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retaildata@ea.govt.nz

Submission on improving retail market monitoring: clause 2.16 information notice

Introduction

Utilities Disputes Limited Tautohetohe Whaipainga (UDL) welcomes the opportunity to comment on the Electricity Authority Te Mana Hiko's review of electricity retail market monitoring under clause 2.16 of the Electricity Industry Participation Code 2010 (Code).

Summary of submission

We believe the proposed methods of gathering complaints and related data will assist the Authority in meeting its statutory objectives of promoting competition, reliability and promoting and protecting the interests of domestic and small business consumers, in relation to their electricity supply. Our comments have been focused on areas where the collection of information might be improved, including opportunities where it may better align with similar information collected by UDL.

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 complaints resolution scheme for telecommunications complaints for one energy provider.

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

Q1. What are your views on the Authority’s description of the current issues with its monitoring of the retail market? Are there any additional issues we have not included?

We agree with the Authority’s description of the current issues with its monitoring of the retail market, especially the information gap that the Authority has identified in the reporting of consumer complaints and refusal of service due to creditworthiness. It appears timely for the Authority to determine a settled collection method which is compulsory and consistent so it can be usefully tracked over time and used to understand more about the root cause of the issues that may affect consumers and small businesses in terms of their electricity supply. This builds on the Authority’s previous work which has focused on a number of key markers (such as debt, disconnection rates and the number of medically dependant and vulnerable). This new approach goes a step further by seeking information on how these issues have been managed, and their impact on consumers and small business customers.

We believe a key component of the new approach is the effort to gather detailed complaints data. We recommend the Authority go even further and capture even more detailed information than what is currently proposed in the information notice.

We note as part of the Commerce Commission’s Retail Service Quality work the Authority collects customer satisfaction scores in key aspects of a provider’s service offerings and publishes them with the aim of highlighting on common pain points for customers and promoting competition. With the prevalence of bundling amongst electricity retailers it would make sense to adopt a similar approach. We note the Banking Ombudsman publishes similar data for bank customers and we have commented below on the value of including customer satisfaction in terms of how complaints have been addressed rather than relying on the volume of complaints alone.

UDL supports the decision to make the Consumer Care Guidelines mandatory and has observed positive changes in the industry since they were introduced in late 2022. Collecting more detailed information on complaints and refusal of service will enable the Authority and retailers to better track the impact of such changes over time and create a level playing field if all retailers are required to report on this data. This will become increasingly important as the electricity industry transitions to a renewable power system with consumers having a role in distributed energy resourcing as the Authority has recognised. We expand on this further in the sections below.

Q2. The Authority is proposing that retail market monitoring should be through one consolidated, mandatory request, collected on a consistent basis, that is proactively published, cost- effective, and fills identified information gaps. What are your thoughts on this proposal?

We agree with the proposed approach and preference for relying on clause 2.16 given it will require mandatory compliance and the requirements clauses 2.17 and 2.18 impose which

will provide clarity and transparency for the reasons and purpose for gathering the information.

A uniform and consistent methodology may also have wider benefits for the sector, small businesses and consumers as other organisations can collect related data to provide a broader picture of the issues than may impact consumers. UDL for instance, is likely to capture related data on the consumers and small businesses that access its services to compliment the data the Authority collects.

- UDL will also be able to use this information to assess whether a provider has complied with good industry practice, which can often be difficult to confirm because of the lack of industry wide data.

Q3. What are your views on the Authority's proposal that a new Clause 2.16 notice is the correct tool to improve retail market monitoring?

We agree a new Clause 2.16 notice is the correct tool for the Authority to use to gather the information proposed.

Q7. Do you have any feedback on the proposed notice (Appendix A)?

We note there are a range of network arrangements between a retailer and consumer. Is the Authority expecting retailers to provide data on their customers who do not have a one-to-one link to an ICP, or exclude them? For example, a secondary network provider who is retailing energy to customers on a private network may associate all their customers with a single ICP.

We believe the Authority will have already considered this, but it could be helpful to clarify in the proposed notice whether retailers are expected to provide information about this class of customer and whether any distinction needs to be made.

We note a number of retailers have their own hardship measures and funds which they utilise to assist customers experiencing hardship or payment difficulties which may include financial support and consumption credits. It may be useful to consider collecting information on such measures to assess how often retailers use these approaches in debt and credit management and how successful they are (in Table 4).

It may also be useful to collect data on whether retailers communicate relevant information to the customer including:

- the plan a customer is on
- whether a customer's bill is based on actual or estimated
- consumption data

This may be included in the information collected in Table 4 or 5. There is currently no consistent approach on disclosing this information and we see complaints that could be

avoided if it were standardised. Collecting data in these areas may allow the Authority to consider the benefits of standardising these areas.

Q9. What are your views on how the information requested in the proposed notice would meet the Authority's statutory monitoring of competition, reliability, and efficiency in the retail market, and domestic and small business consumers' outcomes? What information do you think is needed to meet the Authority's statutory monitoring requirements?

