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switchingconsultation@ea.govt.nz

Submission on Options to support consumer plan comparison and switching

Introduction

Utilities Disputes Limited Tautohetohe Whaipanga (UDL) welcomes the opportunity to comment on the Electricity Authority Te Mana Hiko's Options to support consumer plan comparison and switching Consultation paper.

UDL

UDL is an independent, not-for-profit organisation that resolves complaints between utilities companies and their customers.

We currently operate three main dispute resolution schemes: a government approved Electricity and Gas Complaints Scheme, a Broadband Shared Property Access Disputes Scheme, and voluntary Water Complaints Schemes. We also provide a voluntary telecommunications complaints scheme for one energy provider.

Our aim is to facilitate a strong relationship of trust between consumers and utility organisations and focus on three aspects - Prevent, Educate and Resolve.

We agree that there are obvious challenges when it comes to supporting consumers to compare and switch plans.

UDL resolves complaints that consumers and providers have been unable to resolve. We are not consumer or provider advocates, and we have no direct role in assisting consumers to switch retailers. However, many of the complaints we receive involve issues that can arise when a consumer attempts to switch electricity retailer. Last year around 2.5% of complaints UDL received included switching issues. This has been steadily increasing since 2021. This compares with around 50% of complaints including billing issues and around 35% including customer service issues.

We also have experience working with consumers who may be experiencing hardship or vulnerability, as well as those who come to us with issues relating to their bill, plan, or other relevant and related information. We have shared our experience of resolving these issues

with electricity retailers and consumers, where relevant to the options set out in the consultation paper and the following principles, confirmed by the Authority:

- consumers should have access to accurate information they can use to compare retailers and plans;
- consumers should be well supported to when comparing retailers and plans, and switching;
- comparing retailers and plans and switching should be easy for consumers to do.

Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?

We note the reference to only 40% of electricity bills including the consumers pricing plan name and of these 80% used a different name to those on Powerswitch. We also receive billing complaints and queries from consumers involving issues accessing the information they would need to effectively compare plans and switch retailers. This can include difficulty in confirming relevant electricity usage information, for example a bill not stating if the usage is estimated or based on meter readings. These issues with information on bills, including the others noted by the Authority, may make accurate plan comparisons difficult for consumers.

There is currently no consistent standard for how retailers present information on bills and we can see value in the Authority considering this as a separate project. In our view, bills should very clearly communicate key information, such as the current plan, whether the bill is based on an estimate or actual reading, and how discounts or benefits have been applied. Also, while not a significant part of the market at present, UDL does deal with complaints involving solar credits on consumer bills, and the Authority may also want to consider how this information is provided to consumers and how this could impact pricing plan comparisons.

Changes in this area will not only promote the principles set out above, it will also assist in improving consumers understanding of and management of their electricity costs, which are often an issue in billing complaints.

Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?

We support the opportunities identified by the Authority. Complaints with billing issues account for around 50% of all of the complaints we receive, with complaints about high bills making up more than 20%. We have commented above on the benefit of providing consistent and clear information to inform consumers of what their electricity costs are. It will also improve their ability to make informed decisions on switching, and the opportunities the Authority has identified.

We also believe there are other variables that may be considered. The level of customer service, billing information, and accessibility and support that is provided to a consumer when they have concerns about their bill should also be considered. These factors can arise in complaints about billing and high bills. They are also highly likely to affect how easy it is to switch. The Authority's proposed Retail Market Monitoring plan may assist in discovering the impact of these issues on consumers and their ability to switch. This information could be combined with relevant data obtained from consumer surveys, UDL's complaints data, and any other relevant feedback, for instance from community support organisations.

