

Options development

Electricity retailers bear the cost of bad debts (residential and commercial). As a result of COVID-19 businesses will close, workers will lose their jobs. Inevitably more payments will be later than usual and bad debts will rise as a direct result of COVID-19.

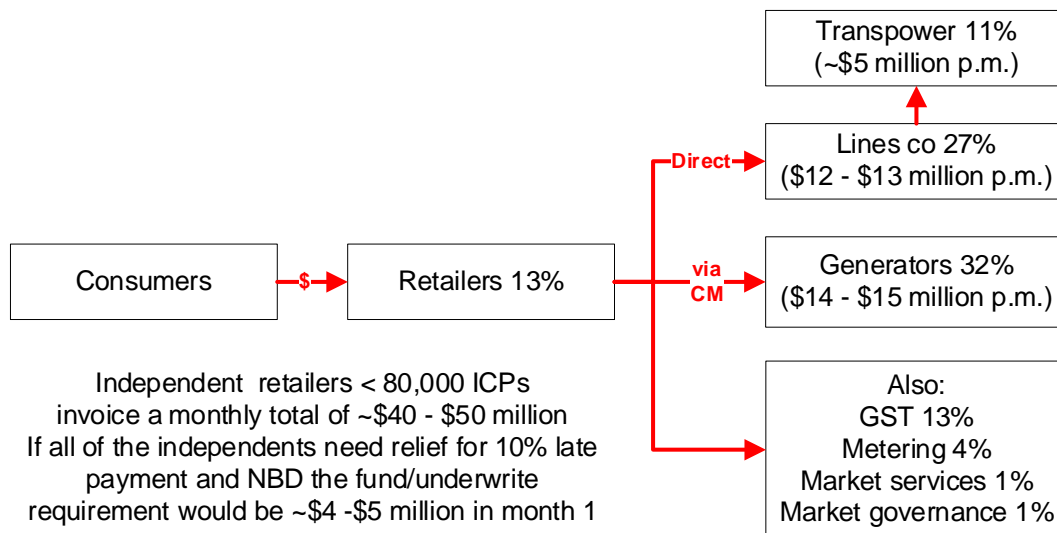
The “options” sought are options for assisting retailers for whom the impact of COVID-19 will make the difference between surviving or failing.

Problem definition

The Authority wishes to reduce the incidence of retail failure attributable to the effects of COVID-19. Those failures would be the result of the inevitable increase in late payments and new bad debt attributable to COVID-19

- The risk to the sector is a loss of confidence and a setback for retail competition
- The threat is untoward external intervention
- The situation is exacerbated by the Minister’s stated preference for no rise in disconnections during lockdown¹
- The whole sector benefits from retaining order and “self-determination” so the whole sector could be asked to support (contribute to) mechanisms that achieve that

Schematic showing scale of the problem



¹ The most narrow definition of “during lockdown” is for the period we are at level 4.