

From: energymarkets@mbie.govt.nz
To: [Energy Markets](#)
Subject: Electricity Price Review submission
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Region

Wellington

Category

Other Industry Groups, Advocates, Service Providers, Technology Companies

Do you accept these terms & conditions?

Yes

A1. Establish a consumer advisory council

Utilities Disputes supports establishing a consumer advisory council. We believe Utilities Disputes should be involved in an advisory capacity to the consumer advisory council. Utilities Disputes is not a consumer advocate, but can offer unique data, information on systemic issues and consumer experiences from 17 years of operation managing consumer complaints in the electricity sector. There was concern raised by industry at the recent Downstream Conference that the wrong consumer voice would be heard through having the wrong individuals on the consumer advisory council. We believe it is important to have the voice of “ordinary consumers” on the advisory council. Utilities Disputes can assist in alleviating these concerns by providing accurate data and information as a trusted advisor to the consumer advisory council. Utilities Disputes’ advantage is we have vision across the industry as a whole.

A2. Ensure regulators listen to consumers

Utilities Disputes supports the Electricity Authority and Commerce Commission being given an explicit statutory responsibility to consult different types of electricity consumers. We believe this will aid in bringing balance to a market with a low level of consumer representation.

B1. Establish a cross-sector energy hardship group

Utilities Disputes supports the establishment of a cross-sector energy hardship group. We have a wealth of experience and complaint data from 17 years of operation we can provide the group, and we receive complaints daily from consumers in energy-hardship.

B2. Define energy hardship

Utilities Disputes supports defining energy hardship. We note consumers with average or above average incomes could still be in energy hardship.

B3. Establish a network of community-level support services to help consumers in

energy hardship

Utilities Disputes supports establishing a network of community-level support services to help consumers in energy hardship. Utilities Disputes sees many consumers who are unaware of:

- how to switch plans and what plan is right for them
- energy use of different appliances and likely saving from insulation options

Utilities Disputes submits it is important for the network of community-level support to be aware of and include Utilities Disputes when dealing with consumers. Consumers will often see a better outcome when their complaints are referred to Utilities Disputes. We would like to be involved in this initiative and could educate the advisors around the identification of complaints and our dispute resolution services.

B4. Set up a fund to help households in energy hardship become more energy efficient

Utilities Disputes sees many consumers who are unaware of energy use of different appliances and likely saving from insulation options. We support steering these consumers towards more efficient energy options. We believe there should be more responsibility on retailers to assist customers onto cheaper plans.

B5. Offer extra financial support for households in energy hardship

Utilities Disputes agrees that many households in energy hardship do not receive the winter energy payment. We support extra financial support for these households.

B6. Set mandatory minimum standards to protect vulnerable and medically dependent consumers

Utilities Disputes supports setting mandatory minimum standards to protect vulnerable and medically dependent consumers. In our experience retailers appear to treat the current guidelines as mandatory, with differences between retailers' interpretation of the guidelines. Minimum standards that are specific will increase clarity for consumers and industry, we expect this will reduce consumer complaints. We believe some independent body such as the Electricity Authority is the appropriate place to administer mandatory minimum standards.

B7. Prohibit prompt payment discounts but allow reasonable late payment fees

Utilities Disputes supports the proposal to allow retailers to charge late payment fees (capped to reflect genuine debt recovery costs) but prohibit prompt payment discounts. In the 2017-2018 year we received 22 complaints involving prompt payment discounts. Consumers do not necessarily understand prompt payment discounts, we have seen cases where consumers believed through Meridian taking its prompt payment discount away they would see an increase in prices. We believe overall simplification of pricing plans would be useful for consumers.

B8. Seek bulk deals for social housing and/or Work and Income clients

Utilities Disputes is generally supportive of this proposal. We can see potential benefits for consumers, we have concerns about:

- Consumers left out of the bulk deal, it may be unfair to leave consumers out of any bulk deal, particularly if this results in higher costs for other consumers
- Consumer loyalty, we see many consumers who seem to value their loyalty to a particular retailer
- Consumer confusion, some consumers may not have switched due to the perceived complexity and stress of switching, attempting to engage these consumers may cause more confusion
- Incentives on retailers, the incentives on retailers to win the bulk deal may result

in increased costs for the retailer's other customers.

