

Review of domestic contracting arrangements

Agenda paper

12 March 2014

1 Recommendations

- 1.1.1 It is recommended that the Retail Advisory Group (RAG):
- a) provide feedback on the draft report on the Domestic contracting arrangements project, attached as Appendix A
 - b) approve the report to be provided to the Electricity Authority, subject to incorporating any feedback from the RAG.

2 Overview of project

- 2.1.1 The Authority requested the RAG to examine the operational effectiveness of the domestic contracting arrangements and to identify and recommend alternatives that promote competition in, reliable supply by, and efficient operation of the electricity industry for the long-term benefit of consumers.
- 2.1.2 The domestic contracting arrangements are a package of market facilitation measures relating to the relationships between retailers, distributors and customers. The package includes:
- a) voluntary good practice contracting principles and minimum terms and conditions for domestic retail contracts
 - b) guidelines on arrangements to assist medically dependent consumers
 - c) guidelines on arrangements to assist vulnerable consumers.
- 2.1.3 In particular, the Authority requested the RAG to consider:
- a) whether to develop minimum terms and conditions for the relationship between consumers and distributors (where the distributor has a direct relationship) and retailers (referred to as conveyance model arrangements)
 - b) whether to more closely monitor retailers' behaviours by monitoring their compliance with their domestic contracts, for example by collecting and reporting consumer complaints data
 - c) the potential to improve the operational efficiency of the arrangements to assist medically dependent and vulnerable consumers.

3 Recommendations

- 3.1.1 The RAG's recommendations to the Authority for improving the domestic contracting arrangements are:
- a) develop minimum terms and conditions for the relationship between domestic consumers and distributors (where the distributor has a direct relationship with the consumer)

- b) revise the medically dependent consumer guidelines to:
 - i) clarify that retailers are able to seek confirmation from health professionals to certify that a person is medically dependent
 - ii) clarify that decisions about remote disconnection/reconnection of vulnerable consumers are at the discretion of the retailer after taking appropriate precautions to mitigate the potential harm from disconnecting a medically dependent consumer. The requirements for at least one physical site visit if all other attempts to contact the consumer have failed should be retained
 - iii) provide better guidance on expectations for communication between retailers, distributors and other parties that might seek information about medically dependent consumers in performing their functions, for example, emergency management agencies
- c) facilitate communication between retailers and district health boards so they can:
 - i) clarify the roles and responsibilities assigned through the medically dependent consumer guideline
 - ii) clarify their views of the definition and interpretation of medically dependent consumer
 - iii) clarify the circumstances under which retailers are able to remove medically dependent status from a consumer
- d) consider how to provide distributors, retailers and emergency management agencies with access to information about who is medically dependent, whether by using existing market system processes (EIEP4) or by holding this data in a central database
- e) work with MBIE and retailers to identify workable approaches for addressing concerns about aspects of the medical dependent and vulnerable consumer guidelines that have implications for equity and social welfare interactions of retailers.

3.1.2 The RAG considers there is no benefit in the Authority monitoring retailers' compliance with domestic contracts by measuring complaints because issues in this area are identified through the EGCC monitoring processes. However, there may be benefit from providing information on service performance and quality (with this information potentially including complaint statistics).

4 Feedback from RAG

- 4.1.1 The RAG's feedback is sought on the paper in general, and on the following aspects in particular.

Section 4.5 – Further work to address social welfare concerns

- 4.1.2 This section is intended to be completed following discussions with MBIE staff at the RAG meeting on 12 March.

- a) Does the RAG consider any additional issues should be included within the scope of this work (paragraph 4.5.4)?
- b) Does the RAG have any suggestions on further detail that should be included in this section?

Cost benefit analysis

- 4.1.3 The relevant benefits and costs for each recommendation are woven through the document, rather than being set out in a separate section.

- a) Is the RAG comfortable with this approach?
- b) Does the RAG have any views about whether more information should be included to quantify the costs and benefits?

5 Next steps

- 5.1.1 The next steps are:

- a) the secretariat will incorporate any feedback from the RAG into the report
- b) an updated report will be circulated to the RAG for approval (21 March 2014)
- c) the final report will be provided to the Authority Board (April/May 2014).

Appendix A

Draft report by the Retail Advisory Group: Domestic contracting arrangements