

1 April 2009

Electricity Commission
PO Box 10041
Wellington 6143

by email: submissions@electricitycommission.govt.nz

**SUBMISSION ON PROPOSED CHANGES TO THE GUIDELINE ON ARRANGEMENTS
TO ASSIST LOW INCOME AND VULNERABLE CONSUMERS**

- 1 Orion New Zealand Limited (**Orion**) welcomes the opportunity to comment on the 'Proposed changes to the guideline on arrangements to assist low income and vulnerable consumers discussion paper (the **paper**) released by the Electricity Commission (the **Commission**) in February 2009.
- 2 Our submission is in two parts:
 - 2.1 general comments; and
 - 2.2 our response to the specific questions raised in the paper, which we set out in the schedule to this letter

**Orion supports the Commissions view on a number of issues raised
in the paper**

- 3 While we have some significant concerns with many of the proposals in the paper, we do support:
 - 3.1 the Commission's aim to stop the creep of the scope into other areas such as
 - (a) health issues associated with warm homes; and
 - (b) generic affordability issues. ...
 - 3.2 the Commission's proposal to remove the reference to 'low income' as a subset of 'vulnerable consumer'.

Orion's concerns with the policy objective

- 4 We are concerned that the proposed definition of vulnerable customer and the inclusion in the policy objectives to “minimise avoidable disconnection activity for all consumers” will lead to the scope of the guideline blowing out to include the very issues that the Commission has identified¹ it wants to avoid.
- 5 The first two policy objectives are caveated with the words *due to non-payment*. We recommend that the third policy objective to “*minimise avoidable disconnection activity*” also needs to be caveated with the words *due to non-payment* as indicated below.
- 6 The Policy objectives should be modified by adding the word **due to non-payment** in objective (c) as indicated below:
 - (a) *provide a fair process for vulnerable consumers facing electricity disconnection related to non-payment;*
 - (b) *protect MDVC from possible critical consequences of electricity disconnection due to non-payment; and*
 - (c) *minimise avoidable disconnection activity **due to non payment** for all consumers*
- 7 The inclusion of this third policy objective as proposed has the potential to allow the scope of the paper to creep to disconnection as a result of planned outages. Disconnection due to planned outages could be avoided by additional infrastructure investment, but this may not be economically appropriate or acceptable to customers and may increase the level of reliability beyond their willingness to pay.
- 8 A further example would be where the guideline could be inappropriately applied to planned outages, or rolling outages (for emergency reasons) where it may be more appropriate or equitable to all customers to have a larger number of short disconnections rather than one prolonged disconnection. Limiting the policy objectives to disconnection due to non payment will avoid any of these possible misinterpretations.

¹ Paragraph 3.3.3 Proposed changes to the Guidelines on arrangements to assist vulnerable customers

Orion's concerns with the definition of vulnerable customer

- 9 Orion agrees with the Commission that the reference to 'low income' should be removed from the definition of a vulnerable customer. However we do not agree with the proposal to expand the definition to include 'severe financial insecurity'.
- 10 We consider the key point of what makes a consumer vulnerable is their dependence on a supply of electricity. Financial insecurity is a reason that electricity may be disconnected and why the guideline should focus on disconnection due to non-payment as this is an aspect of disconnection of electricity that can reasonably be mitigated by application of the measures proposed in section 15 and 16 of the guidelines.

Orion's concern with the definition of medically dependent vulnerable consumers.

- 11 We consider that the definition of a MDVC needs to be on a basis other than :
- (a) *The medical condition (i.e., the dependency and imminence of harm) or*
 - (b) *The medical equipment (i.e. specify equipment that qualifies);*
- 12 While we agree with the Commission that it is more appropriate to have the definition linked to a professional medical opinion and provision of the equipment by the DHB, we consider that the definition must also be linked to the ability of the MDVC and the equipment being able to function in the absence of mains supplied electricity and/or that appropriate alternative arrangements are in place. If the DHB cannot guarantee this then we consider it inappropriate to send the patient home.

