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Submissions
Electricity Authority
PO Box 10041
WELLINGTON 6143
By email: submissions@ea.govt.nz

Powerco supports closure of the debt deferral scheme

We appreciate the opportunity to comment on the proposed closure of the Authority's retailer debt deferral scheme¹. In our letter to the Authority in May we said:

The Authority's decision provides no certain benefit to any group of customers, rather it has potentially trebled the cost that all our customers must pay for the failure of a retailer. The onus is on the Authority to demonstrate how this risk and cost is in the long-term interests of customers.

Based on the evidence and industry response to the scheme discussed in section 3 of the consultation paper, closure is a logical next step.

Looking ahead, the prospect of further disruption to the economy from Covid19 is anything but negligible. It would be no surprise to see increased pressure market mechanisms to manage bad debt – especially if there are income-related combined with an expectation that retailers need to maintain electricity supply to their customers.

As an infrastructure provider we're used to taking a long-term view, which includes managing the ups and downs of economic cycles. So we remain open to discussing opportunities to improve how the market and social policy initiatives dovetail to provide great outcomes for customers. We need the Authority to too. There is no better time for it to demonstrate its customer-centricity ambition.

Please contact me if you have any questions about this submission at Andrew.Kerr@powerco.co.nz).

Yours sincerely

A handwritten signature in black ink, appearing to be "AK".

Andrew Kerr
Acting GM Customer Group

¹ <https://www.ea.govt.nz/about-us/media-and-publications/covid-19/response-to-potential-increased-retailer-debt/proposal-to-close-the-retailer-debt-deferral-scheme/consultations/#c18668>