

# **Consumer Care Obligations – Retailer Guidance**

**Version 1.0**

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# Version control

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# Contents

<b>Consumer Care Obligations – Retailer Guidance</b>	<b>4</b>
<b>1. Purpose</b>	<b>4</b>
A staged approach to implementation	4
Further updates to this guidance	4
<b>2. Disclaimer</b>	<b>5</b>
<b>3. All retailers who sell electricity to residential consumers must comply with the Consumer Care Obligations</b>	<b>6</b>
Meaning of ‘retailer’	6
Is your business a retailer?	6
Meaning of ‘residential consumer’	8
If you are a retailer but do not sell electricity to residential consumers, you still have obligations under the Act and the Code	8
<b>4. Your obligations in relation to medically dependent consumers from 1 January 2025</b>	<b>9</b>
When the obligation applies	9
Steps to comply with Clause 37	10
Medically dependent consumer disconnection notification form	11
Upon receipt of the notification the Authority will take actions	11
<b>5. Your obligation to charge reasonable fees from 1 January 2025</b>	<b>12</b>
The definition of fees	12
<b>6. Guidance on reasonable fees (clause 68)</b>	<b>13</b>
Key principles	13
Principles in action	13
<b>7. The role of the Electricity Authority</b>	<b>18</b>
Monitoring and enforcement	18
Information gathering and other powers	18
Exemptions	19
<b>Appendix A Notify disconnection of medically dependent consumer</b>	<b>20</b>
<b>Appendix B Glossary of defined terms</b>	<b>22</b>

# Consumer Care Obligations – Retailer Guidance

## 1. Purpose

- 1.1. In December 2024 the Electricity Authority Te Mana Hiko (Authority) introduced the Consumer Care Obligations (CCOs). The CCOs are in Schedule 11A.1 of the Electricity Industry Participation Code 2010 (Code).
- 1.2. The CCOs are a set of minimum standards that all retailers must comply with if they sell electricity to residential consumers. Retailers who are subject to the CCOs must also provide annual compliance reports to the Authority.
- 1.3. This guidance is intended to assist retailers to:
  - (a) identify when they have obligations under the CCOs, and
  - (b) understand and comply with the CCOs.
- 1.4. Other industry participants (participants) – distributors and traders – also have obligations under the CCOs, but these obligations are more limited,<sup>1</sup> and will not come into effect until 1 April 2025.
- 1.5. All participants are expected to understand and comply with their obligations under the Act and the Code, including under the CCOs.

## A staged approach to implementation

- 1.6. Two obligations under the CCOs will come into effect from **1 January 2025**:
  - (a) Clause 37: Prohibiting retailers from disconnecting post-pay customers where they know a medically dependent consumer may be residing at that premises. If such a disconnection does occur, the retailer must notify the Authority immediately using the prescribed form.
  - (b) Clause 68: Requiring any fees charged by a retailer to be reasonable and reflective of actual costs.
- 1.7. The remaining CCOs will take effect from **1 April 2025**.

## Further updates to this guidance

- 1.8. This version 1.0 supports retailer compliance with those obligations that come into effect from 1 January 2025.
- 1.9. The Authority intends to publish a further version before 1 April 2025 to support participants' compliance with the remaining obligations under the CCOs, and with their reporting obligations under Part 11A of the Code.
- 1.10. Please contact us at [consumercare@ea.govt.nz](mailto:consumercare@ea.govt.nz) if there are any specific clauses that you think would benefit from further guidance.

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<sup>1</sup> Distributors may have obligations under clauses 35 and 60(1) of the CCOs, and traders may have obligations under clauses 51(2), 51(3) and 61 of the CCOs.

## **2. Disclaimer**

- 2.1. This guidance is provided for general information only and not as legal advice. This guidance does not establish any legal obligations in themselves.
- 2.2. While this guidance is provided to assist retailers to understand and comply with the CCOs, it is not a substitute for, nor does it form part of, the Code. It also does not address other obligations retailers may have under other parts of the Code.
- 2.3. Although the Authority has taken every care in the preparation of the content of this guidance, the Authority offers no warranty (express or implied) as to the accuracy, completeness, or legality of that content. The Authority is not liable or responsible to any persons for direct or indirect loss or damage that may result from the action or failure to act by any person in reliance on the information in this guidance.
- 2.4. The publishing of this guidance does not place any obligation on the Authority to follow any interpretation contained in it when carrying out any of its functions under the Act.

