

2 March 2019

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

by email: AwarenessofUDandPS@ea.govt.nz

Submission on Consultation paper- Raising consumer awareness of Utilities Disputes and Powerswitch services

1. Orion New Zealand Limited (Orion) welcomes the opportunity to comment on the Electricity Authority's (the Authority) consultation paper (the paper) on raising consumer awareness of Utilities Disputes (UDL) and Powerswitch.
2. The attached appendix covers our responses to your specific questions.
3. Orion supports the submission by ENA.
4. Overall, the consultation and guidance are not well written. It is not always clear if the new requirements apply to distributors or not. Our interpretation is that where 'distributors' are referred to this means only in relation to customers that distributors' directly bill. Where the consultation states 'all distributors' we assume this means every distributor regardless of direct billing.
5. Our understanding, in respect of distributors, is:
 - (a) There is a requirement to promote UDL through provision of clear and prominent information on invoices and associated documents where distributors direct bill customers of metering category four and five.
 - (b) From the draft Code wording, that the requirement to promote the plan comparison website (presently Powerswitch) applies only to retailers.
 - (c) All distributors must promote UDL on their websites.The Authority's confirmation of our understanding would be appreciated.
6. The UDL Scheme wording is generally, for distributors, broader than the Code requirements being consulted on. Distributors already have UDL promotional obligations as a Provider under the UDL

Scheme -

“12. Each Provider must:

a) promote the relevant Scheme(s) on any invoice to customers and in other relevant customer information.

b) have and comply with a documented Complaints process appropriate to the nature of their services and scale of their operations, including providing and keeping up to date information about the staff member(s) responsible for complaint handling.

c) provide information about their Complaints process to their customers or consumers.

d) ensure Complaints can be made in any reasonable form and are promptly recognised as Complaints

e) promptly refer Complaints made to them in error to the correct Provider.

f) provide Utilities Disputes’ contact details to Complainants when:

- the Complainant first makes the Complaint to the Provider,*
- advising the Complainant of the outcome of the Provider's Complaints handling system, or,*
- the Complaint has reached Deadlock.*

g) when advising Complainants of the outcome of Complaints dealt with by the Provider's Complaints handling system, also advise Complainants that they may complain to Utilities Disputes, if they are not satisfied with that outcome.”

7. We believe the current obligations to promote and advise consumers of the scheme as set out in the terms of membership of the dispute’s resolution scheme are the appropriate mechanism for ensuring consumers are made aware of Utilities Disputes. Duplicating these obligations through the electricity industry Code is unnecessary and unwarranted.

Directly billed by Orion

8. The new Code requirement and guiding principles require clear and prominent information about UDL, and that this applies only to directed and one-on-one electricity related communication.
9. Orion directly bills 33 customers made up of large capacity connections (LCC) and major customer connections (MCC) within our pricing structure. Customers only qualify as a major customer if they meet certain requirements including that they must be Class 3 metering or above.

10. The drafted guiding principles define as out-of-scope 'high value major customers', defined as metering category 4 or 5. Of the 33 customers, we directly bill, twenty-one are Class 4 or 5 with the remaining being Class 3 (nine), Class 2 (two), and no metering embedded network (one). Therefore, it is Orion's understanding that the clear and prominent information requirement applies to Orion for twelve customers only.

11. Orion submits that its large capacity and major connections customers already receive more dedicated account management and communication channels for addressing issues. It is neither efficient or cost effective to have special Code requirements for this small subset of Orion's customers.

Orion agents for retailer

12. Orion carries out a small number of services as an agent for retailers e.g. disconnections. Orion also engages multiple service providers that interact directly with customers e.g. Connetics. It is unclear from the guidance whether Orion is required to provide clear and prominent information on UDL, because of these functions or relationships.

13. Orion submits that this leaves potential for overlap of responsibilities between distributors, retailers and service providers and may result in unnecessary cost for little customer benefit. It is more important to ensure that information about UDL is provided when a customer has raised an issue.

Orion website

14. We understand that, in accordance with Clause 3.5 and 3.14 of the guidance document Orion must include clear and prominent information on Utilities Disputes services on the front page of our website.

