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To: The Electricity Authority
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Genesis supports mandatory Consumer Care Obligations

Genesis Energy Limited **(Genesis)** welcomes the opportunity to comment on the Electricity Authority's Proposed Consumer Care Obligations consultation paper. We reiterate our support for mandating the current Consumer Care Guidelines. As one of New Zealand's largest electricity retailers, we are proud to have helped establish the inaugural guidelines as part of ERANZ.

We welcome the Authority's ongoing work to improve the workability of the proposed Obligations, and we appreciate the Authority's willingness to engage with retailers (and other relevant stakeholders), including via the workshops earlier in the year. However, we suggest further changes are needed to improve workability and ensure the Obligations strike the right balance between protecting consumers without imposing unnecessary additional cost on retailers. Below we outline the clauses where we think greater clarification or changes are needed to make the proposed Obligations workable.

To ensure effective implementation of the Obligations, we recommend the Authority allow for an extended phase-in period of at least six months. This time will be necessary to allow retailers to make further operational changes to ensure full alignment with the wording of the new Obligations, for example providing further training to CSRs, auditing and update existing systems and process, updating all relevant external and customer communications (including written letters), and engaging relevant contractors. In Genesis's case, we are currently upgrading both our billing and CRM system, which means we will need to update two systems to ensure full alignment, including accompanying training and documentation that will go with the transition to the new platforms. The cost of these changes will not be insignificant – for example, even small changes to letters will cost Genesis (and Frank) around $100,000 in total. Moreover, under the new Obligations, retailers will no longer have flexibility about alignment, for example through use of alternative actions.

During our proposed phase-in period, the Authority could work alongside retailers to identify and iron out any unforeseen difficulties or unintended consequences, particularly with regards to clauses that are new (i.e., have no equivalent in the current Guidelines) or have been changed. Following conclusion of the phase-in period, the Authority could then move to adopting a normal compliance approach, with greater confidence and understanding of any compliance issues likely to arise. We believe this approach will improve outcomes for consumers (and retailers).

Schedule 11.A.1
11.A.2

We note the Authority's new definition of 'residential premises' and the intention to broaden this to cover types of premise excluded from the definition of 'domestic consumer'. Including the premise types listed, such as temporary accommodation (which we take to include hotels and motels), will create significant work for retailers. At Genesis, customers with these types of premises are typically treated as businesses rather than domestic consumers. As such, we will need to audit our existing customer base to identify customers who meet the definition of residential premises, then implement any process and system changes needed to ensure compliance with the Obligations. This will likely be a significant piece of work.

If this definition is retained, we ask that the Authority provide further guidance on the specific premise types that are included and excluded. This could be done using ANZSIC codes. This will give retailers clarity and certainty and reduce room for varying interpretations.

As noted above, broadening the types of premises reinforces the need to allow retailers an extended phase-in period.

11.A.10(2)

To improve efficiency, we suggest the Authority could align the timeframe within which retailers must provide this information to the timeframe for processing requests under the Privacy Act, i.e. 20 business days.

Part 2
Clause 5

Further clarity would be helpful as to what is a 'reasonable time' under clause 5(b). This could either be defined in the Code or indicated via supplementary guidance from the Authority.

Part 3
Clause 11

The requirement under clause 11(b)(i) to give 'indication as to whether the retailer is willing to reconsider supplying the person after the person engages with that agency' is problematic as it could create a misleading expectation on the consumers' part, and retailers are not able to give vague undertakings of this sort. We therefore do not think this requirement will be workable.

For similar reasons, we do not think it reasonable to require retailers to advise on changes a consumer could make to help find another retailer under clause 11(b)(ii). This risks retailers' setting expectations about other businesses' potential willingness to enter a supply contract with a consumer. We note this is an existing requirement in the Guidelines (for person-to-person discussions), and suggest it be removed (just as the requirement to provide information on competitors' product offerings has been removed).

Clause 13

Requiring retailers to communicate the full credit cycle and disconnection process to customers upfront can create a negative customer experience. It would be useful for the Authority to confirm whether the Obligation in clause 13 can be discharged in written form, for example as part of or alongside information terms and conditions.

Part 4

Clause 15(1)(b) and (c)

We do not see sufficient benefit in the requirement to request a customer's preferred day(s) of week to be phoned by the retailer, under clause 15(1)(b), to warrant its inclusion as an Obligation. In our experience, this does not improve connectivity with most customers (most of our customers prefer to be contacted via text or email), and the information quickly becomes outdated. We believe the other communication requirements in the Guidelines are sufficient protections for customers where needed. Moreover, the requirement to communicate with a customer in their preferred day is difficult to integrate alongside other Obligations which prescribe the number and frequency of communication attempts retailers must make when progressing towards any disconnection decision.

If the requirement to record a customer's preferred day of the week to be phoned is retained, we suggest this should not apply if a customer selects Saturday or Sunday.