### 3. All retailers who sell electricity to residential consumers must comply with the Consumer Care Obligations

- 3.1. Every retailer who sells electricity to residential consumers must comply with the Obligations.<sup>2</sup>

#### Meaning of ‘retailer’

- 3.2. Under the Electricity Industry Act 2010 (Act), a ‘retailer’ is defined as a business engaged in retailing, and ‘retailing’ is defined as the sale of electricity to a consumer other than for the purpose of resale.<sup>3</sup> The Act also defines ‘consumer’ as any person who is supplied, or applies to be supplied, with electricity other than for resupply.
- 3.3. These definitions mean that a business will be a retailer if it is engaged in the sale of electricity to consumers, other than for resale.<sup>4</sup>
- 3.4. All businesses that meet this definition are industry participants under the Act and are subject to obligations under the Act and Code.

#### Is your business a retailer?

- 3.5. There are different types of retailers. Some retailers source their electricity directly from the wholesale market through the clearing manager. These retailers are easily identifiable because they must register with the Authority to participate in the wholesale market. These retailers are called ‘traders’ under the Code.
- 3.6. Other businesses can also be retailers, even if they purchase electricity from another retailer (or trader). Sometimes it will not be clear whether a business is a retailer. This will depend on whether the business meets the definition in the Act and is engaged in the sale of electricity to consumers (other than for resale). You will need to consider the nature and purpose of your business against this definition. Set out below are some relevant factors to consider.

#### **You may be a retailer if you charge consumers for the electricity they consume**

- 3.7. As a starting point, any business that charges consumers for the electricity they consume may be a retailer, if they are a business engaged in the sale of electricity to consumers (other than for resale).
- 3.8. This can include individuals as well as companies. It can also include businesses who charge consumers for electricity even if the consumer does not have a choice of retailer. For example, if a business arranges for electricity to be supplied by a large retailer to a ‘installation control point’ or ICP at a property, and then separately charges consumers who use electricity at that property, they may be a retailer.
- 3.9. The following factors are likely to indicate that a business is a retailer. These factors are a guide only and are not exhaustive. While you don’t necessarily need to satisfy all the factors to be considered a retailer under the Act, the more factors present, the more likely you are a

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<sup>2</sup> Clause 11A.3 of the Code.

<sup>3</sup> Section 5 of the Act.

<sup>4</sup> Clause 1.1 of the Code also provides a definition of ‘retailer’, which relevantly means ‘a participant who supplies electricity to another person for any purpose other than for resupply by the other person’. However, a business must first meet the definition of ‘retailer’ in the Act for the Code provisions to apply. If that definition is met, the business will also be a ‘retailer’ under the Code.

retailer. If you are unsure whether you are a retailer under the Act, or how the Code applies to you, the Authority encourages you to seek your own legal advice.

**1. You are regularly engaged in retailing activities**

- 3.10. A retailer is a 'business engaged in retailing'. If you are regularly undertaking electricity retailing activities, you are likely to be a retailer. For example, if you have agreements with customers at different locations or ICPs to sell them electricity for them to consume, you are likely a retailer.
- 3.11. This does not mean that retailing needs to be your primary business activity. For example, if electricity is an add-on or part of a bundled service you provide, you will still likely be considered a retailer.

**2. You receive some financial benefit from your retailing activities**

- 3.12. If you apply a margin to your retailing activities or receive some other financial benefit from retailing activities (or intend to in future) you are likely to be considered a retailer, because the presence of a profit-making intention indicates you are a business engaged in retailing.
- 3.13. However, this does not mean you have to be obtaining financial benefit to be considered a retailer. Businesses not looking to profit from selling electricity, such as non-profit organisations who sell electricity to consumers in hardship, can also be retailers, if they are performing the functions of a retailer and meet the other indicators.

**3. You invoice consumers for their electricity consumption**

- 3.14. If you invoice consumers for electricity they have consumed, this indicates that you are a business engaged in retailing. This will be a strong indicator if you invoice a customer for their actual (metered) consumption. However, you might still be considered a retailer if you separately invoice consumers for a fixed amount or a proportion of actual or estimated consumption.

**4. You can disconnect consumers if they don't pay for their electricity consumption**

- 3.15. If you can disconnect a consumer's electricity supply if they do not pay their bills, this is a strong indication that you are a retailer (even if you don't as a matter of policy disconnect consumers for non-payment). That is because we see disconnection for non-payment as being a core component of operating as a retailer, and an important basis for regulating retailers to ensure reliable supply and to protect consumers.