15. We submit that this is a practical and low-cost method to promote Utilities Disputes to our broader customer base and stakeholders generally. However, we don't think that the prominence should extend to a point where UDL's message over-shadows Orion's brand and messaging. The UDL process encourages providers under the scheme to attempt to address complaints at source ahead of complainants moving into the UDL complaints process.

16. We submit that the paper has not adequately explored other options, such as target awareness campaigns through mainstream advertising and consumer advocacy groups. Afterall, UDL is funded by industry participants and we think it appropriate that UDL has a role to play in its own self-promotion.

Customer communication

17. The guiding principles need to be more flexible and less prescriptive for broader customer communications. The inclusion of UDL information in some publications, even if they are electricity related, risks losing the key message and may be out of context with the tone and tenor of that communication e.g. an advertisement encouraging community engagement and participation for maintenance of trees near powerlines.
18. The guiding principles is prescriptive on alignment within six months. We are unsure of the levels of existing printed stock each participant may already have but suggest that, for some, alignment may take longer if the business wishes to take a more sustainable approach to the phase-out of existing collateral e.g. use them all up rather than send them directly to landfill.

Concluding remarks

Thank you for the opportunity to make this submission. We do not consider that any part of this submission is confidential. If you have any questions please contact Dayle Parris (Regulatory Manager), DDI 03 363 9874, email dayle.parris@oriongroup.co.nz.

Yours sincerely



Dayle Parris
Regulatory Manager

Appendix C- Response to Questions

Submitter	<p>Orion NZ Limited</p> <p><i>Our answers to these specific questions should be read in conjunction with our covering letter</i></p>
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<p>Question 1: Do you agree the issues identified by the Authority are worthy of attention?</p>
<p>Yes, we agree that awareness of UDL and the plan comparison website is important however we believe there are more efficient and cost-effective ways to promote them.</p>
<p>Question 2: Do you agree with the objectives of the proposed amendment? If not, why not?</p>
<p>See answer to Q1</p>
<p>Question 3: Do you agree the benefits of the proposed amendment outweigh its costs?</p>
<p>We do not agree that the cost benefit analysis is robust, however we agree that there are cost effective ways the industry can support awareness of UDL and plan comparison website. We believe there are costs not covered or inadequately covered including increased audit costs, additional UDL costs if awareness increases complaints unresolved by distributor or retailer, and that the cost of updating stationary and information systems is underestimated. We believe UDL, paid for by the industry, does have a role in promoting itself and that this should continue.</p>
<p>Question 4: Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority’s statutory objective in section 15 of the Electricity Industry Act 2010.</p>
<p>No, we submit that there is merit in deferring amendment of the Code until the consumer advisory council can be consulted on what information should be provided and in what form. We are not convinced that appropriate, evidenced information, rather than untested assumptions, has been sought from consumers regarding awareness of UDL. As indicated above, we think it would be more efficient and cost effective for UDL to play a greater role in its self-promotion through pooled funding from providers to the scheme.</p>
<p>Question 5: Do you agree the Authority’s proposed amendment complies with section 32(1) of the Act?</p>
<p>No, we do not agree that the proposed amendment complies with the Act requirement relating to the efficient operation of the electricity industry. See our response to Q3 and Q4.</p>
<p>Question 6: Do you have any comments on the drafting of the proposed amendment?</p>
<p>Should the Code amendment proceed, the wording should include part of the exclusion provided in footnote 1 of the draft guidance- <i>“excluding distributors that only direct bill a small number of consumers who have a connection to the distributor’s network”</i></p>

For clarity clause (1) should include that these obligations extend to agents who act on behalf of the retailer.

Question 7: Do you have any comments on the proposed principles?

It needs to be clearer that when the document refers to distributors, in the guidance, that this means only distributors who direct bill line function services to customers. Also, where the guidance says 'all distributors' this means any distributor regardless of whether they direct bill or not.

It needs to be clearer that for a distributor that must comply for a small number of major customers, who they direct bill, whether agent 'in-scope' requirements apply to all customers or only the major customers. Also, that agents includes only service providers carrying out a function requiring compliance with the Code otherwise the interpretation will be too broad and will impact the cost-benefit analysis e.g. responding to a fault or third party impact, escorting a high load.

Exclude all customers who are direct billed by distributors to avoid duplication with, in activity and cost, retailer obligations under the proposed Code amendment.