

14 April 2020

Dear xxx,

Looking after domestic electricity consumers during Covid-19

The nationwide lockdown to contain the Covid-19 virus has rapidly changed New Zealanders' lives and the electricity landscape to which industry needs to respond.

Many domestic consumers now face circumstances that affect their health or ability to pay for essential services like electricity. We expect companies to be prioritising end-customer and staff safety during Covid-19 and acknowledge the hard work many participants have been doing already to support vulnerable consumers.

Your customer focus and actions will help New Zealand's citizens get through this difficult time.

Vulnerable and medically dependent consumers

We have written to electricity retailers to remind them of our guidelines for vulnerable and medically dependent consumers.

Given the alert level 4 response to Covid-19 and the stringent lockdown requirements, the number of electricity consumers classified as vulnerable or medically dependent will now be higher and may continue to grow.

When delivering electricity services to vulnerable consumers, we expect retailers, invoicing distributors,⁴ and metering equipment providers (MEPs) to refer to the Authority's *Medically Dependent Guidelines*⁵, and the *Vulnerable Consumer Guidelines*⁶.

These guidelines aim to ensure that:

- a) a medically dependent consumer is not electrically disconnected for non-payment of an electricity invoice, and
- b) a vulnerable consumer should be electrically disconnected **only as an act of absolute last resort once all other options have been exhausted**, providing that the consumer is acting in good faith.

4 An invoicing distributor is a distributor that invoices customers directly

5 <https://www.ea.govt.nz/dmsdocument/8564-guidelines-arrangements-to-assist-medically-dependent-consumers>

A Medically Dependent Consumer is a domestic consumer who is dependent on mains electricity for critical medical support, such that loss of electricity may result in loss of life or serious harm. For the avoidance of doubt, medical dependence on electricity could be for use of medical or other electrical equipment needed to support the treatment regime.

6 <https://www.ea.govt.nz/dmsdocument/8565-guidelines-on-arrangements-to-assist-vulnerable-consumers>

A Vulnerable Consumer is a domestic consumer who:

(a) for reasons of age, health or disability, the disconnection of electricity to that domestic consumer presents a clear threat to the health or wellbeing of that domestic consumer; and/or

(b) it is genuinely difficult for the domestic consumer to pay his or her electricity bills because of severe financial insecurity, whether temporary or permanent.

The Authority expects retailers and invoicing distributors to follow the processes and recommendations set out in the guidelines when engaging with and managing domestic customers who are medically dependent or unable to pay their electricity bills.

While Covid-19 continues to affect the country, and particularly during alert level 4, the Authority considers that **every domestic customer experiencing payment difficulty** should be treated as a vulnerable consumer, as per the guidelines. The intent of the guidelines is to provide time for retailers and invoicing distributors to assist their customers in accessing the financial support mechanisms provided by the Government. While demand for this support is currently extremely high, it is important that retailers give their customers more time to access the support they need.

We encourage MEPs to ascertain from retailers and invoicing distributors that before performing a credit or vacant electrical disconnection of an electrical installation that provides electricity services to domestic consumers, the retailer or invoicing distributor has followed the guidelines.

In the meantime, we are investigating whether making the guidelines mandatory requirements in the Code would be in the long-term interests of consumers.

Understanding and reducing financial stress on the industry

The Authority is working closely with agencies and industry to give ongoing certainty during this extraordinary time. Our priority is ensuring a secure and reliable supply of electricity for New Zealand electricity consumers.

We want to engage and work with you on this issue, with urgency. I have set up a stakeholder working group under James Tipping to lead this work. The Commerce Commission is represented on this group. Means to manage any potential issues from industry parties who are in competition with one another holding discussions have been developed.

We are working to understand what actions may be possible, in what timeframes, and what the consequences may be. Any actions taken will need to be objective and supported by evidence, and we are considering what data we may need from you to assist decision-making. We encourage you to provide any relevant information to us so we can best understand the extent of the issue as it relates to your business and end-consumers, and appreciate offers we have already received. All information will be treated in confidence within Government and used only for the purposes of understanding issues related to Covid-19.

We appreciate the shift to home-based working has presented significant challenges to business continuity. Thank you for your organisation's continued efforts to serve your customers during this time.

Yours sincerely



James Stevenson-Wallace
Chief Executive