**You are unlikely to be a retailer if you are simply recovering the costs of electricity from others**

- 3.16. If you arrange for electricity to be supplied by another retailer and are simply recovering the costs of that electricity from others, you are unlikely to be a retailer if the indicators above are not present.
- 3.17. For example, a residential customer who shares the cost of their power bills with others in their household will not be a retailer, because they are not a business engaged in the sale of electricity.
- 3.18. Many businesses, such as hotels, motels, campgrounds and marinas incur costs relating to consumers' use of electricity which are incidental to their business activities, alongside other business costs like telecommunications, water, and heating costs. Simply recovering electricity costs from consumers in the standard price or fee they charge for their services (such as the room, site or berth rates they charge) will not make that business a retailer.

- 3.19. However, in some cases a business might charge customers for electricity consumption separately. For example, some accommodation providers might charge long-term residents a separate fee for electricity they consume. This may mean that the business is operating as a retailer, because they are selling electricity as a separate and identifiable service. Ultimately, whether such a business is a retailer will depend on the specific circumstances, including how many of the above indicators are present.
- 3.20. Owners and managers of buildings or other ‘embedded networks’, such as residential apartment buildings, may supply electricity to communal areas but not to tenants’ units or apartments. These businesses are also unlikely to be a retailer, even if they recover the costs of electricity supplied to communal areas from tenants through standard fees or charges such as rent, body corporate fees or management fees. This is because they do not sell electricity to consumers directly, they only supply electricity for a common use and recover those costs from tenants.

## Meaning of ‘residential consumer’

- 3.21. If you are a retailer, you must comply with the CCOs if you sell electricity to residential consumers.
- 3.22. The Code defines a ‘residential consumer’ as a person who uses electricity in respect of residential premises, and ‘residential premises’ means any premises used or intended for occupation by any person as a place of residence.<sup>5</sup>
- 3.23. This means that retailers must comply with the CCOs when they sell electricity to consumers who are using that electricity in respect of a residential premises. This will include when retailers sell electricity to owner occupiers and tenants of residential premises.
- 3.24. If you are only selling electricity to commercial and industrial customers, you won’t have obligations as a retailer under the CCOs. However, you might still have obligations as a trader, under clauses 51(2), 51(3) and 61 of the CCOs.

## If you are a retailer but do not sell electricity to residential consumers, you still have obligations under the Act and the Code

- 3.25. Retailers that do not sell electricity to residential consumers still have obligations under the Act and the Code, including:
- (a) registering as a participant with the Authority
  - (b) belonging to an approved dispute resolution scheme
  - (c) complying with obligations under the Code, such as obligations to provide consumption information to customers on request, include certain information on bills and your website, and follow certain procedures in relation to customer switching.
- 3.26. Retailers who are traders have additional obligations under the Code.

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<sup>5</sup> Clause 11A.2 of the Code.



## 4. Your obligations in relation to medically dependent consumers from 1 January 2025

- 4.1. Retailers are prohibited under clause 37 from disconnecting electricity supply to a post-pay customer's premises if the retailer knows that a medically dependent consumer may be permanently or temporarily residing there. The only exception is for emergency electrical disconnections.
- 4.2. This obligation reflects the high priority placed on ensuring continued electricity supply to medically dependent consumers.
- 4.3. If a disconnection inadvertently occurs under these circumstances, the retailer must notify the Authority immediately using the prescribed form available on the Authority's information provision platform ([Infoprov](#)).

### When the obligation applies

- 4.4. Clause 37 applies when a retailer '*knows a medically dependent consumer may be permanently or temporarily residing*' at a post-pay customer's premises.
- 4.5. The terms 'medically dependent consumer', 'post-pay' and 'customer' are defined in the CCOs, and included in the glossary in Appendix B.
- 4.6. The CCOs refer to '*permanently or temporarily residing*' to ensure that all possibilities are captured, including the situation when a person splits their time at more than one property, either on a permanent or temporary basis.
- 4.7. Retailers are not required to comply with other clauses of the CCOs until 1 April 2024. However, some clauses do not impose obligations on retailers, but instead provide important interpretive guidance to help retailers understand and comply with their obligations under the CCOs. Several clauses are relevant to the obligation in clause 37.
- 4.8. Clause 46(2) explains that a retailer will be considered to 'know' a medically dependent consumer 'may' be permanently or temporarily residing at a customer's premises:
  - (a) If the retailer has recorded that the customer, or any other residential consumer who permanently or temporarily resides at the premises, has medically dependent consumer status. This will include any actual (verified) or potential (unverified) medically dependent consumers the retailer has recorded under the current Consumer Care Guidelines.<sup>6</sup>
  - (b) If the retailer has received an application (in any form) from the customer or any other residential consumer who permanently or temporarily resides at the premises for medically dependent consumer status, and the retailer has not yet decided the application.
  - (c) If the retailer otherwise becomes aware of information that a reasonable retailer would consider indicates that a medically dependent consumer may be residing at those premises. This might be the case, for example, if a household or family member, or another third party such as a health practitioner or social service provider, contacts the

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<sup>6</sup> Under the CCOs, a retailer will not need to ask a consumer for verification from a health practitioner before they record them as medically dependent. If the retailer chooses not to require verification when an application is received, they can ask for verification later, as part of a review of a person's medically dependent consumer status.

retailer to let them know that a medically dependent consumer is residing at a customer's premises.

