

great value  
made easy

**nova**  
energy

17 May 2024

Submissions  
Gas Industry Company

Nova Energy Limited  
PO Box 3141, Wellington 6140

By email: [consultations@gasindustry.co.nz](mailto:consultations@gasindustry.co.nz)

### **Consultation paper: Retail gas contracts oversight scheme – review of benchmarks and RCEs**

Nova Energy, together with our trading branch Megatel (**'Nova'**), welcomes the opportunity to provide feedback on the Gas Industry Company's (**'GIC'**) review of the Retail Gas Contracts Oversight Scheme's benchmarks and set of reasonable consumer expectations developed by GIC (**'Benchmarks'**).

Nova Energy (**Nova**) generally supports the Gas Industry Company's position on the Scheme and the benchmarks and RCEs being considered. We were pleased to hear last year about the continuing 'substantial' alignment of Nova's general supply and special / promotional supply plan terms with the Benchmarks. Please be advised that work remains ongoing to further improve these terms and address GIC's residual concerns.

Nova's specific responses to the Gas Industry Company's questions are appended to this letter below.

Having noted this, we recommend the GIC applies a 'practicality lense' with regards to how it (and its independent assessor) progresses with the Scheme and its interpretation of some of the benchmarks. For example, certain benchmarks under review are either too rigid, impractical or are in danger of being outdated. For example, benchmark 12b in particular (which relates to stating the frequency of meter readings provided to customers) is arguably in need of modernisation with the current roll out of advanced gas meters.

Please feel free to contact me if you wish to discuss our views further.

Yours sincerely



Paul Baker

Commercial & Regulatory Manager

P +64 4 901 7338 E [pbaker@novaenergy.co.nz](mailto:pbaker@novaenergy.co.nz)

## Nova submission: Retail gas contracts oversight scheme – review of benchmarks and RCEs

Q No.	Question	Response
Q1.	Do you consider the obligation in benchmark 2 (and/or the interpretation of this benchmark) should be amended to better reflect that consumers are unlikely to look to their gas and energy terms and conditions for safety and emergency information in the event of an emergency and, if so – how do you consider it should be amended?	<p>Yes.</p> <p>While we agree there is “some merit” in including general/ generic health and safety information in our General Customer Terms, we would question how many customers would realistically search through their retailer’s General Terms in an emergency.</p> <p>Noting this, we recommend this benchmark (of GIC’s interpretation) is modernised to clarify that retailers should, at all times, ensure emergency information is readily available to all customers – regardless of how and where that information is provided.</p> <p>As per our feedback in the 2023 assessment, we note that:</p> <ul style="list-style-type: none"> <li>• The benchmark requires that gas supply “<b>arrangements</b>” must provide information to consumers on emergency procedures and safety information – i.e. the overall “arrangement” is not limited to general supply terms and conditions.</li> <li>• GIC’s interpretation of the benchmark is met if this information is contained in the contract or a “document referred to in the contract, even if the contract does not specify what information is contained in that other document”.</li> </ul> <p>We consider GIC’s interpretation is correct and that the independent assessor’s application conclusions (in its 2023 assessment report) regarding this benchmark are overreaching – e.g. the conclusion that referring to the Nova website homepage (which contains clear links to emergency information) in general terms, rather than specific webpages, not being sufficient to meet the benchmark.</p> <p>For reference, Nova currently communicates emergency information on our website, our IVR (main phone system), all customer bills and in periodic customer communications, for example our CCO outage information emails.</p>
Q2	Do you consider the obligation in benchmark 5.1 to be suitable in its current form, or unreasonably burdensome (and therefore requiring appropriate amendment – in which case what do you suggest)?	<p>In general, we are happy with this benchmark.</p> <p>However, we would appreciate the GIC considering amending this benchmark to specifically allow for changes which are to correct for well-known and publicised legal reasons (e.g. Act name changes) or for minor inaccuracies, or where the changes are immaterial or are favourable to customers. This would be consistent with the GIC’s view that such minor changes do not need to be <i>individually</i> notified to consumers.</p>