UDL supports Option 4 and all three consumer choice options for reasons cited within the consultation document. In addition we suggest the Authority may also wish to consider the following:

- an App is likely to be helpful by enabling consumers with limited digital devices to access the information on one device (phone). It will also have the advantage that people will be able to access data/info wherever they are.
- digitally excluded communities with vulnerable populations such as the elderly may face additional barriers. It may be appropriate to develop alternative points of contact with these communities through existing community support organisations such as Age Concern for example.
- we expect any website will be mobile friendly, developed for the blind/low vision and others in the disabled community and available in multiple languages.

Q3. Do you consider it is important for the Authority to fund and support a comparison and switching website or websites? Why?

We believe it is important for the Authority to fund and support a comparison and switching website/websites and note the role Powerswitch plays in New Zealand.

We believe it is important for consumers to have easy access to a trusted comparison website, and this will be best achieved when it is funded by an independent entity that has protecting consumer interests as one of its statutory functions. It is UDL's experience consumers react positively when they hear that a body is independently funded. Often this is one of the first questions complainants ask when they make inquiries of UDL.

Q4. What do you think are the most important features a comparison and switching website should have to make it the most accessible and effective for users?

As the Authority has noted, bundled utility services are becoming increasingly common market offerings. The Authority may wish to consider whether any comparison should provide additional information, such as the additional services that are available through the particular retailer, including bundling and the customer access channels. Some retailers only deal with customers by chat or email and do not operate a phone line. We make no criticism of this choice, but it is likely to be relevant to a consumer when they are considering the

benefits of switching. Consideration could be given to listing a retailer's ability to communicate in te reo and other languages.

Regardless of which option the Authority pursues, we feel it is important for the comparison website(s) to be able to handle bundled utilities. Option 5 involves developing a new website that could have a wider coverage of utilities and services. It is not clear why this could not also be part of option 4, where the Authority could support an existing or new website to cover a wider range of utilities.

Q5. What problems, if any, do you see with current comparison and switching websites?

Consumer awareness of the service is likely an ongoing challenge for Powerswitch, as it is for UDL. The Electricity Industry Participation Code (Code) amendment in 2020 to increase awareness of these services has had positive impacts on consumer awareness. Should the Authority choose to support a new website, the existing awareness raising mechanisms should be used.

Another issue may be the ability of the consumer to enter all relevant consumption information. The Authority may wish to consider whether there is an alternative solution that would allow the switching site to access this information directly from the Electricity Registry with suitable approval from the consumer.

Q6. What else should we consider when assessing the relative advantages and disadvantages of the five website-related options?

As mentioned above, we believe the guidelines for participants to raise awareness of Powerswitch (and UDL) has had a positive impact in recent years. The Authority should consider that moving away from Powerswitch to another option has the potential to undermine the progress made in raising consumer awareness of this comparison website. While this might be a worthwhile trade off in order to support a website with a broader range of functions, we anticipate that the Authority will weigh the value of existing consumer awareness appropriately.

Another aspect the Authority may wish to consider is any potential alignment between retailers' websites and any switching site. The paper confirms over 54% of consumers will first look to their retailer when seeking to confirm whether they are on the correct plan for their electricity needs. If this is the case, the Authority may wish to encourage retailers to provide similar, but limited, tools that will enable a consumer to confirm whether they are on their own retailers' best plan. This may be particularly relevant for customers who have a bundled services or who may be reluctant to switch to a new retailer. This could be part of the initiatives discussed in Question 10.

Q7. Of the website-related options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?

In our view options 4 or 5 are most likely to have a positive impact on removing the barriers that can stop consumers comparing and switching. Creating or supporting a trusted source of information about comparing and switching will likely encourage increased consumer engagement more than a multitude of competing comparison and switching providers.

Option 4 is UDL's preferred. A central source will make it easier for consumers and retailers to share any relevant information. A switching site that is able to provide real-time information appears the most beneficial to the consumer in terms of independence and being cost effective in the New Zealand context. People are time poor, especially vulnerable consumers, so to be able to go to one trusted source is simple and effective.

Q8. What other types of website-related options, if any, should we consider to support comparison and switching and why?

See response to Questions 2, 5 and 6.

