at the customer’s premises by an external contractor is unlikely to have any further impact.</p>

<p>Schedule 11A.1 Part 6 (43)</p>	<p>We have a number of issues with this clause.</p> <p>This clause unfairly makes the retailer responsible for determining whether there is, or may be, a medically dependent consumer residing at a non-contractual site. If a consumer at a non-contractual site is Medically Dependent, we believe the responsibility should lie with them to sign up with a retailer as soon as practical.</p> <p>We do not agree with the requirement of making numerous attempts to contact the consumer before disconnecting a non-contractual property which is consuming electricity. We recently updated our process so that we now disconnect a customer's property the day after their 'move out' day. This change was implemented due to the high costs we were experiencing from uncontracted premises. To revoke this process would impose significant costs on our business.</p> <p>Similarly, contacting each uncontracted premises via a "traceable form of contact" would impose more cost burdens on retailers. In most cases if a consumer has not made contact with the property's previous retailer, they will have already chosen another retailer as such this is an unnecessary cost for the retailer to incur.</p> <p>If a retailer's only option of a traceable form of contact is to send a representative to site, this will impose significant additional costs on the retailer, and therefore consumers, too.</p> <p>We also believe this requirement would encourage fraudulent behaviour with consumers choosing to remain at the property longer without signing up with a retailer.</p>
<p>Schedule 11A.1 Part 6 (44)</p>	<p>Requiring retailers to conduct a site visit before disconnecting a consuming site which has not been signed up with a retailer would add costs to retailers which will ultimately be passed on to consumers.</p> <p>We believe the proposed amendment to include "avoid electrical disconnection occurring, even if the residential consumer has failed to act on prior attempts by the retailer to engage with them" would discourage consumers from engaging with the retailer on the grounds that they would be able to avoid disconnection through the site visit representatives. We are concerned this would add undue costs to the retailer and debt for the consumer at a cost they may be unable to afford.</p>

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