- 4.9. Clause 63 clarifies the circumstances where a retailer may no longer regard a person as someone who 'may' be a medically dependent consumer, including for the purposes of clause 37. This will include:
- (a) where the customer or residential consumer requests that they no longer be regarded as a medically dependent consumer
  - (b) where they customer or residential consumer no longer receives electricity from the retailer
  - (c) where paragraph 4.8(c) above applies, and the retailer has used best endeavours to request an application for medically dependent consumer status and has not received an application (in any form) after 21 business days<sup>7</sup>
  - (d) where a retailer has validly declined an application for medically dependent consumer status.
- 4.10. This means that a retailer will not be in breach of clause 37 if any of these circumstances apply.
- 4.11. You must ensure you keep records of all activities regulated under the CCOs, including records of medically dependent consumer applications and associated matters.<sup>8</sup>

## Steps to comply with Clause 37

- 4.12. We expect retailers to already have systems in place to comply with clause 37 from 1 January 2025, as the obligation mirrors the existing recommendation in the Guidelines to not disconnect a post-pay customer's premises if a verified or unverified medically dependent consumer permanently or temporarily resides at the premises.<sup>9</sup>
- 4.13. At a minimum, we expect these systems to provide for:
- (a) the identification of medically dependent consumers, including processes to:
    - (i) record when the retailer receives an application for medically dependent consumer status, or other relevant information,
    - (ii) request and process applications for medically dependent consumer status, and
    - (iii) update records when notified of changes
  - (b) disconnection processes that ensure no disconnection of medically dependent consumers, or consumers who may be medically dependent, such as steps to check for medically dependent consumer information before initiating disconnections
  - (c) appropriate training for staff on how to identify medically dependent consumers and comply with clause 37.
- 4.14. The requirement to promptly notify the Authority in case of disconnections affecting medically dependent consumers is a new requirement. Retailers must use the prescribed form, *Notify disconnection of medically dependent consumer*.

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<sup>7</sup> A retailer will not be required to comply with the obligation in clause 48 to request an application when it becomes aware of relevant information, until 1 April 2024. However, if a retailer does take this step, that would be relevant to the clause 37 obligation, in accordance with clause 63(1)(c).

<sup>8</sup> See clause 11A.6 of the Code.

<sup>9</sup> See clause 66(b) of the Guidelines.

## Medically dependent consumer disconnection notification form

4.15. Retailers must use the form, which is available in InfoProv and also included in Appendix A to notify the Authority of disconnections under clause 37.

### Upon receipt of the notification the Authority will take actions

4.16. Upon receipt of the notification we will take steps which may include, depending in each case:

- (a) **Acknowledge receipt and log the incident:** Acknowledge receipt of the notification form via email or other agreed communication channels and record the details.
- (b) **Contact the retailer and/or support services (if necessary):** If clarification is needed, we will contact the retailer for additional context or supporting evidence. We may also notify relevant support services, if appropriate, to ensure the medically dependent consumer receives assistance in resolving the situation.
- (c) **Assess compliance/ potential breaches of the Obligations:** Review the circumstances to determine if the disconnection was consistent with clause 37 (eg, if it was due to an emergency). If non-compliance is suspected, escalate to our compliance breach process.
- (d) **Monitor reconnection:** Confirm with the retailer that the electricity supply has been restored as soon as possible.
- (e) **Record outcomes:** Document the resolution of the incident, including timelines for reconnection and any enforcement actions taken.
- (f) **Report trends:** Periodically review and report on notifications to identify systemic issues or areas where additional retailer guidance may be needed.