- Ability to offer a bulk deal, only large providers are likely to have the systems and capacity to offer a bulk deal, this would allow them an advantage

C1. Make it easier for consumers to shop around

Utilities Disputes supports merging Powerswitch and Whatsmynumber into a single enhanced Powerswitch website contracted by Consumer NZ to run. This will improve clarity for consumers when comparing retailers.

C2. Include information on power bills to help consumers switch retailer or resolve billing disputes

Utilities Disputes supports:

1. More prominent placement of standardised Utilities Disputes' contact information on invoices, and at the place where consumers are likely to view the invoiced amount. Utilities Disputes can develop standard text to be used consistently between providers
2. More prominent placement of standardised Utilities Disputes' contact information on provider's websites. Utilities Disputes can develop standard text to be used consistently between providers
3. A marketing campaign designed by Utilities Disputes in consultation with providers
4. An additional requirement on providers to send complaints process information to consumers every six months, including Utilities Disputes contact details
5. An additional requirement on providers, similar to that of financial service providers, to have a phone message informing all consumers they are a member of Utilities Disputes

Supporting detail and evidence for this:

1. More prominent placement of standardised Utilities Disputes' contact information on invoices, and at the place where consumers are likely to view the invoiced amount. Utilities Disputes can develop standard text to be used consistently between providers.

Utilities Disputes submits if our contact details were more prominently displayed on invoices more consumers would be aware of the scheme and there would be less unmet need for complaint resolution. The Review notes most consumers are unaware of Utilities Disputes. Utilities Disputes previously provided information detailing its low level of awareness and unmet need for its services.

Utilities Disputes requires its providers to promote the Schemes on any invoice to customers and in other relevant customer information (Utilities Disputes General Rule 12(a)). This rule allows providers to place Utilities Disputes' details on invoices in a flexible way. We agree with the Review that Utilities Disputes' details tend to be in fine print and are not prominent enough in invoices or on websites, in many instances Utilities Disputes' details should be displayed more prominently.

The Review Panel asked Utilities Disputes for information about how complainants get to us. A large proportion of cases access Utilities Disputes through the information on their provider's invoice, but a low proportion of cases access Utilities Disputes through their providers referring them here. From 1 April 2018 to 3 February 2019 12% of complaints and 6% of complaints and queries combined said they became aware of Utilities Disputes through a provider. 20% of complaints and 63% of complaints and queries combined said they became aware of Utilities Disputes from the written information on their provider's invoice.

The requirement for Utilities Disputes' details to be in invoices first came into effect during 2010. That year we saw case numbers increase from around 900 to around 2500, and increase again to around 4500 every year since. It is important to note this increase was not solely driven by increased enquiries, the ratio of complaints to enquiries remained consistent after Utilities Disputes' contact details were required on invoices.

In 2011 Utilities Disputes noted one company appeared to be disproportionately represented in its total case numbers, with around 25% of Utilities Disputes cases coming from the company. This is compared to around 5 to 15% in previous years. Again, it is important to note the increase in cases was made up of an increase in complaints and an increase in enquiries at a normal ratio, so the increase was not driven by consumers calling Utilities Disputes in error. After some investigation we discovered this company was prominently displaying Utilities Disputes' contact details on the front of its invoices. In subsequent years, after moving Utilities Disputes' contact details to a less prominent position in its invoices, this company's total case numbers returned to around 10% of total cases considered by Utilities Disputes.

Utilities Disputes submits our contact details should be provided at the place where consumers are likely to view the invoiced amount. The Review notes for some consumers, providers displaying Utilities Disputes' information may not be the most effective way of helping them resolve disputes. We have concerns about the ongoing relevance of invoices and believe Utilities Disputes' should be promoted further, at the place where consumers are likely to view the invoiced amount. In 2010, when the requirement to place Utilities Disputes' contact information on invoices was first implemented, the majority of consumers were receiving paper invoices or equivalent through email. Now with the rise of mobile apps and more creative pricing plans we believe consumers are less likely to view their invoices than they were in 2010. The large majority of consumers receive their bills electronically. We have also seen examples of companies sending customers an email with the amount to be paid included in the email text and a more formal invoice attached, in this instance the consumer is less likely to open the attached invoice and become aware of Utilities Disputes.

Utilities Disputes will develop standardised text including its contact details to ensure consistency between providers' invoices.

2. More prominent placement of standardised Utilities Disputes' contact information on provider's websites. Utilities Disputes can develop standard text to be used consistently between providers.