Q9. Are there other types of technology in addition to, or alternative to, websites that we should consider?

See response to Question 2. An App may enhance the experience for many (e.g. those with only one device at the ready all the time; those who are 'on the go' and not using a laptop; tradespeople on the tools; families with only 1-2 digital devices).

Q10. What are your views on how retailers providing 'best plan' information could work? For example, how should they assess the 'best plan' and present/target information to consumers, and how often? What do you think of the Australian 'automated-switch' idea?

One potential issue to overcome with any best plan model is the fact the plan can be dependent of the particular behaviour of the consumer. For instance time of use plans or free hour plans may have different values to different consumers.

We note the CAC suggested best plan information should be made available every three months. We presume this would be based on a consumer's consumption patterns over a longer period, i.e., 12 months, to enable them to make a fair assessment of usage. For example, a consumer who is a very low user through summer and increases usage dramatically in winter could be recommended a plan at the end of summer that would not be most efficient over winter and end up with the consumer worse off over the whole year.

We expect the challenges could be overcome if clear parameters were placed around what should be considered and reported to consumers when informing them of their best plan and what factors have been considered. We expect the Authority would work closely with retailers and consumer organisations to confirm what these should be.

Q11. In what form do you think the community advisers service would function best? For example, what agencies might we collaborate with? What are the best approaches?

If the Authority does intend to develop an outreach plan for enabling community support, we also suggest it works directly with the community agencies to design, promote, and implement the initiative.

Our experience of working with community agencies has highlighted the importance of providing tailored long-term support to develop long lasting relationships, and when working with vulnerable communities, face-to-face is often the best option. It is important to note that these communities work in an environment of trust that must be earned and this takes a significant amount of time for this to develop.

For example, many consumers who access community support use English as a second language. They may also have limited literacy, or health needs that require tailored and targeted support to be able to make informed choices. These groups are likely to those that benefit the most from Option 4 and Options A, B, C, especially Option B if the advisors are trained appropriately.

The Authority is also likely to be aware many of the agencies that have been cited are already under pressure.

We also believe additional organisations and communities could be included here such as FinCap, Maraes, AWHI, Kainga Ora, Age Concern and more.

We expect significant thought and planning will be given to how any advisors be trained and measured.

In our view there are many positives and difficulties to be considered. We support the use of community advisors who may already have existing relationships within the community as they are likely to already have the trust of the communities they are working in. We would be willing to provide oral submissions to expand on any of the above.

Q12. What conditions or support would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?

In our view it is vital to involve community organisations and leaders in the design. As stated above, training and support needs to be tailored and community engagement should include all relevant aspects of electricity use so consumers can be guided to make informed decisions. The role should be clearly defined so the community advisor and the community is clear about their role and the assistance they give. The advisor should have the professional support and resources needed to perform the role, and the Authority should put in place tools to evaluate performance, and to measure the success of any community outreach (e.g. KPI's, feedback forms etc).Co-design of any of the above to ensure any initiative is fit for purpose and tailored to the needs of the particular community, including language and cultural needs.

Q13. What else should we consider when assessing the relative advantages and disadvantages of the three consumer choice support options?

We have nothing further to add to the analysis that the Authority has already conducted.

Q14. Of the consumer choice support options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?

Different options may work best for different types of consumers. For example, consumers with higher energy literacy may gain increased awareness simply by the presence of the new or enhanced switching website. However, for vulnerable consumers or those with poor energy literacy, more targeted promotional campaigns are likely to be required.

Q15. What other types of consumer choice support options, if any, should we consider to support comparison and switching and why?

No comment.

Q16. What are your thoughts on ruling out these options? If you disagree, why should they still be considered?

UDL agrees it is appropriate to rule these options out.

Q17. What are your views on the criteria we've chosen to assess options. Do you think some criteria should be weighted more than others as they are more important?