Q No.	Question	Response
Q3	Do you consider the term “price of gas supplied” in benchmark 8(a) requires some amendment as to the scope of the term and, if so, in what way?	<p>Yes.</p> <p>Retailer service fees are, in many cases, outside our control and set by third-party providers. We therefore recommend that service fees are specifically separated from the price for gas in the revised Benchmarks.</p> <p>It is important to note that many customers are not affected by service fees. These are generally separately communicated and agreed with customers when they make specific requests, for example upgrading the gas meter’s capacity.</p>
Q4	As per Q3 above do you consider the term “price of gas supplied” in benchmark 8(b) requires some amendment as to the scope of the term and, if so, in what way?	<p>Yes, see our response to Q3 above for the reasons.</p> <p>Nova currently has separate clauses for all our Services Fee price change notifications which can be referenced on our website <a href="#">here</a>.</p>
Q5.	Do you consider that benchmark 9.1(a) requires any amendment (for clarification) as to what satisfies the requirement for price information to be in a “publicly accessible location” and, if so – in what way?	<p>No.</p> <p>We consider GIC’s interpretation of this benchmark to be clear and reasonable.</p>
Q6.	Do you consider benchmark 12(a) or the interpretation of this benchmark requires any amendment or clarification to better reflect that a retail gas customer does not generally own or install their own meters and, if so – in what way?	<p>No.</p> <p>We consider the current benchmark and GIC’s interpretation are clear and reasonable.</p>
Q7.	Do you consider benchmark 12(b) or the interpretation of this benchmark requires any amendment or clarification and/or whether a statement about meter reading being done in accordance with Industry Standards and Regulations should be considered aligned with this benchmark and, if so – in what way do you consider it should be amended?	<p>We recommend this benchmark should be ‘modernised’ and allow for retailer flexibility in terms of how it communicates ‘when’ meters will be read, especially given meter reading frequency and timeframes are now in a state of flux with the roll out of gas smart metering. The benchmark also covers a topic that is largely self-managed, i.e. it is always going to be in a retailer’s best interest to ensure its customer’s meters are read on a frequent basis, whether that frequency is half hourly, hourly, daily, monthly, or bi-monthly – which we consider should be reflected in the interpretation.</p>
Q8.	Do you consider benchmark 13.1(b) or the interpretation of this benchmark requires any amendment or clarification regarding retailer	<p>Yes.</p> <p>The reference to “any” notice of termination in the current benchmark is problematic, and we consider that a revised benchmark should better provide for / acknowledge that retailers cannot</p>

Q No.	Question	Response
	terms as to the process for disconnecting consumers (in particular with respect to network operator disconnections) and, if so, in what way?	<p>always be responsible for disconnection situations <b>not</b> initiated by the retailer which are outside the retailer's knowledge or reasonable control.</p> <p>For example, retailers are not always aware of every situation where a customer may be disconnected by a third-party (e.g. network operator) in practice, or the nature of disconnection notices given by third parties.</p>
Q9.	Do you consider benchmark 16.1 or the interpretation of this benchmark requires any amendment or clarification and, in particular, as to the extent of network operator liability exclusions that are considered "clearly reasonable" under the benchmark and, if so – how should it be amended or clarified?	<p>Yes.</p> <p>While we agree the benchmark is workable from a <b>retailer</b> liability perspective, we note the independent assessor's comments (in its 2023 assessment) regarding Megatel terms including a clause completely excluding distributor liability to the end consumer. This type of clause is explicitly required in most, if not all, distributor DDAs. We therefore consider that either:</p> <ul style="list-style-type: none"> <li>• The benchmark (or GIC's interpretation) needs to be revised to provide for third party liability positions being outside of the control of retailers; and/or</li> <li>• The GIC addresses this issue directly with distributors and their DDA requirements regarding their liability position to end consumers.</li> </ul>
Q.10.	Do you agree that the RCEs for the Scheme remain fit for purpose in the contemporary environment and that no changes need to be made to the RCEs at this time (or if you disagree with this, please explain what specific changes you consider are required and whether as to form, content or both)?	<p>Yes, we agree the Reasonable Customer Expectations remain fit for purpose and that no changes are required at this time.</p>
Q11.	Do you agree that the Retail Gas Contracts Oversight Scheme remains fit for purpose and that no substantive change is needed to the Scheme at this time (if not, please explain why)?	<p>Subject to the comments above regarding specific revisions, we agree that the Scheme remains generally fit for purpose and that no substantive changes are required at this time.</p>
Q12.	Do you consider the Scheme's benchmarks should and/or could practicably include any requirements for retailers' terms to be drafted in a consumer-friendly way? Please give your reasoning for this?	<p>No.</p> <p>As a retailer we are very cognisant of the need to ensure our Customer Terms are clear and easily understood by our customers. It therefore goes without saying that we strive to also make them as clear and friendly as possible. Given this we do not see why the GIC needs to mandate this as another benchmark.</p>

Q No.	Question	Response
Q13.	Do you have any other comments or consider any amendments should be made to any of the Scheme's benchmarks [or RCEs] additional to those discussed in this paper (if so, please explain, and detail any specific changes suggested)?	No.