The Review notes Utilities Disputes requires providers to display its details on their websites. Utilities Disputes regularly reviews the information displayed on providers' websites. Utilities Disputes agrees with the Review Panel that our contact information should be displayed with more prominence on providers' websites. We believe this would help raise our awareness and meet the unmet need for complaints resolution services.

Utilities Disputes will develop standardised text including its contact details to ensure consistency between providers' websites. We propose this text will include Utilities Disputes' logo, contact details and a link through to our website.

3. A marketing campaign designed by Utilities Disputes in consultation with providers.

Utilities Disputes agrees a marketing campaign contributed to by retailers and distributors would raise the awareness of the scheme. We are comfortable sharing our current marketing plan with the Review Panel for further information. The Review recommends retailers and distributors contribute to a Utilities Disputes marketing campaign to lift awareness of the scheme significantly and quickly. We agree with this recommendation and note the banking industry has recently joined with the Banking Ombudsman Scheme to fund a campaign that helps to raise awareness about the free and independent banking complaints service.

Over the past year Utilities Disputes has been meeting with providers at the Chief Executive level to discuss how we can better work together to raise awareness of the scheme. Providers have been co-operative and supportive of this objective but the reality of implementing a marketing campaign like the Review is suggesting is Utilities Disputes is limited by the budget required.

We believe for a marketing campaign as suggested in the Review to be successful Utilities Disputes needs:

- A strong voice
- Industry funding or Government funding
- Direct Utilities Disputes involvement

We measure the success of our marketing work through:

- Reach - reporting of online awareness campaign via social media and digital channels
- Awareness - increased consumer awareness through engagement survey results and reducing unmet need
- Engagement – our call to action: increased website traffic, emails and calls to Utilities Disputes

4. An additional requirement on providers to send complaints process information to consumers every six months, including Utilities Disputes contact details.

Utilities Disputes submits a requirement could be placed on providers to send complaints process information to their customers every six month. This would include information about their internal complaints process and information about Utilities Disputes, should a customer want to escalate their complaint. We believe this would greatly improve accessibility and awareness of complaints processes and Utilities Disputes without placing an unreasonable burden on providers.

5. An additional requirement on providers, similar to that of financial service providers, to have a phone message informing all consumers they are a member of Utilities Disputes.

Utilities Disputes submits a requirement could be placed on providers to have a phone message informing all consumers the providers are a member of Utilities Disputes. Providers are already required to inform complainants of Utilities Disputes, however this is often problematic with providers sometimes not identifying a complaint. Financial Service Providers are required to inform all callers they are members of a dispute resolution scheme. Most choose to do this by way of an automated phone message at the start of every call. A similar requirement for Electricity providers would ensure all consumers are aware of Utilities Disputes.

Enforcement of non-compliance

The Review Panel asked Utilities Disputes for information about enforcement if a provider breaches Utilities Disputes' rules. Section 97 of the Electricity Industry Act 2010 sets out compliance requirements. Failure to comply with an order of the District Court can result in a fine up to \$100,000. To date Utilities Disputes has not applied to the District Court for breaches of the energy scheme rules. Breaches have been reported to the responsible Minister and in Utilities Disputes annual report. Utilities Disputes is unlikely to use this enforcement mechanism because of the cost to bring proceedings.

C3. Make it easier to access electricity usage data

Utilities Disputes supports streamlining access to retailer data about customers' electricity consumption. We note changes to Australian data access laws are intended to apply to the electricity sector later this year.

C4. Make distributors offer retailers standard terms for network access

Utilities Disputes supports distributors offering retailers standard terms for network access. We believe this will make it easier for new retailers to operate on a network and improve consumer choice. We receive complaints from customers who are unable to connect with a particular retailer in their area, often due to credit or technological issues (no prepay offered for example). Having a greater choice of retailers will provide these consumers more options.

C5. Prohibit win-backs

Utilities Disputes supports retailers being prohibited from using notification that a customer was switching to another retailer to win-back that customer with a better offer. Utilities Disputes has not received complaints about win-backs, however we believe these increase costs for other customers.

C6. Help non-switching consumers find better deals

We propose an obligation could be placed on retailers to offer the best deal to consumers that the company provides. Then at the end of each year if a company finds a consumer could have saved money by being on a different deal that it offers the consumer could be refunded the difference between the deals. We believe this would greatly improve consumer confidence.

