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Gas Industry Company
Level 8, The Todd Building
95 Customhouse Quay
Wellington

Vector Limited
101 Carlton Gore Rd
PO BOX 99882
Auckland 1149
New Zealand
+64 9 978 7788 / vector.co.nz

Submission on Extending the EPR Final Recommendations to the Gas Market – Final Market Guidelines

Introduction

1. This is Vector Limited's (Vector) submission on the Gas Industry Company's (Gas Industry Co) consultation paper, *Extending the Electricity Price Review's Final Recommendations to the Gas Market – Final Market Guidelines for: (1) Dealing with Vulnerable Consumers; (2) Raising Consumer awareness of Utilities Disputes and Powerswitch; and (3) Saves and Winbacks* (the Guidelines), dated 9 November 2021.
2. As indicated in Vector's previous submissions on the proposed Guidelines, we broadly agree with these Guidelines and their objectives of ensuring energy affordability and that small gas consumers are disconnected only as a last resort, among others.
3. We support Gas Industry Co's approach of aligning the proposed Guidelines with similar guidelines developed by the Electricity Authority to implement some of the Electricity Price Review's final recommendations. This promotes consistency and efficiency in addressing consumer issues common to the gas and electricity sectors while allowing flexibility for gas market participants to innovate and better navigate the transition to a low carbon future.
4. We set out below our responses to Gas Industry Co's two additional questions on the proposed Guidelines. We also provide further comments on the proposed consumer care policy template and the inclusion of 45kg bottled LPG prices in Powerswitch.

Responses to the consultation questions

Do you agree with the changes made to the Gas Consumer Care Guidelines to address persons medically dependent on gas?

5. Vector has always broadly supported the extension of the electricity Consumer Care Guidelines to the gas sector.
6. In the case of the changes made to the draft Gas Consumer Care Guidelines to address medically dependent consumers (MDC), we seek clarity whether consumers can be "medically dependent" on LPG, i.e. whether there is life support equipment that may be fuelled by LPG as defined by New Zealand and Australian rules/regulations. We note that the newly added section 10 of the draft Consumer Care Guidelines provides the following additional/specific protections for 45kg bottled LPG consumers:
 - g) Retailers should not proactively recommend an LPG Bottle service to a customer if the customer, or a consumer permanently or temporarily resident at the customer's premises, is an MDC or an unverified MDC.

- h) Retailers may agree to providing an LPG Bottle service for the premises of an MDC or an unverified MDC if requested to do so by the customer at the premises. This is to avoid discriminating against MDCs wanting an LPG Bottle service. However, the Retailer should suggest the MDC or unverified MDC first discusses the LPG Bottle service option with their health practitioner (on the basis that a bottled LPG service shall automatically be interrupted on the LPG Bottle running out of LPG).
- 7. In relation to the last sentence of clause “h)” above, should the GIC determine that there is no known LPG powered life support equipment, we suggest removing the requirement for the MDC or unverified MDC to discuss an LPG Bottle service option with his or her health practitioner – which will no longer apply, e.g. both “g)” and “h)” above.
- 8. In addition, we do not agree that a bottled LPG service is “automatically...interrupted”, which suggests that this service is interrupted all the time, which is not the case.
- 9. We therefore suggest amending clause “h)”, as follows:
 - h) Retailers may agree to providing an LPG Bottle service for the premises of an MDC or an unverified MDC if requested to do so by the customer at the premises. This is to avoid discriminating against MDCs wanting an LPG Bottle service. ~~However, the Retailer should suggest the MDC or unverified MDC first discusses the LPG Bottle service option with their health practitioner (on the basis that a bottled LPG service shall automatically be interrupted on the LPG Bottle running out of LPG).~~
- 10. We are not aware of any list of MDCs of gas fuelled retailers. We seek clarity on how gas retailers – particularly standalone retailers – can know who are medically dependent, and the privacy implications of handling MDC data that is provided by other parties.
- 11. It is the current practice of our OnGas LPG business to treat any customer who is a pensioner as a vulnerable customer. We do not cut off supply to our pensioner customers or send them to debt collection.

Do you support the development of new Gas Information Exchange Protocols, adopting relevant provisions from the corresponding information exchange protocols in the electricity market addressing the exchange of MDC information?

- 12. Vector seeks clarity around the applicability of Gas Information Exchange Protocols (GIEP) for the exchange of MDC information in the case of 45kg bottled LPG and reticulated LPG. We currently cannot see any practical examples for such information exchange, given there is no LPG customer register and registry processes through which MDC information (or any information for that matter) may be exchanged.
- 13. There is effectively no switching in the case of reticulated LPG that would trigger the need for information exchange. A reticulated LPG customer who switches providers needs to be ‘physically disconnected’ from one reticulated network and ‘physically connected’ to another.
- 14. We seek explicit clarification whether 45kg bottled LPG and reticulated LPG services will be captured should Gas Industry Co develop any new GIEPs for MDC information. Should that be the case, we suggest that guidance on how the GIEPs apply in practice be included in the proposed consumer care policy template. We further suggest that any proposed (new) GIEPs and the draft consumer care policy template be subject to stakeholder consultation.

Other comments

Development of a consumer care policy template

15. Vector welcomes Gas Industry Co's agreement, in principle, with our proposal for the development of a consumer care policy template. We support Gas Industry Co liaising with the Electricity Retailers Association of New Zealand (ERANZ) which we understand is developing such a template for electricity retailers.

16. As indicated in our submission on the proposed Guidelines, dated 13 July 2021:

...The relevant gas industry participants can use such template in its entirety or tweak it to suit the needs of their business and customers while remaining compliant with the Guidelines. This will facilitate early compliance and give participants the confidence that the changes they are making to their processes are compliant from the outset and will not be wasted.

Including LPG prices in Powerswitch

17. Vector notes that Gas Industry Co has yet to decide on the proposed inclusion of 45kg bottled LPG prices in Powerswitch. We reiterate our significant reservations about this proposal, which would only increase the regulatory burden without any significant consumer benefits.

18. As indicated in another previous Vector submission on the Guidelines, dated 22 March 2021:

...For a price comparator service to be effective, it should be able to compare 'apples to apples' which could be challenging when it comes to LPG contracts as these can differ from one LPG retailer to another. Building a highly complex website functionality for this purpose, including maintaining it and keeping information up to date (through regular updates from LPG retailers) would be very costly. Any functionality of lesser capability would only add to the costs of bottled LPG without significant consumer benefits...We suggest that any new/additional compliance costs for LPG retailers arising from this proposed requirement be factored into Gas Industry Co's assessment.

19. While electrification is expected to intensify, the use of gas is expected to decline as the energy sector transitions into a low carbon future. In considering any new arrangements, we urge Gas Industry Co to focus on enabling participants to navigate the transition smoothly rather than imposing more prescriptive arrangements that increase costs without overriding consumer benefits, therefore diminishing energy affordability.

Concluding comments

20. We are happy to discuss this submission with Gas Industry Co. Please contact Luz Rose (Senior Regulatory Partner) at Luz.Rose@vector.co.nz in the first instance.

21. No part of this submission is confidential, and we are happy for Gas Industry Co to publish it in its entirety.

Yours sincerely
For and on behalf of Vector Limited



Neil Williams
General Manager OnGas & Metering Commercial