Consistency of the guidelines with the Ministry of Health/DHB processes.

- 13 We consider that the guideline should include a section setting out what the Ministry of Health/DHB's processes are in relation to the issuance of a "*Notice of Dependency on the Electricity to Power Critical Medical Equipment.*"
- 14 The very name of the notice implies a dependency on electricity which as the Commission acknowledges cannot be guaranteed. The processes that the Ministry of Health and DHBs use when considering the ability of a MDVC to be discharged must clearly indicate how they have taken into

account the potential loss of electricity for whatever reason. The process must ensure that the MDVC and the equipment are able to function in the absence of mains supplied electricity and/or that appropriate alternative arrangements are in place.

15 This is partially addressed in the proposed standards which require that:

(d) DHB's are responsible for providing knowledge, training and support to a patient discharged from a DHB with a CEME:

(i) for the use of the CEME, and

(ii) what to do in an emergency including loss of electricity for any reason;

This clause appears to indicate that the DHB would ensure that appropriate measures would be in place such that a MDVC would not be at risk in the absence of mains electricity because they have the *knowledge, training and support* to deal with the situation.

Concluding remarks

16 Thank you for the opportunity to make this submission. Orion does not consider that any part of this submission is confidential. If you have any questions please contact Dennis Jones (Industry Developments Manager), DDI 03 363 9526, email dennis.jones@oriongroup.co.nz.

Yours sincerely



Dennis Jones
Industry Developments Manager

SCHEDULE

Responses to the Commission's questions

Question number	Issue/proposed change	Comment/reason for comment
1	The Commission seeks comments on whether a statement of principles in the guideline is appropriate.	We agree that it is appropriate that there should be a statement of principles in the guidelines
2	The Commission seeks comments on whether each of the principles above are appropriate and whether other principles should be included in the Guideline.	<p>We consider that any principles must be subordinate to the fact that loss of supply of electricity will occur from time to time.</p> <p>We also consider that an important principle is that MDVC's equipment must be capable of functioning in the absence of mains supplied electricity and/or that appropriate alternative arrangements are in place. If the DHB cannot guarantee this then we consider it inappropriate to send the patient home.</p>
3	The Commission seeks comments on whether the proposed statement of policy objectives is appropriate to be included in the guideline.	We agree that it is appropriate that there should be a statement of policy in the guidelines
4	The Commission seeks comments on whether the policy objectives above are appropriate and whether any additional policy objectives should be included	<p>Orion does not agree with the third proposed policy objective "minimise avoidable disconnection activity for all consumers". We consider that the guideline should focus only on disconnection due to non payment.</p> <p>The inclusion of this third policy objective as proposed has the potential to allow the scope of the paper to creep to disconnect as a result of planned or rolling outages. Disconnection due to planned outages could be avoided by additional infrastructure investment, but this may not be economically appropriate or acceptable to customers and may increase the level of reliability</p>

		<p>beyond their willingness to pay.</p> <p>A further example would be where the guideline could be inappropriately applied to planned outages, or rolling outages (for emergency reasons) where it may be more appropriate or equitable to all customers to have a larger number of short disconnections rather than one prolonged disconnection. Limiting the policy objectives to disconnection due to non payment will avoid any of these possible misinterpretations.</p>
5	The Commission seeks comments on whether the proposed statement of standards is appropriate to be included in the guideline	We agree that it is appropriate that there should be a statement of standards in the guidelines
6	The Commission seeks comments on whether the standards proposed above are appropriate and whether any additional standards are included	Orion agrees with the proposed standards, however we consider that an additional standard is required that: The DHB must ensure that a MDVC and the equipment are able to continue to function in the absence of mains supplied electricity and/or that appropriate alternative arrangements are in place.
7	The Commission seeks comments on whether electricity should be identified in the guideline as an essential service	Orion is concerned that electricity should be identified in the guideline as an essential service. As the commission acknowledges in the paper and includes in the principles <i>“The Guideline does not imply a guaranteed supply of electricity: from time to time temporary outages may occur.”</i> We consider the use of the term “essential service” gives the wrong impression that the service will be continuously available.
8	<p>The Commission seeks comments on whether the definition of MDVC should be linked to either:</p> <p>a. The medical condition (i.e., the dependency and imminence of harm) or</p>	<p>We consider that the definition of a MDVC needs to be on a basis other than :</p> <p>(a) <i>The medical condition (i.e., the dependency and imminence of harm)</i> <i>or</i></p> <p>(b) <i>The medical equipment (i.e. specify equipment that qualifies);</i></p>

