



Assessment of Retailer Alignment with Consumer Guidelines

November 2023



Gas Industry Co.



Executive Summary

Gas Industry Co has assessed retailers' alignment with the gas industry guidelines developed in response to the Electricity Price Review's recommendations for the electricity industry.

Responses to the self-assessment of alignment suggest that dual fuel retailers are fully or substantially aligned with most aspects of the Guidelines.

In our view, an additional assessment of retailer alignment should take place at the same time as the scheduled assessment for gas industry participants who do not supply electricity. This is scheduled for August 2024. In the interim, Gas Industry Co should consider feedback from retailers on aspects of the Guidelines and consider what, if any, changes should be made to the Guidelines. Stakeholders should be provided with an opportunity to comment on any proposed changes.



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1. Introduction

In August 2022, Gas Industry Co published new guidelines for the gas industry in response to the Electricity Price Review’s recommendations for the electricity industry. In August 2023, retailers provided Gas Industry Co with a self-assessment of their alignment with those guidelines.

1.1 Background

In April 2018, the Government appointed an advisory panel to investigate whether the current electricity market delivers “efficient, fair and equitable prices [to customers]”. That panel issued its final report comprising 32 recommendations in May 2019.

Given the similarities and links between the electricity, and natural gas and LPG industries, and Gas Industry Co's policy objective “To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner”, Gas Industry Co considered it prudent to proactively consider extending the Electricity Price Review recommendations to the gas industry.

In November 2020, Gas Industry Co established a workstream to investigate the application of the 32 Electricity Price Review recommendations to the gas industry. Following consultation with industry, Gas Industry Co developed new gas industry guidelines for:

- dealing with vulnerable gas consumers (EPR recommendation B6);
- raising consumer awareness of Utilities Disputes and Powerswitch services (EPR recommendation C2); and
- managing saves and winbacks behaviour (EPR recommendation C5).

Final versions of the Guidelines were published on Gas Industry Co’s website in August 2022. For each of the Guidelines, we committed to an assessment of dual fuel retailers’ alignment with the guidelines within 12 months of their publication. Alignment of gas only retailers is scheduled for 24 months after publication of the Guidelines.

1.2 Overview of the Guidelines

The three sets of guidelines are follows:

- Consumer Care Guidelines
- Guidelines for Raising Awareness of Utilities Disputes and Powerswitch
- Saves and Winbacks Guidelines

This section provides a brief summary of the effect of each of the Guidelines.

1.2.1 Consumer Care Guidelines

The Consumer Care Guidelines attempt to minimise harm associated with consumers losing access to gas or facing difficulties in paying for gas supply. The underlying principle is that disconnection should be used as a last resort. The Consumer Care Guidelines provide for the following:

- Retailers to publish and maintain a Consumer Care Policy that is consistent with the principles in the Guidelines. A template Consumer Care Policy is available on Gas Industry Co's website.
- Collection of information about consumers' potential to experience hardship and ongoing communication requirements.
- A process for resolution of payment issues.
- A process regarding consumer disconnection.
- Protection of medically dependent consumers.
- The reconnection of consumers that have been disconnected where the retailer's reasonable requirements have been met.

1.2.2 Guidelines for Raising Awareness of Utilities Disputes and Powerswitch

The purpose of the Guidelines for Raising Awareness of Utilities Disputes and Powerswitch is to improve awareness of the services provided by Utilities Disputes and Powerswitch. The Guidelines require the publication of clear and prominent information regarding these services on certain customer communications.

1.2.3 Saves and Winbacks Guidelines

The Saves and Winbacks Guidelines align with the electricity industry's requirement that a retailer does not attempt to encourage a consumer to switch back to the retailer for a specified period following the consumer switching to another retailer.



2. Assessment methodology

Gas Industry Co asked retailers to complete a self-assessment of their alignment with the Guidelines. Retailers were asked to assess their level of alignment with each clause of the Guidelines according to specified levels of alignment.

2.1 Self-assessment

In our view, retailer self-assessment is the appropriate approach for assessing retailer alignment with the Guidelines. Retailers are best placed to assess the alignment of their process documentation with the requirements of the Guidelines. Retailers have also undertaken a similar self-assessment of alignment as part of the Electricity Authority's annual assessment completed in June 2023.