We also suggest qualifying the requirement to record a customer's preferred language so that it is only required when appropriate. Genesis uses a translation service but is not able to communicate with customers in every language, so it may create a false expectation to record this information.

We suggest the requirement to ask all customers if they wish to use a support person or support agency may be unnecessary, as this will not be relevant for most customers. The requirement could be narrowed if included under Part 6, i.e. where a retailer knows a customer is experiencing payment difficulties.

Clause 16, overlap with clause 25

We suggest the Authority consider whether all of clause 16, relating to a customer's 'potential' to experience harm, is still necessary under the new Obligations - Clause 25 of the new Obligations defines when retailers are deemed to 'know' that a customer 'may be experiencing payment difficulties'. We suggest the two customer groups (those with potential to experience harm and those who may experience payment difficulties) effectively overlap. For the sake of simplicity and workability, clause 16 be integrated with clause 25 such that retailers are required to 'record and use information' specified under clause 25(2). Otherwise, the Obligations effectively introduce two categories of customers deemed to be in difficulty – those with 'potential' to experience difficulty under clause 16, and those who a retailer is deemed to know 'may be' experiencing difficulty under clause 25.

While we acknowledge clause 16 includes the ability for customers to self-report if they perceive themselves to be at higher risk of harm (which is, of course, highly subjective), we have two comments on this point. The first is the risk of negative customer experience, if for any reason the customer were to take offence from being

asked this question. The second is that the most impactful form of harm is already captured under protections for medically dependent customers.

Also see below our comments on clause 25(2)(c).

Clause 21

Note that Genesis' new billing platform uses actual consumption, making it more accurate than using meter readings. The Authority may wish to consider this issue in terms of ensuring the wording of this Obligation is future-proofed for such technology changes that are aligned to the intention of this clause.

Part 6

Clauses 25 & 27

The definition of when a retailer is deemed to know a customer may be experiencing payment difficulties is currently too broad and will capture a significant number of customers (many of whom are not experiencing payment difficulty). This will unreasonably increase costs for retailers without creating any proportional added benefit for consumers. We suggest changes below to ensure the Obligation is more tightly focused and therefore can better address potential harm from payment difficulty.

We suggest tightening the definition in clause 25(2)(b), amending the clause so that it defines the time period within which missed payments should be considered. For example, this could include where a customer misses more than one billing cycle within a six-month period.

We also have reservations as to the workability of the proposed new 'reasonable retailer' test as proposed in clause 25(2)(c). This is a broad, subjective definition which creates uncertainty and compliance risk for retailers. The types of situations to which it will need to apply for retailers engaging with customers will be highly varied, and each retailer has its own operational practices.

The workability of such a reasonableness test could be increased if the Obligations are complemented by guidance from the Authority, including examples of the types of practices that are (and are not) considered reasonable by the Authority. Such examples may only be available after a period of 'bedding-in', as retailers operationalise processes to give effect to the new Obligations. This reinforces our argument above in favour of allowing a phase-in period.

Reference to 'consumption changes' under clause 25(2)(c) also captures a significant number of customers, many of whom will not be in payment difficulty. For example, they may be on holiday, or the property may itself be a holiday home (a bach) with highly variable inter-season consumption.

We note this same test is used to trigger obligations under clause 27 of the proposed Consumer Care Obligations. Our comment above should therefore also be applied to clause 27.

Clause 26(2)(a) and (b)

Taken together, the current wording of the requirements under clause 26(2)(a) and (b) effectively preclude certain forms of communication, particularly phone or text messaging, because the amount of information required to be provided will not be practically conveyable using these communication methods (e.g., there is a character limit to text messages). This may frustrate retailers' ability to issue customers with notice under clause 26 using a customer's preferred communication method, as well as undermining retailers' attempts to contact customers, particularly as text message is the preferred communication method for the majority of our customers.

We also suggestion the Obligation under clause 26(2)(a) could be clarified to confirm it only requires retailers to inform the customer of the existence of their consumer care policy (and where to find it), without requiring an explanation or summary as to the contents of the policy.

We also suggest changing the Obligation so that the requirements under 26(2)(b) only apply to the requirement to issue a notice under clause 26(1)(a).

Clause 27(e) and (f)

We do not think the requirement under clause 27(e) to advise on changes to metering at the premise of a customer (experiencing payment difficulty, and not on a payment plan), including potentially changing the metering, creates sufficient benefit for customers to justify its cost. Our specific comments are as follows:

- Not all networks offer certain meter configurations.
- It can be complex for CSRs to be required to calculate whether a customer will receive a net-benefit from metering changes, requiring the CSR to factor in the upfront costs for meter changes and calculate future benefits the customer may receive. Upfront costs from meter changes may outweigh potential benefits.
- Changes to meter configuration may not suit future occupants of the premises, as they may have different consumption profiles.