## **5. Your obligation to charge reasonable fees from 1 January 2025**

- 5.1. Clause 68 requires any fees charged by a retailer to be reasonable and reflective of actual costs. Specifically, retailers must ensure that any fees charged to customers:
  - (a) do not exceed reasonable estimates of the costs the fee is contributing to
  - (b) are otherwise reasonable, balancing precision with administrative and practical efficiency
  - (c) are not used to offset future costs, and
  - (d) do not attempt to recover any deficit from a previous under-recovery.
- 5.2. The intent of these protections is to ensure any fees charged by retailers to residential consumers are reasonable across the retail market.
- 5.3. Retailers will need to be able to demonstrate that their fees meet these requirements. Guidance on setting reasonable fees is provided in section 6 below.
- 5.4. Additional obligations relating to fees, conditional discounts and bonds will come into force from 1 April 2025 including to ensure customers have information about fees and to set maximum limits of what fees are charged where possible.
- 5.5. Note that the obligations under Part 9 closely align with the recommended actions under the Guidelines.

### **The definition of fees**

- 5.6. Clause 68 applies to all fees charged by retailers to residential customers in connection with the supply of electricity. It covers fees related to service provision, including disconnection or reconnection fees and fixed-term contract termination fees.
- 5.7. It does not apply to other charges such as interest charges; government-mandated charges, duties, taxes, or levies; and any fees charged by unrelated third parties (e.g., bank-imposed credit card fees).
- 5.8. It also does not apply to the electricity price (the rate which constitutes a pricing plan, as defined in Appendix B).

## 6. Guidance on reasonable fees (clause 68)

- 6.1. Reasonableness is central to the fee setting requirements in clause 68. The following principles support compliance with clause 68 and provide a foundation for reasonable fee-setting practices.

### Key principles

#### **1. Fees should recover no more than actual costs (at a maximum)**

- 6.2. Fees must recover only the actual costs incurred relevant to the fee the services charged for and cannot be used to generate a profit or recover unrelated costs.

#### **2. Fees should be closely connected to the activity charged for**

- 6.3. A retailer must ensure that costs recovered are sufficiently close and relevant to the activity charged for.

#### **3. Not all actual costs are reasonable**

- 6.4. If costs, while actually incurred, are unusually high or relate to a step unreasonably taken or are not consistent with the standard of the service, they may be considered unreasonable.

#### **4. Fees should not be used as a penalty or to deter conduct**

- 6.5. Fees should not be used as a penalty or to deter customer conduct. Fees must be a genuine estimate of costs incurred.

#### **5. Retailers may average costs for appropriate groups**

- 6.6. Fees may be grouped to reflect average costs for similar services, provided the group is so similar in nature it is likely to attract the same type and level of costs.

#### **6. Costs may be estimated**

- 6.7. Retailers necessarily must estimate their costs in order to disclose fees in advance of a customer being charged. Any fee charged must not exceed reasonable estimates of the costs the fee is identified as contributing to. Estimated costs should be as accurate as possible, taking account of both past experience and likely future costs.

#### **7. Fees must be justifiable**

- 6.8. Retailers should be able to substantiate their fees with clear documentation and cost breakdowns. Cost calculations should follow standard accounting principles, supporting accountability and regulatory oversight. All closely related costs should be identified and, where necessary, appropriately apportioned.

### Principles in action

- 6.9. Further information on how the Authority expects the principles to be applied in practice is set out below. We have provided some hypothetical examples to help illustrate both acceptable and unacceptable practices. We acknowledge fee-setting inputs and methodologies will be more complex in practice.

#### **Principles 1 and 2: fees must recover no more than actual costs and be closely connected to the activity charged for**

- 6.10. At their maximum, fees should only recover the actual costs a retailer incurs to provide a good or service. Fees must not include profit generation.

- 6.11. Fees must directly relate to the specific activity for which they are charged and should not include costs from unrelated activities, including past financial under-recoveries or anticipated future costs.
- 6.12. This principle helps to ensure a fair marketplace and helps to avoid inadvertent cross-subsidisation. Costs may include:
- (a) expenses directly tied to the provision of an activity, such as installing and maintaining smart meters or customer interactions (referred to as variable costs or direct costs).
  - (b) overhead costs that support the activity being delivered, but aren't directly related, such as office rent, IT systems, or administrative staff salaries (referred to as fixed costs or indirect costs) **but only where:**
    - (i) the retailer can establish a sufficiently close connection to the activity being charged for; and
    - (ii) an appropriate apportionment is made.
- 6.13. Examples of general costs that should not be recovered (as will not be activity-specific) include marketing and advertising costs, bad debt write offs, cost of capital or costs relating to the retailers funding arrangements and operating structures.

**Examples of Principle 1 and 2**

**Example 1 - acceptable practice:**

Retailer A charges a fee of \$75 for an in-person disconnection service. The fee covers:

- the direct cost of a technician visiting the site (\$50),
- administrative processing of the disconnection order (\$15),
- an appropriate portion of shared overhead costs, such as customer service and operational support that have a close connection to the disconnection activity (\$10).