2.2 General approach

We provided retailers with a template that included a breakdown of the Guidelines into their relevant clauses. Retailers were required to assess their alignment with each clause based on the following levels:

- Full alignment – no issues with alignment with the clause of the Guidelines
- Substantial alignment – a high level of alignment with the clause of the Guidelines other than a few minor issues
- Partial alignment – some alignment with the clause of the Guidelines
- Low alignment – little or no alignment with the clause of the Guidelines

Retailers were asked to provide comments containing details of the alignment issues, proposed actions to address the alignment issues, alternative actions to achieve alignment or additional comments or observations on the implementation of the clause of the Guidelines.

We consulted with retailers prior to formalising this approach.



3. Individual retailer alignment

Retailers were asked to report their level of alignment according to Gas Industry Co’s pre-determined levels of alignment.

The following table provides an overview of individual retailer alignment with the Guidelines. Retailers were asked to select their level of alignment based on the following:

- Full alignment – no issues with alignment with the clause of the Guidelines
- Substantial alignment – a high level of alignment with the clause of the Guidelines other than a few minor issues
- Partial alignment – some alignment with the clause of the Guidelines
- Low alignment – little or no alignment with the clause of the Guidelines

The Nova assessment also applies to its Megatel brand and the Genesis assessment also applies to its Frank brand.

Consumer Care Guidelines						
Clause	Contact	Genesis	Hanergy	Mercury	Nova	Pulse
Retailers to publish a consumer care policy (clause 4)	Full alignment	Full alignment	Full alignment	Substantial alignment	Full alignment	Full alignment
Information and records relating to consumer care (clause 5)	Full alignment	Full alignment	Full alignment	Full alignment	Substantial alignment	Partial alignment
When a customer signs up to, or is	Full alignment	Full alignment	Full alignment	Full alignment	Substantial alignment	Full alignment

denied a contract (clause 6)						
Account management (clause 7)	Substantial alignment	Full alignment	Full alignment	Substantial alignment	Full alignment	Full alignment
Payment issues (clause 8)	Full alignment	Full alignment	Substantial alignment	Full alignment	Substantial alignment	Full alignment
Disconnection (clause 9)	Full alignment	Substantial alignment	Full alignment	Full alignment	Substantial alignment	Full alignment
Additional recommendations for medically dependent consumers (clause 10)	Full alignment	Full alignment	Full alignment	Substantial alignment	Substantial alignment	Full alignment
Reconnection (clause 11)	Full alignment	Full alignment	Full alignment	Full alignment	Substantial alignment	Full alignment
Fees and bonds (clause 12)	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment
Guidelines for Raising Awareness of Utilities Disputes and Powerswitch						
Clause	Contact	Genesis	Hanergy	Mercury	Nova	Pulse
Information regarding Utilities Disputes and Powerswitch on retailer website	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment

(clauses 2(a)(i) and 2(b)(i))						
Information regarding Utilities Disputes on customer complaint correspondence (clause 2(a)(ii))	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment
Information regarding Utilities Disputes on terms and conditions for supply (clauses 2(a)(iii) and (b)(ii))	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment
Information regarding Utilities Disputes and Powerswitch on direct communications regarding service changes (clauses 2(a)(iii) and (b)(ii))	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Partial alignment
Information regarding Utilities Disputes and Powerswitch on consumer bills and billing changes	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment

(clauses 2(a)(iv) and (b)(iv))						
Information regarding Powerswitch provided to a consumer on an annual basis (clause 2(b)(iii))	Full alignment	Full alignment	Low alignment	Full alignment	Full alignment	Partial alignment
Gas pricing information on Powerswitch (clause 5)	Full alignment	Full alignment	Low alignment	Full alignment	Full alignment	Full alignment
Saves and Winbacks Guidelines						
Clause	Contact	Genesis	Hanergy	Mercury	Nova	Pulse
Restrictions during switch protected period (clause 2)	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment
Restrictions on use of customer information by Retailer prior to or during switch protected period (clause 4)	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment
Gas registry codes – gas switching	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment	Full alignment

withdrawal notice (clause 5)						
Have you experienced any issues regarding saves and winbacks behaviour as a losing retailer?	No	No	Yes	No	No	No



4. Summary of alignment

Retailers were asked to provide comments in relation to any clauses of the Guidelines where they have not achieved full alignment.