Clause 30

Some customers will find it intrusive for retailers to proactively ask them why their usage has increased or decreased. Moreover, the definition of 'sudden increase' and 'material decrease' is subjective and too broad to be workable as an Obligation under the Code (we acknowledge this may be by design, to allow for different retailer approaches and different situations). However, we suggest the Obligation should be narrowed to focus more tightly on the risk of bill shock. A better approach to mitigating bill shock would be to limit this requirement to apply to retailers running high bill exception reporting.

Clause 31(2)(b)

The requirement to contact customers on a payment plan every three months to discuss whether the payment plan is meeting their needs is onerous relative to the

benefit this Obligation is likely to achieve. We suggest reducing the frequency to a minimum of six months.

Arguably, clause 31(2)(b) is unnecessary given the protections provided by clause 31(3), requiring retailers to engage customers if they indicate they are in payment difficulty.

Clause 37 and 43

The communication requirements in clause 37 are costly, and the benefits can be limited particularly where customers are unresponsive. We note signed courier letters do not guarantee the customer has received the letter, and in our experience a significant number of courier letters are returned unsigned. We suggest the requirement to attempt in-person contact under clause 37(2)(c) could be removed, and that the costs of doing so would not outweigh the benefits. We also urge the Authority to allow text messages and emails, provided they have read receipts, as forms of traceable contact under clause 37(3).

We note the requirement to send courier packs to uncontracted premises currently costs Genesis around $50,000 per annum, with relatively low levels of response or success rates.

Clause 43(c) requires retailers to offer payment options to uncontracted consumers, however this does not seem relevant given there is no contractual relationship. We also do not think it reasonable to require retailers to provide an uncontracted consumer with contact details for support agencies, or information for establishing medically dependent status (clauses 43(3)(f) and (g)).

Part 7

Clause 45

There is need for greater clarity and specificity as to how disputes are to be handled under the new Obligations. Without greater definition as to the conditions that must be satisfied for a dispute to be valid, and the conditions under which a dispute can be considered to be resolved, retailers are exposed to the risk of disputes that can go on indefinitely with no clear process for determining an endpoint. We recommend the Obligations explicitly state (in clause 45) that once a dispute is resolved it can no longer be used for a second time as a reason not to proceed to disconnection.

We recommend changing clause 45 so that it reads as follows:

> 45(1)(f) in the case of electrical disconnection for non—payment of an invoice, the customer disputes the charges relating to the electricity supply and:
> (i) The customer is engaging <u>in good faith</u> with the retailer's internal dispute resolution process…(continues);
> (ii) The dispute is unresolved, <u>with a dispute to be regarded as having been resolved once the retailer has completed their internal dispute resolution process</u>;

Part 8

Clause 53

Under clause 53(2)(c), there is a proposed new definition of when a retailer is deemed to 'know' a MDC may be temporarily or permanently residing at a customer's premises. As noted above, we have some reservations as to whether such a 'reasonable retailer' test will be workable in practice. At minimum, we suggest the Authority will need to provide guidance to retailers about how this clause will be interpreted, and that such guidance is likely to be improved after the Obligations have been in force for a period of time. This reinforces our suggestion that the EA adopt a phase-in period, to allow time for both the EA and retailers to better understand how certain new or changed clauses will apply in practice.

Clause 57(2)(b)

We do not agree with the changes to the Obligations (from the Guidelines) to require retailers to contact doctors on behalf of non-customers under clause 57(2)(b). We do not believe it is appropriate for retailers to act in this capacity for a person with whom we have no contractual relationship. We suggest removing this part of the Obligation ('...and, if a confirmation of status form has been received, the health practitioner who completed the form...').

Clause 60(2)(b) and 60(3)

We do not agree with the requirement for retailers to advise applicants they can ask retailers to obtain a confirmation status form directly from a health practitioner. We think it is unreasonable to mandate this requirement, as it will impose cost on retailers without any tangible benefit; nor do we think it unreasonable to expect consumers, who have a relationship with their health provider, to be able to provide a confirmation form.

We note there is a caveat - 'If Applicable' - it would be useful to clarify the meaning of this caveat.

Clause 63

See above our comments and suggestions regarding disputes under clause 45 – we suggest these be considered for clause 63 as well.

Clause 71

We find the wording in clause 71 to be unclear and difficult to understand, and therefore ask if the Obligation can be made clearer in any final Obligations.

Clause 77

Regarding the requirement to state the maximum limit on fees, it may be useful to clarify how this applies to bespoke work where quotes are provided. For bespoke work, retailers need to get quotes from third parties (contractors) before we know what the full costs are likely to be. An exclusion for such bespoke work would be helpful.

Clause 81(2)

The requirement under clause 81(2) to advise customers of pricing plans before removing any conditional discount is onerous relative to the benefit to consumers.

Meaning of 'conditional discount'

One final clarification is regarding the definition of 'conditional discount'. Specifically, would this include the following:

- Discounts that are only offered to 'dual fuel' customers (i.e., those who sign up for both electricity and gas/LPG)?
- Discounts that are only offered to customers who sign up for a minimum contract duration, i.e. two years?

Yours sincerely,

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