We agree with the Authority that monitoring the volume and type of complaints brought to retailers would be beneficial. As the Authority has mentioned, this could be a particularly insightful dataset when analysed in tandem with the complaints data collected by UDL and we look forward to continued collaboration in this space.

Q10. Do you believe the benefits of the Authority having this information outweigh the costs? If not, why?

We believe the information will allow the Authority to effectively perform its function and, along with other stakeholders, perform better analysis using the information set.

Q14. What are your views on the information the Authority intends to initially publish from the proposed notice, including the proposed level of detail?

We agree on the level of data collection that is being proposed, subject to the comments we have made above.

Q15. What information do you believe the Authority should or should not publish? What level of detail do you consider appropriate for publication, and why?

We support the proposal to publish retailer complaints data and encourage the Authority to consider publishing this in a greater level of detail.

We are glad to see that the Authority is proposing to ask retailers for complaints numbers sorted into the categories outlined in question 6 of the monthly questions. It is helpful that these categories align with the complaint issue categories used by UDL.

The Authority should consider adding an additional category of '*Equipment*' to cover complaints about electricity meters and metering services. Complaints in this area are commonly brought against electricity retailers and is a category used by UDL. UDL routinely receives complaints about meters not being read, not being fixed, and not communicating. It would be beneficial to ensure these types of complaints are captured in the data, and

using a common issue categorisation system across the industry will make data sharing easier and more effective.

As discussed above, we also believe the Authority should consider requesting information about the outcomes of the complaints retailers receive. Complaint outcomes are an important indicator of how well the industry is responding to and addressing the concerns of domestic and small business consumers.

The Authority may wish to consider requiring retailers to undertake their own customer satisfaction surveys and include the results as part of the industry information that is collected. Over time this may allow the Authority to move towards a reporting model such as that adopted in the UK by the Consumer Council for Water (CCW) and the Water Services Regulation Authority (OFWAT). That form of self-reporting is subject to several external processes to maintain quality. The Authority may want to review the helpful CCW OFWAT report on Improving Complaint Processes in Water – A Follow Up Report October 2021. That report discusses improvements in gathering complaint handling information, including customer service. It reports that water service providers in the UK outperform telecommunications, energy and finance in terms of complaints handling times and contains several other helpful best practice suggestions.

Requiring providers to gather and report on internal customer service handling will also promote internal improvements and innovation amongst providers.

The Authority may wish to consider how these metrics will apply to those providers who deliver services as part of a bundled offering to ensure they are comparing like-for-like when assessing the data and receiving an accurate picture of the service they will be receiving. As discussed above, we see merit in aligning with the data being collected by the Commerce Commission in relation to telecommunications providers and those who provide bundled services.

UDL collects this information for complaints brought to UDL, but this only represents a small proportion of total industry complaints, and generally only those that have been escalated.

In addition to capturing more granular data, the Authority should consider the benefit of publishing a wider range of data at the retailer level. It appears the Authority only intends to publish retailer level data for disconnections, whilst all other complaints data will be aggregated. Publishing more data at the retailer level would have a range of benefits for both consumers and the industry.

As discussed above, we believe the Authority could consider the value generated by a complaints dashboard, such as that published by the Banking Ombudsman, which provides an overview of complaint types (and which services they relate to) at the retailer level. This complaints data is provided by the banks themselves, rather than relying solely on the data from complaints brought to the Banking Ombudsman.

Reporting on industry complaints data with a level of transparency (at the retailer level) is of great value to consumers and the industry. Benefits may include:

- Consumers better able to make informed decisions and set realistic expectations about the level of service they might expect to receive from different retailers and services.
- Retailers will be encouraged to enhance their customer experiences and innovate their service offerings.
- Assisting the authority to meet its statutory monitoring requirements.
- Identification and monitoring of systemic issues by providing a more comprehensive and transparent view of industry challenges.

UDL also plays a role in identifying systemic issues, but as already mentioned, we are working with a dataset that only represents a small portion of industry complaints. Publishing regular, industry wide data on complaint issues (and outcomes) will provide excellent opportunities for identifying systemic issues. Finally, UDL recommends the inclusion of an external auditing mechanism to ensure the information gathered is true and accurate. This could be carried out internally by the Authority regularly with external audits every 5 years. This is best practice and in addition, reassures the consumer the information presented to them is reliable.

Q17. What are your views on the privacy implications of this clause 2.16 notice and the methods we have outlined to manage these?

We note the Authority proposes to retain the raw data for up to 10 years, and aggregate data and use pseudonymisation techniques wherever possible. To ensure it is compliant with privacy principles, UDL routinely deletes identifying information from older cases.

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



Neil Mallon
Toihau Commissioner
Tautohetohe Whaipanga: Utilities Disputes Limited