

Retail Advisory Group ::: Meeting number 21

Venue ::: Electricity Authority, Level 7, ASB Bank Tower, 2 Hunter Street, Wellington

Time and date ::: 9:34 to 12:45 ::: Wednesday 12 March 2014

Minutes

Present

::: Peter Allport (Chair)

Members

::: Dene Biddlecombe

::: Sarah Free

::: Ewan Gebbie

::: Andrew McLeod (by teleconference)

::: James Munro (by teleconference)

Apologies

::: Sue Chetwin

::: Alan McCauley

::: Nathan Strong

In attendance

::: John Rampton (Electricity Authority, General Manager, Market Design)

::: Craig Evans (Electricity Authority, Manager, Retail and Network Markets)

::: Karen Smith (Electricity Authority, Adviser, Retail and Network Markets)

::: Kate Townsend (Electricity Authority, Adviser, Retail and Network Markets)

For the item on 2014/15 work programme priorities:

::: Torsten Baker (Electricity Authority, Business Planning Manager) (from 10.20am until 10.45am)

For the item on Domestic Contracting Arrangements:

::: Ross Milner (Ministry of Business, Innovation and Employment) (from 10.45am until 11.30pm)

The meeting opened at 9:34am.

1 Welcome

a) Apologies

The Chair noted apologies had been received from Sue Chetwin, Alan McCauley and Nathan Strong.

b) Interests

The interests register was updated by Ewan Gebbie and Dene Biddlecombe. Other members noted no changes to their interests.

c) Correspondence

The RAG noted the following letters:

- A letter from Peter Allport to Carl Hansen on consumer engagement – this letter had been sent to the

Authority following discussions at the February RAG meeting.

- A letter from Carl Hansen to Peter Allport on work programme priorities – members agreed to discuss this letter further under agenda item 3.
- A letter from Carl Hansen to Peter Allport on the group switching discussion paper – this letter provided the Board’s feedback on the group switching discussion paper. The secretariat advised an updated version of the discussion paper would be circulated to members following the meeting, for their comments and approval.

d) Minutes

The Chair advised the minutes of the 12 February 2014 meeting had been approved and were published on the Authority’s website.

A member raised a concern that the subsequent letter sent from the RAG to the Authority about consumer engagement did not include suggestions for how the Authority could improve consumer engagement (as had been noted in the minutes). The member suggested the minutes should note that the letter had not included suggestions on how the Authority could improve consumer engagement.

e) Actions

The RAG noted that all actions from the previous meeting had been completed, except for:

- Action 20.3 – the Authority has had a freeze on publishing non business-critical items until the new website goes live. Go-live of the new website had been due to occur on 26 February 2014, but this has now been delayed until the week of 17 March.
- Action 20.4 – this letter has now been completed and is included in the correspondence for this meeting.
- Action 20.6 – this letter is still being drafted.

Action	By	Date for action
21.1 – Circulate to members an updated version of the discussion paper on group switching for their comments and approval.	Secretariat	19 March 2014

2 **Work plan update**

The RAG noted the work plan update.

The secretariat advised the RAG’s recommendation on consumer switching would be published shortly.

The RAG considered the scope of the saves and winbacks project should include small business consumers. The secretariat was requested to confirm whether this was the case.

Action	By	Date for action
21.2 – Confirm whether the scope of the saves and winbacks project includes small business consumers.	Secretariat	9 April 2014

Torsten Baker joined the meeting at 10.20am.

3 2014/15 work programme priorities

Torsten Baker provided an overview of the Authority's appropriations process, and the input that would be sought from the RAG and WAG at the joint session on 9 April.

Members discussed potential topics for discussion on 9 April. The secretariat advised a detailed list of discussion topics would be provided to RAG and WAG members ahead of the joint session.

The secretariat was requested to circulate a link to the Authority's work programme.

Action	By	Date for action
21.3 - Circulate to the RAG and WAG a detailed list of topics for discussion on 9 April.	Secretariat	2 April 2014
21.4 – Circulate to members a link to the Authority's work programme.	Secretariat	19 March 2014

Torsten Baker left the meeting at 10.45am.