This fee is based on direct costs as well as an appropriate apportionment of closely connected fixed or indirect costs. Both are reasonable and have been justified through adequate documentation. This fee complies with clause 68 of the Obligations.

**Example 2 – unacceptable practice:**

Retailer B charges their customers \$150 for their electricity to be reconnected following being disconnected for non-payment. A breakdown of the costs shows:

- the direct cost of a technician visiting the site is \$60,
- administrative processing of the reconnection cost is \$20,
- the remaining \$70 is used to cover a portion of the retailer's annual marketing expenses.

This fee would not comply with clause 68 of the Obligation as it includes costs not closely linked to the reconnection service and goes beyond cost recovery.

**Example 3 - unacceptable practice:**

Retailer C charges a flat fee of \$100 for a meter reading, which includes a \$30 'contingency fund' for future equipment upgrades. This violates Principle 2 as it covers future speculative costs rather than costs closely connected to the service provided. This fee would not comply with clause 68.

**Principles 3 and 4: not all actual costs are reasonable | fees should not be used as a penalty or for deterrence**

- 6.14. Fees that are reflective of costs incurred and closely related to the relevant activity may still be unreasonable if the costs are unreasonably high.
- 6.15. Fees may be unreasonably high if:
- (a) retailers include costs which are significantly higher than industry norms,
  - (b) retailers use inefficient business models that unnecessarily increase costs,
  - (c) retailers include costs that are not necessary or do not reflect the quality or scope of the good or service.
- 6.16. While consistency with commercial norms may assist in identifying whether actual costs are reasonable, the retailer's own costs remain the critical consideration.
- 6.17. Deterrent fees, or fees that exceed actual costs to discourage certain behaviours, are not permissible. Fees must reflect actual costs and be closely connected with the activity the fee relates to.

**Examples of Principles 3 and 4**

**Example 1 - acceptable practice:**

Retailer D charges a \$10 flat-rate late payment fee to customers who don't pay their bills on time, regardless of how late they pay or how the retailer communicates with them. In addition to this fee, their outstanding bill will start to accumulate interest which the retailer will also pass on to the customer. The late-payment fee includes:

- Staff time for issuing late payment notices (\$5),
- IT systems cost for tracking late payments (\$3),
- Hard-copy letters being sent to late-paying customers who need to be contacted by post (\$2).

Assuming staff and IT costs are closely connected and appropriately apportioned, this fee would comply with clause 68, as it includes reasonable and justifiable direct and indirect costs which are directly associated with late payments. Note that the \$2 fee for sending a letter would be unreasonable if it was estimated for all late-paying customers but was not sent in all cases.

**Example 2 – unacceptable practice:**

Retailer E charges a \$50 late payment fee. A cost analysis shows the administrative cost of handling late payments is only \$8, and the rest is added to discourage late payments. This is an unreasonable fee, as it exceeds the actual cost and includes an unjustified penalty. This fee would not comply with clause 68.

**Principles 5: estimated fees**

- 6.18. Retailers may need to estimate costs in order to give advance notice of fees. While exact precision is not required for estimated fees, the retailer should make reasonable efforts to ensure the estimated fees are as accurate as possible. It remains important to ensure estimated costs are closely connected with the activity and appropriately apportioned using a documented and reasoned approach.

- 6.19. Estimated costs should be based on past experience (where applicable) and should use a forward-looking approach to reflect likely future costs. Where there is no past cost data, a greater degree of activity specific estimation is required.
- 6.20. Estimated costs should be regularly reviewed against actual costs. This is to ensure the fees charged only recover activity-specific costs and are not unreasonable.

**Principle 6: fees may be grouped to reflect average costs**

- 6.21. Retailers may group fees where appropriate to reflect average costs for similar services. This allows for administrative simplicity without compromising reasonableness.
- 6.22. It is important that the group or class is sufficiently similar that it is likely to attract the same type and level of costs. If there are distinct variations in costs within a group, consideration should be given to creating different groups or classes.
- 6.23. Appropriate groupings may include remote disconnection fees, rural in-person disconnection fees, urban in-person connection fees etc.
- 6.24. Grouping fees should avoid overcharging a particular group of customers, particularly by applying uniform charges when costs vary significantly between different customer segments.
- 6.25. Retailers must not charge fees that recover costs not yet incurred. Any shared costs included in fee structures must be proportioned fairly and efficiently to the relevant transactions.