We support the proposed criteria. We note the consumer interest criteria in reality is quite broad and to fulfil this the Authority will have to consider a number of groups. The Authority may consider to more explicitly define this definition so that the particular needs of various groups, such as the vulnerable consumer and the elderly, are not lost in the analysis. A criteria for considering specific outreach to the tangata whenua and Tiriti o Waitangi issues may need be considered.

Q18. Are there other criteria you think are important to help decide on the best options?

No comment.

Q19. What's your opinion on the Authority's proposed 'four-pronged' approach to supporting consumer comparison and switching? What alternative approach might you support?

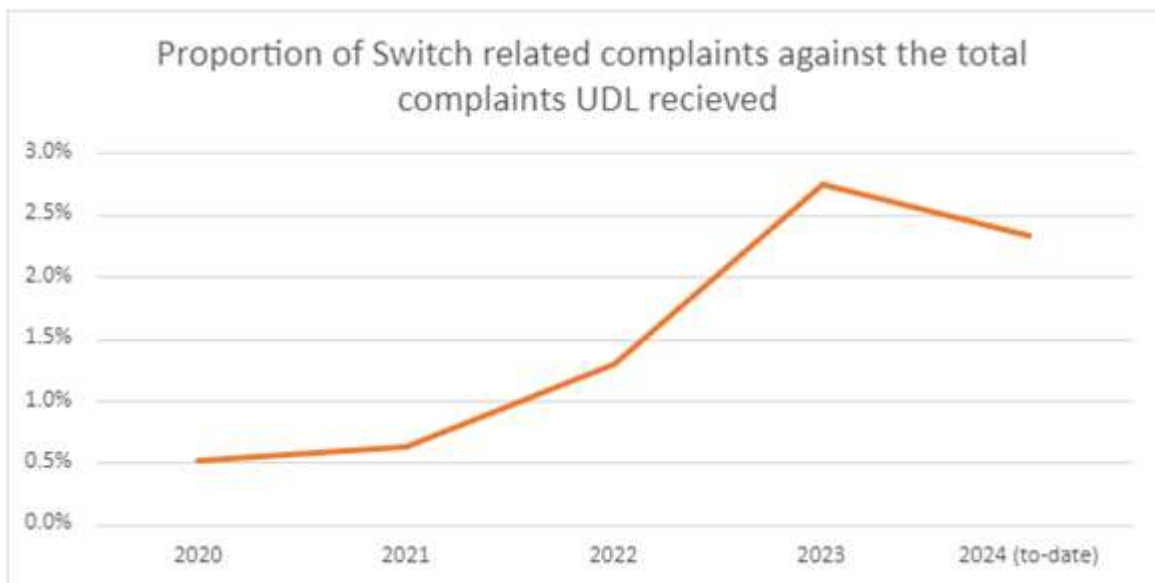
We support the continuation and expansion of Powerswitch to cover more innovative and complicated offerings. As stated, it has strong brand awareness and is an established provider of this service. We support the remaining "prongs" to this approach as stated elsewhere in our submission.

Q20. What thoughts do you have on our current assessment of the options against the proposed criteria in Appendix D and their scores? How might your assessment differ?

No comment.

Q21. Are there any other issues concerning supporting consumers to compare and switch that you would like to comment on, whether raised in this paper or not?

Whilst the graph below shows the percentage of switching related complaints we receive are relatively low, with around 2.5% of cases including an issue related to switching, complaint data from the last two years show that switching related complaints have increased as a proportion of total complaints (see graph below). This may indicate that consumers are facing some barriers or challenges in the switching process, which may worsen perceptions that switching is time consuming and difficult. We also believe a number of the issues raised by the paper can have a positive impact on other consumer issues we see as referred to above.



Next Steps

If UDL can be of further assistance please contact Paul Moreno, Kaiwhakahaere Rangahau, Pūrongo | Research and Reporting Manager paul@udl.co.nz

Yours sincerely

Paul Moreno

Research and Reporting Manager
Tautohetohe Whaipanga: Utilities Disputes Limited