We requested that retailers' comments focus on:

- For any clauses where the retailer is not fully aligned with the Guidelines, details of the alignment issue(s).
- Any proposed actions to address the issue(s) with alignment with the clause of the Guidelines.
- Any alternative actions that the retailer has taken to align with the intention of the clause of the Guidelines.
- Any additional comments or observations that the retailer has on implementation of the clause of the Guidelines.

In this section we summarise the level of alignment with the Guidelines and identify areas where full alignment was not achieved and comments that retailers provided in relation to any areas where full alignment was not achieved.

4.1 Consumer Care Guidelines

4.1.1 Overall alignment

The overall reported level of alignment with the Consumer Care Guidelines can be summarised as follows:

1. Almost all retailers reported that they were “fully aligned” or “substantially aligned” with all aspects of the Consumer Care Guidelines. There was one clause where a retailer noted “partial alignment”.
2. No retailer was fully aligned with all aspects of the Consumer Care Guidelines.
3. There was no particular clause of the Consumer Care Guidelines that presented a challenge for all retailers to achieve alignment.
4. Generally, alignment issues related to specific detailed aspects of a clause rather than alignment issues in relation to the intent of the clause.

4.1.2 Retailers to publish a consumer care policy (clause 4)

Five out of six retailers reported full alignment with the requirement to publish a consumer care policy.

Mercury, who considered itself to be substantially aligned with the requirement to publish a consumer care policy, noted that its electricity consumer care policy needed to be updated to refer to gas. It intends to review its policy and determine what updates are required.

4.1.3 Information and records relating to consumer care (clause 5)

Four out of six retailers reported full alignment with the requirement to maintain records in relation to communication preferences and a customer's ability to experience payment difficulties or suffer harm from an inability to access gas.

Nova, who considered itself substantially aligned with this clause, noted that it only records post or email as customer communication preferences. All available communication channels are used where credit issues arise (SMS, phone, email, letters and hand delivered notices). Any known communication needs are flagged during communications with the customer.

Pulse considers itself to be partially aligned with this clause as it does not ask customers for their preferred contact day and time, preferred language or primary heating source. It does not ask for preferred contact time and day as it cannot guarantee that it can accommodate individual customer requirements.

4.1.4 When a customer is signed up to or is denied a contract (clause 6)

Five out of six retailers reported full alignment with the actions to be taken when a customer signs up to, or is denied, a contract.

Nova considered itself to be substantially aligned with this clause as it does not advise all new customers of the consequences of late payment when a customer is signed up to a contract. It does not consider that initiating a conversation around late payment is appropriate at this stage, particularly as customers will have been subject to credit checks prior to entering into a contract. Nova's approach is to advise customers of the process when late payment issues arise.

4.1.5 Account management (clause 7)

Four out of six retailers reported full alignment with the guidelines regarding the ongoing account management interactions between retailers and customers.

Contact noted that it was substantially aligned with this clause due to not advising the customer when a customer's nominated alternate contact person no longer wishes to act in that capacity. As an alternative approach, Contact advises the alternate contact person to advise the account holder that they no longer wish to act in that capacity.

Mercury also considered itself to be substantially aligned with this clause. Areas of non-alignment related to the requirement to communicate annually with its customers, specifically:

1. not mentioning that the customer can request consumption data
2. not confirming that information provided by the customer regarding communication preferences and likelihood to experience payment difficulty remains current
3. not advising customers of the existence of a consumer care policy.

Mercury has advised that it will review its annual notification when these are next sent to customers.

4.1.6 Payment issues (clause 8)

Four out of six retailers reported full alignment with the guidelines regarding the process that applies when a consumer experiences payment issues.

Hanergy considers itself to be substantially aligned with this clause. In relation to the requirement that a retailer review the level of the repayment plan if a customer falls behind on a repayment, Hanergy requires weekly or monthly repayments to be an amount that is greater than the monthly bill.

Nova noted substantial alignment with this clause. In relation to the requirement that it work towards monitoring consumption to identifying customers who are likely to experience payment difficulties to proactively engage with those customers, Nova has systems for customers to monitor their historical consumption. It also has processes for engaging with customers to discuss high bills and provides advice and payment solutions.