**Examples of Principle 5 – fees must be appropriately grouped**

**Example 1 – acceptable practice:**

Retailer K groups manual ‘in-person’ disconnection fees for urban and rural customers separately based on average costs for disconnecting customers in each group. The fees are estimated based on past experiences but include a maximum cap to ensure they remain reasonable if further costs arise unexpectedly. They charge a disconnection fee of \$50 for urban customers, and \$100 for rural customers due to the increased costs involved in servicing rural areas. This segmentation reflects the different costs incurred for each customer group and ensures that fees are proportionate to the service provided.

These fees would comply with clause 68 of the Obligations.

**Example 2 – unacceptable practice:**

Retailer M bundles multiple service fees (such as disconnection, reconnection, and meter reading) into a single service management fee of \$200. However, the actual cost of each service varies widely, and customers who only require one service are overcharged for the others. This failure to group fees appropriately violates the principle of fair and efficient cost allocation.

**Principle 7: fees must be justifiable**

- 6.26. Retailers must be able to justify any fee they charge by accurately demonstrating how the fee was calculated and ensuring it is based on either actual costs incurred or reasonably estimated costs.
- 6.27. Cost calculations should follow standard accounting principles, supporting accountability and regulatory oversight. All closely related costs should be identified and, where necessary, appropriately apportioned.



- 6.28. Where a retailer sets its fees in advance by estimating costs, it should apportion costs using a consistent, robust and reasoned approach which is well documented.
- 6.29. Retailers should maintain clear documentation that supports the fee structure, providing transparency and accountability for their fee-setting practices. They should be able to record and explain:
- (a) costs associated with the matter giving rise to the fee and explain the connection,
  - (b) provide the basis for determining the total amount of the closely related costs, including information the retailer has used to make any forward-looking estimates.
- 6.30. If the Authority requests, the retailer should provide enough information for the Authority to understand and assess whether the:
- (a) basis or method for setting the fee is appropriate; and
  - (b) fees are reasonably costed.
- 6.31. Where a retailer sets fees by identifying and apportioning costs using a documented, consistent and reasoned approach, referencing generally accepted principles of activity-based accounting, its approach is likely to be reasonable.

## 7. The role of the Electricity Authority

### Monitoring and enforcement

- 7.1. The Authority is responsible for monitoring and enforcing compliance with the Code, including the CCOs. This includes:
- (a) monitoring compliance with the CCOs, including through receipt and analysis of annual retailer compliance reports<sup>10</sup> to identify trends and patterns that may indicate systemic issues
  - (b) trend analysis to ensure that the CCOs are functioning as intended and benefiting consumers without imposing undue costs on industry participants
  - (c) enforcement of serious breaches, where appropriate through the established Rulings Panel.
- 7.2. We adopt a targeted enforcement approach undertaken in accordance with the Electricity Industry (Enforcement) Regulations 2010 and relevant enforcement and compliance policies, which are available on our website.
- 7.3. Under the Act, the Rulings Panel has the power to make a range of remedial orders if a participant breaches the Code, including requiring a participant to pay a pecuniary penalty not exceeding \$2 million (plus a further amount of up to \$10,000 per day for ongoing breaches), and making a compensation order requiring a participant to pay a sum by way of compensation to any other person.<sup>11</sup>

### Information gathering and other powers

- 7.4. The Authority has powers to gather information from participants for the purpose of monitoring compliance with the Code.<sup>12</sup>
- 7.5. The Authority has the power to require an industry participant to:
- (a) provide information, papers, recordings, and documents that are in the possession, or under the control, of the participant;
  - (b) permit its officers or employees to be interviewed; and
  - (c) give all other assistance that may be reasonable and necessary to enable the Authority to carry out its functions and exercise its powers.
- 7.6. The processes that the Authority will apply in respect of these information gathering powers are described in the Authority's [Guidelines on Information Gathering Powers under the Electricity Industry Act 2010](#).
- 7.7. Under the Code, the Authority may also require information about the policies, procedures and processes a retailer or distributor has implemented for the purpose of complying with the CCOs, and in relation to a retailer, such other supporting evidence the retailer has relied on to make a compliance report to the Authority.<sup>13</sup>

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<sup>10</sup> See clause 11A.4 of the Code.

<sup>11</sup> Section 54 of the Act.

<sup>12</sup> Section 45(a)(i) and 46 of the Act.

<sup>13</sup> Clause 11A.5 of the Code.