	<p>b. The medical equipment (i.e. specify equipment that qualifies); or</p> <p>c. Some other basis.</p>	<p>While we agree with the Commission that it is more appropriate to have the definition linked to a professional medical opinion and provision of the equipment by the DHB. We consider that the definition must also be linked to the ability of the MDVC and the equipment being able to function in the absence of mains supplied electricity. If the DHB cannot guarantee this then we consider it inappropriate to send the patient home.</p>
9	<p>The Commission seeks comments on, if the definition is based on the medical condition:</p> <p>a. What is the degree of dependence on the CEME that is required in the definition: and</p> <p>b. What is the appropriate timeframe for the harm being effective.</p>	<p>We do not consider that we are qualified to comment on this question it should be addressed by a medical professional.</p>
10	<p>The Commission seeks comments on whether there are new risks associated with the proposed new definition</p>	<p>Yes, we consider that the proposed definition could result in inappropriate scope creep unless the associated principle objectives are all limited to disconnection for non payment.</p>
11	<p>The Commission seeks comments on whether the process of identifying a MVDC should be:</p> <p>a. A process of self selection with / or without a verification process; or</p> <p>b. A process of assessment by a medical professional;</p> <p>c. or reliant on some other basis</p>	<p>We consider that the process of identifying an MDVC must be on the basis of an assessment by a medical professional and must include an assessment that no harm will come to the MDVC as a result of loss of mains supplied electricity.</p>
12	<p>The Commission seeks comments on who should be</p>	<p>We agree with the Commission that it should be</p>

	responsible for providing information to the electricity retailer on MDVC status	the customers or their care givers responsibility to provide the information provided by the DHB on the MDVC status.
13	The Commission seeks comments on who should be responsible for informing a retailer over time of any change in status of a MDVC and is a right of verification appropriate	No Comment
14	The Commission seeks comments on whether low income consumers should be recognised as a separate class of vulnerable consumer or is a low income consumer part of vulnerable consumers generally and there is no value in separate recognition	<p>As indicated in our general comments, to limit the potential spread of the scope of the paper the guidelines should be limited to the situation of disconnection for non-payment.</p> <p>Provided that the guideline focuses on vulnerability due to disconnection of electricity as a result of non-payment then the aspect of the financial status of a customer and ways to mitigate this issue can be adequately addressed in the guidelines.</p> <p>We do not therefore agree with the need for the words "or severe financial insecurity" in the definition of a vulnerable customer.</p>
15	The Commission seeks comments on whether the guideline should be consistent with the electricity consumer Code of Practise	No. The guideline should be providing guidance as to what the Electricity Consumer Code of Practise contains. The industry should not be restrained in the Electricity Consumer Code of Practise from going further than the guidelines
16	The Commission seeks comments on whether it is appropriate to have a restriction on retailers disconnection of a consumer for non payment of services other than electricity and there are unforeseen practical issues with this restriction.	We agree with a restriction on retailer's disconnection of a consumer for non payment of services other than electricity. However, we do not agree with this for the reasons of the "essential service" nature of electricity as set out in paragraph 3.8.1(c) of the paper. Rather we consider that it is inappropriate to disconnect one service for non payment of a different service regardless of the nature of the service.