Utilities Disputes supports the proposal to help non-switching customers find better deals. We see potential benefits for consumers, we have concerns about:

- Consumers left out of the bulk deal, it may be unfair to leave consumers out of any bulk deal, particularly if this results in higher costs for other consumers
- Consumer loyalty, we see many consumers who seem to value their loyalty to a particular retailer
- Consumer confusion, some consumers may not have switched due to the perceived complexity and stress of switching, attempting to engage these consumers may cause more confusion
- Incentives on retailers, the incentives on retailers to win the bulk deal may result in increased costs for the retailer's other customers.
- Ability to offer a bulk deal, only large providers are likely to have the systems and capacity to offer a bulk deal, this would allow them an advantage

C7. Introduce retail price caps

Utilities Disputes does not support retail price caps. We do however see a range of fees that we believe should have the scrutiny of a "reasonableness lens" applied to them. We believe fees for services such as: debt collection, meter testing, meter installation fee, paper bills, different payment types, disconnection, reconnection, and new connection should all be assessed for their reasonableness. Utilities

Disputes cannot consider complaints about price, however we submit we should be able to consider complaints about fees that have a “reasonableness lens” applied to them.

D1. Toughen rules on disclosing wholesale market information

No comment

D2. Introduce mandatory market-making obligations

No comment

D3. Make generator-retailers release information about the profitability of their retailing activities

No comment

D4. Monitor contract prices and generation costs more closely

No comment

D5. Prohibit vertically integrated companies

No comment

E1. Issue a government policy statement on transmission pricing

No comment

E2. Issue a government policy statement on distribution pricing

Utilities Disputes believes that the change to more cost reflective distribution pricing for consumers will lead to confusion for some consumers and may create unintended consequences. For example a vulnerable consumer may overreact to distribution pricing signals and stop heating their home in winter, leading to health problems. Utilities Disputes therefore submits that a policy statement for distribution pricing include specific provisions around the intention to educate consumers on the reality of any changes.

E3. Regulate distribution cost allocation principles

No comment

E4. Limit price shocks from distribution price increases

We do not have a wealth of data about price shocks because Utilities Disputes is unable to consider complaints purely about price. Utilities Disputes can consider complaints about how a price is displayed or about information given about the price. Utilities Disputes receives a number of complaints about price increases. Utilities Disputes believes low income consumers are particularly vulnerable to price increases.

E5. Phase out low fixed charge tariff regulations

Utilities Disputes is supportive of phasing out low-fixed charge tariff regulations with the extra help proposed for those in energy hardship. Utilities Disputes notes many consumers currently use the low fixed charge tariff regulations to good effect. Utilities Disputes is cautious of more cost reflective distribution pricing being used as an alternative to low fixed charge tariff regulations. More cost reflective distribution pricing is confusing for some consumers and needs to be accompanied with sufficient education to minimise consumer confusion and unintended consequences created by consumer confusion.

Utilities Disputes receives a number of complaints from consumers who are on a more expensive plan than they could have been. Utilities Disputes believes further requirements could be placed on retailers to provide consumers information about

how their consumption pattern might be best met.

E6. Ensure access to smart meter data on reasonable terms

Utilities Disputes supports this option. We believe it is appropriate for the government to correct the market failure for data access. Utilities Disputes receives few complaints about the privacy around smart meter data.

E7. Strengthen the Commerce Commission's powers to regulate distributors' performance

No comment

E8. Require smaller distributors to amalgamate

No comment

E9. Lower Transpower and distributors' asset values and rates of return

No comment

F1. Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services

No comment

F2. Transfer the Electricity Authority's transmission and distribution-related regulatory functions to the Commerce Commission

No comment

F3. Give regulators environmental and fairness goals

Utilities Disputes supports the Electricity Authority being given a consumer protection function. Utilities Disputes believes this will aid in bringing balance to a market with a low level of consumer representation.

F4. Allow Electricity Authority decisions to be appealed on their merits

No comment

F5. Update the Electricity Authority's compliance framework and strengthen its information-gathering powers

No comment

F6. Establish an electricity and gas regulator

No comment

G1. Set up a fund to encourage more innovation

No comment

G2. Examine security and resilience of electricity supply

No comment

G3. Encourage more co-ordination among agencies

Utilities Disputes supports encouraging more co-ordination among agencies.

G4. Improve the energy efficiency of new and existing buildings

Utilities Disputes supports this option. Utilities Disputes regularly deals with consumers:

- who are unaware of appliance energy usage
- on low incomes and spending a large portion of their income on heating, likely partially due to poorly insulated homes