## Exemptions

- 7.8. Section 11 of the Act gives the Authority the power to exempt a participant from complying with their obligations under the Code, which now include obligations under the CCOs.
- 7.9. To grant a Code exemption, the Authority must be satisfied that:
  - (a) it is not necessary, for the purpose of achieving the Authority's objectives under section 15, for the participant to comply with the Code or the specific provisions of the Code; or
  - (b) exempting the participant from the requirement to comply with the Code or the specific provisions of the Code would better achieve the Authority's objectives than requiring compliance.
- 7.10. An overview of the Code exemption process is outlined in the Authority's separate Guidelines on Code exemptions, available on the Authority's website: [Guidelines on Code exemptions \(ea.govt.nz\)](https://www.ea.govt.nz/guidelines-on-code-exemptions).

# Appendix A Notify disconnection of medically dependent consumer



## Information Provision

[Make a submission](#) / Notify disconnection of medically dependent consumer

Dataset definition

### Notify disconnection of medically dependent consumer

*Form is in testing - all data entered here is for testing purposes only*

Under the Consumer Care Obligations, a retailer must not electrically disconnect a post-pay customer's premises at which the retailer knows a medically dependent consumer may be permanently or temporarily residing.

The retailer must notify the Authority in the prescribed form as soon as it becomes aware of any electrical disconnection has resulted in such a person being without electricity.

See clause 37 of the Consumer Care Obligations (Electricity Industry Participation Code 2010, Schedule 11A.1).

#### Event information

Notifying retailer

If the retailer is not in the list above please state retailer name here

ICP number

Network area

Date of the disconnection

Time of the disconnection ⓘ

Reason for disconnection

Actions taken so far post-disconnection ⓘ

Any other relevant information

**Retailer contact information** Please provide contact information of the appropriate person for the Authority to discuss this matter.

Name

Title

Phone number

Email

Cancel

**ELECTRICITY AUTHORITY**  
TE MANA HIKO 

**Te Kāwanatanga o Aotearoa**  
New Zealand Government

## Appendix B Glossary of defined terms

The Act and the Code contain many definitions relevant to the CCOs. The table below contains key definitions of terms which are mentioned in these guidelines.

CCOs	Consumer Care Obligations set out in Schedule 11A.1 of the Code
Code	Electricity Industry Participation Code 2010
customer	a <b>residential consumer</b> who has entered into a contract with a <b>retailer</b> for the supply of <b>electricity</b> to the <b>residential consumer's</b> premises, where the <b>electricity</b> supplied is used fully or partly for residential purposes
electrical disconnection	the operation of a device so that <b>electricity</b> is unable to flow, including through a point of connection
electricity	electrical energy measured in kilowatt-hours (kWh)
Fee	an amount that a <b>retailer</b> charges a <b>customer</b> in connection with the supply of <b>electricity</b> other than a rate which constitutes a <b>pricing plan</b> , and includes a break fee for a fixed term contract or a fee for <b>electrical disconnection</b> or <b>reconnection</b>
ICP	installation control point
Infoprov	Authority's information provision platform
medically dependent consumer	a <b>residential consumer</b> who depends on mains <b>electricity</b> for critical medical support, such that loss of <b>electricity</b> supply may result in loss of life or serious harm, including a <b>residential consumer</b> who depends on medical or other electrical equipment to support a medical treatment regime (which may include use of a microwave to heat fluids for renal dialysis and similar use of electrical equipment)
post-pay	a <b>product offering</b> or contract where the <b>retailer</b> charges the <b>customer</b> for <b>electricity</b> after it has been consumed and includes pay-ahead plans, being pricing plans under which a <b>customer</b> can purchase an amount of <b>electricity</b> in advance with the <b>retailer</b> then managing under- and over-payments as required
prepay	a <b>product offering</b> or contract where the <b>customer</b> pays the <b>retailer</b> for <b>electricity</b> before the <b>electricity</b> is consumed, and the <b>customer</b> is <b>electrically disconnected</b> if the <b>customer's</b> pre-paid credit expires or any approved arrears limit is reached
pricing plan	the rate or rates charged for <b>electricity</b> supplied to the <b>customer</b> under their contract or offered as part of a <b>product offering</b> , and includes rates charged per kWh (such as night, daily, anytime rates), any fixed rates or fixed or variable charges (such as a daily fixed charge), as well as any costs related to the supply of <b>electricity</b> which are passed through to the <b>customer</b>

product offering	an offer for the supply of <b>electricity</b> at an <b>ICP</b> offered by a <b>retailer</b>
reconnection	an <b>electrical connection</b> following an <b>electrical disconnection</b>
residential consumer	a person who uses <b>electricity</b> in respect of <b>residential premises</b>
residential premises	any premises used or intended for occupation by any person as a place of residence
retailer	a business engaged in the sale of electricity to consumers other than for resale (under the Act)