4 Consumer engagement

Due to time constraints, the RAG agreed to defer this item until the next meeting.

Ross Milner joined the meeting at 10.45am

5 Domestic contracting arrangements

Ross Milner attended the meeting to discuss the respective responsibilities of MBIE and the Authority in terms of the medically dependent guidelines and vulnerable consumer guidelines, and the potential issue of consumer disconnections. Ross advised that MBIE is working with Work and Income and the Ministry of Social Development on these issues. Ross also noted that the Authority has responsibility for the guidelines.

Members noted:

- disconnecting consumers for non-payment is one of the few effective credit management tools for retailers, and often results in immediate payment
- poor payers represent a significant risk for new entrant and small retailers
- there are opportunities to streamline the process by which retailers can work with consumers and social agencies to recover outstanding payments.

The RAG discussed the draft report on the domestic contracting arrangements project and suggested the following changes:

- Paragraph 2.1.1(b)(ii) – clarify that the requirement for a physical site visit is only for medically dependent consumers
- Paragraph 2.1.2 – delete the last sentence in this paragraph
- Section 3 – include an additional reason for recommending the Authority should develop minimum terms and conditions for conveyance arrangements, namely that consumers under these

arrangement don't have any option but to contract with the distributor, and consumers have very little ability to influence the terms and conditions under that contract

- Section 4.2 – review section to remove any confusion between references to medically dependent consumers or vulnerable consumers or both
- Paragraph 4.2.1(a) – clarify:
 - who is responsible for paying for this. In the RAG's view, it should be the consumer who pays a health professional to obtain certification of medical dependency, and the retailer who pays for any further investigations required by the retailer
 - that a retailer is able to contact the health professional who provided certification of medical dependency, in order to verify the claim. The secretariat was requested to investigate any potential Privacy Act implications
- Paragraph 4.2.1(c) – remove references to vulnerable consumers. Information about vulnerable consumers can be found in existing databases (eg community services card, super gold card) but there is no equivalent source of information about medically dependent consumers
- Paragraph 4.2.1(c)(i) – consider dividing into two sentences
- Review paper to include further detail about potential costs and benefits.

The secretariat was requested to update the draft report as noted above, and circulate a marked-up version for members' comment and approval.

Action	By	Date for action
21.5 – Update the draft recommendation for the domestic contracting arrangements project and circulate a marked-up version for members' comment and approval	Secretariat	21 March 2014

Ross Milner left the meeting at 11.30am

6 Improving transparency of consumers' electricity charges

The RAG discussed the draft report on the improving transparency project.

The Chair tabled comments received from Nathan Strong.

The RAG suggested the following changes to the draft report:

- Section 3 – revise to make it more forward looking, and to recognise the opportunities that technology changes have enabled
- Section 5 – provide further detail about:
 - the potential causes of confusion for consumers about what causes electricity price changes
 - the RAG's suggested options to be considered as part of the retail data project, for example, separate bills for regulated and non-regulated charges
- Section 6 – provide further detail about the information that consumers really want, and the best communication channels for providing this information, as set out in the UMR report.

The secretariat was requested to update the draft report as noted above, and circulate a marked-up version for members' comment and approval.

Action

21.6 – Update the draft recommendation for the improving transparency project and circulate a marked-up version for members' comment and approval.

By

Secretariat

Date for action

21 March 2014

7 Other business

- Confirmation of meeting papers:
 - the RAG requested the improving transparency draft recommendation paper should not be published with the RAG papers
 - the RAG confirmed all other papers considered at today's meeting should be published on the Authority's website.
- The secretariat advised the RAG meetings for August and November 2014 had been moved to the first Tuesday in each of those months. The secretariat was requested to email members with confirmation of the alternative dates.
- The next meeting is scheduled for Wednesday 9 April 2014, in the Electricity Authority Board room.

Action

21.7 – Email members with confirmation of the alternative dates for the August and November RAG meetings.

By

Secretariat

Date for action

19 March 2014

The RAG meeting closed at 12:45 pm