

20 August 2021

Submitted via email: infoframework@ea.govt.nz

Electricity Authority Team
Wellington

RE: Improving the framework for the Authority's information gathering Consultation paper

FinCap welcomes the opportunity to comment on the [Electricity Authority's Improving the framework for the Authority's information gathering Consultation paper \(Consultation paper\)](#). FinCap works to support 890 financial mentors at 200 services around Aotearoa with a vision of people, whānau and communities living free of hardship. We strongly support the Electricity Authority improving information gathering processes, particularly where this will bring better insights as to what reform is needed to tackle energy hardship in Aotearoa.

Electricity is an essential service, whānau need it for their health, wellbeing and social participation. No whānau should be without the electricity they need because they are having difficulty paying. It is important that the community can trust that the Electricity Authority has robust and transparent processes for monitoring all aspects of the electricity system.

We strongly support the changes to the code proposed in the Consultation paper. We also recommend additional changes to ensure:

- Appropriate consultation with communities about what is included in regular information gathering; as well as
- Clearer requirements for the Electricity Authority to transparently publish what is gathered in a timely way.

We expand on these views and raise some further points we request that the Electricity Authority consider in the submission below.

About FinCap

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 200+ local, free financial mentoring services across Aotearoa. These services support more than 70,000 people in financial hardship annually. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

Response to Consultation paper questions

Q1. Do you agree the issue identified by the Authority is worthy of attention?

FinCap strongly agrees with the commentary in the Consultation paper. We are also concerned that the Electricity Authority is not gathering and publishing regular and reliable information as to the experiences of whānau who are automatically disconnected on prepay retail electricity arrangements

due to energy hardship. It would also be good to have a system to regularly identify how many whānau do not have access to competitive or fair prices for essential electricity services as they are denied a contract by a retailer.

Q2. Do you agree with the objective of the proposed amendment?

FinCap generally agrees with the objective drafted in this section of the Consultation paper. We recognise the Electricity Authority's current consumer centric approach and feel this should be highlighted more explicitly in the objective.

We recommend adding a third section of the objective that clearly focuses on consumer's involvement in the formation of what is collected and as a key audience for what is collected. The aim of this should be to ensure the code amendments will eventuate in consumers and their representatives always having the opportunity to be consulted about what collected. It should also ensure that through the timely and transparent publishing of information, the community will be able to trust electricity providers are acting appropriately or market failure will be identified and addressed.

Recommendation: A third section is added to the objective of the proposed amendment that is explicitly consumer centric.

Q3. Do you agree the benefits of the proposed amendment outweigh its costs?

FinCap strongly agrees that regular reporting has a net benefit. Appropriately, the Electricity Authority analysis in the Consultation paper is conservative about the benefits. However, benefits in the form of many improved outcomes will flow from the improved provision of essential electricity services that would be hard to confidently identify or measure in advance. One example could be better information gathering leading to a systemic issue causing energy hardship being identified and addressed. That could eventually free up time at financial mentoring sessions to assist whānau away from the negative impacts of other hardship issues sooner.

Q4. Do you agree the proposed amendment is preferable to the other options?

We strongly agree that regular, predictable and transparent information gathering through this approach is desirable.

Q5. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?

Amendments to create regular and reliable reporting to the Electricity Authority in the Electricity Industry Participation Code (**the code**) will clearly improve the ability of the Electricity Authority to best undertake all aspects of its objective for the long-term benefit of consumers.

Q6. Do you have any comments on the drafting of the proposed amendment?

FinCap anticipates that the proposed amendment would lead to the gathering of information that is consistent and standardised over years. We are conscious it is important that consumers and their representatives take the opportunity, wherever it arises, to shape what information is requested by highlighting consumer's experiences and priorities. This will lead to more efficient building and adjustment of the regulator and industry's systems to enable the regular information gathering.

It is vital that what is included in the initial information gathering is robust as it might be costly and difficult to make any substantial changes once 'locked in.' If such changes were needed later on, then what is gathered following changes may not be as comparable to earlier sets of information and therefore be less likely to reveal useful insights around trends.

On a practical level we expect that the soon appointed independent Consumer Advocacy Council and Energy Hardship Panel as recommended by the Electricity Price Review and any interested consumers or consumer representatives should be consulted on the initial information gathered.

At 3.7 in the Consultation paper there is a clear description as to how the electricity industry will be consulted about a proposed notice. We support this but are also conscious that efforts should be made in advance, to address an information asymmetry that exists between electricity businesses that know what information they can access and the Electricity Authority or consumers, who will at times have to guess what businesses hold.

In an effort to counter this information asymmetry, FinCap sees it as appropriate that consumers or their representatives are given similar opportunities to point out what may have been omitted or should be looked for in a proposed information gathering notice. Consumers or their representatives should also be able to contribute their views on the costs and potential benefits of the information gathering.

These groups should also have a clear opportunity to be consulted about what adjustments are made to the information gathered in a review scheduled once every two years. Two years would give enough time to measure most changes, give predictability to business and still be able to adapt to changes in the transitioning electricity market while other means of the Electricity Authority gathering information still exist in the interim.

FinCap also views it as important that there is transparent and timely publication of any information gathered which names traders to reveal if a trend is a result of one business' positive or negative conduct or a wider shift amongst all businesses. This will give the community confidence that issues will surface and be dealt with and not unfairly lower trust in other businesses where the conduct of one player is the issue.

Recommendation: To achieve the above FinCap suggests the following additions to the proposed amendment.

- 2.16 (2) (c) is expanded to ensure transparency as to what is behind trends through specific participants being named in timely publicly available reports of the information gathered.
- 2.17 is expanded to also require that a notice published under 2.16 must specify the timeframe within receiving the information that the Electricity Authority will make it publicly available and name the participant it relates to.
- 2.17 is also expanded to specify that the Authority's notices will include a warning that it will publicise when any participant's provision of information is incomplete or late as well as what other enforcement action could be taken in such circumstances.
- 2.18 is expanded so that consumers and their representatives also have the opportunity to be similarly consulted as to what should be included in a notice about the information to be gathered and its likely benefits.

- 2.21 (3) is expanded so that the general process that will be applied for decision making about whether information is kept confidential be publicised by the Electricity Authority.
- An additional clause is added to ensure a review of all information gathering from the proposed amendment occurs regularly every two years with the opportunity for consumers and their representatives to be consulted.

Additional comments

FinCap is aware that the Electricity Authority does not currently have complete oversight of all businesses selling electricity in Aotearoa. We are concerned that some 'second tier' businesses' conduct, in relation to selling essential electricity services, may be difficult to monitor and may create more complex energy hardship issues that are hard to identify. These businesses may not be members of Utilities Disputes Limited, which represents a significant gap in protections.

We encourage the Electricity Authority to consider whether something can be brought into this proposed amendment to the code to try and address this lack of oversight. As a suggestion we propose an amendment that will allow the Electricity Authority to regularly require any business selling electricity to whānau to regularly report whether they are a member of Utilities Disputes Limited and how many residential properties they sell electricity to. All who respond could then be put on a public register where the Electricity Authority can commit as to what it will do to address any issues identified.

Recommendation: The Electricity Authority consider whether oversight of 'second tier' businesses selling electricity can be improved as a benefit of the proposed amendment.

Please contact Jake Lilley, Policy Advisor at FinCap on 027 278 2672 or at jake@fincap.org.nz to clarify any aspect of this submission.

Ngā mihi



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