4.1.7 Disconnection (clause 9)

Four out of six retailers reported full alignment with the process regarding disconnection.

Genesis considers itself to be substantially aligned with this clause. It does not achieve full alignment with the requirement that contractors provide consumers with advice in relation to social support and budgeting services when visiting a consumer's premises for the purpose of contacting the consumer about non-payment or disconnection. As an alternative, contractors advise consumers to contact Genesis so that trained staff can provide this advice taking into account the consumer's circumstances.

Nova reported substantial alignment with this clause. Non-alignment was reported in relation to the requirement that disconnection only take place for non-payment of a gas invoice if the debt due relates to gas supply (i.e. it does not relate to other services such as electricity, mobile phone or broadband). Nova noted that, in relation to bundled services, a retailer is unlikely to know if the part payment is intended to be applied to specific services within the bundle. Most billing systems will allocate payment to the oldest debt unless the customer advises otherwise. It also noted that disconnection of gas is generally considered to be lower risk to consumers compared to, for example, disconnection of electricity or telecommunications.

4.1.8 Additional recommendations for medically dependent consumers (clause 10)

Four out of six retailers reported full alignment with the guidelines for medically dependent consumers.

Mercury reported substantial alignment with this clause. It does not fully align for the following reasons:

1. It does not store information regarding a medically dependent consumer's general practitioner or other health practitioner due to privacy concerns. Other aspects of a health practitioner notice are stored.
2. It does not have communications designed to advise a medically dependent consumer to develop an individual emergency response plan to use during gas outages.
3. It would agree to provide an LPG service for a medically dependent consumer on the assumption that LPG will not be the energy source for medically dependent devices. It does not specifically instruct a medically dependent consumer to discuss an LPG bottle service with their health practitioner.

Mercury intends to review its emergency response plans in relation to gas.

Nova considered itself to be substantially aligned with this clause. Its internal processes need to be modified to make a distinction between gas and electricity medically dependent consumers. In the interim, the status is recorded for energy consumers. It also noted that there is a need to review its agreements with distributors and service providers to ensure that these have effective processes regarding disclosure of information regarding medically dependent status.

4.1.9 Reconnection (clause 11)

Five out of six retailers reported full alignment with the guidelines regarding reconnection.

Nova considers itself to be substantially aligned with this clause. In Nova's experience, revisiting support options with a customer who is disconnected is unlikely to add additional value as most disconnected customers will make arrangements with the retailer, switch away, or leave the premises.

4.1.10 Fees and bonds (clause 12)

All retailers reported full alignment with the guidelines regarding fees and bonds.

4.2 Guidelines for Raising Awareness of Utilities Disputes and Powerswitch

4.2.1 Overall alignment

The overall reported level of alignment with the Guidelines for Raising Awareness of Utilities Disputes and Powerswitch can be summarised as follows:

1. Almost all retailers reported full alignment with all aspects of the Guidelines for Raising Awareness of Utilities Disputes and Powerswitch.
2. Two retailers had two areas of partial or low alignment, one of which related to a retailer not providing pricing information to Powerswitch.

4.2.2 Information regarding Utilities Disputes and Powerswitch on retailer website (clauses 2(a)(i) and 2(b)(i))

All retailers reported full alignment with the guidelines regarding publication of information regarding Utilities Disputes and Powerswitch on their website.

4.2.3 Information regarding Utilities Disputes on customer complaint correspondence (clause 2(a)(ii))

All retailers reported full alignment with the guidelines regarding the inclusion of information regarding Utilities Disputes on customer complaint correspondence.

4.2.4 Information regarding Utilities Disputes on terms and conditions for supply (clauses 2(a)(iii) and (b)(ii))

All retailers reported full alignment with the guidelines regarding the inclusion of information regarding Utilities Disputes and terms and conditions for supply.

4.2.5 Information regarding Utilities Disputes and Powerswitch on direct communications regarding service changes (clauses 2(a)(iii) and (b)(ii))

Five out of six retailers reported full alignment with the guidelines regarding the inclusion of information regarding Utilities Disputes and Powerswitch on direct communications regarding service changes.

Pulse reported substantial alignment. It noted that not all direct communications with customers have Utilities Disputes and Powerswitch information.

4.2.6 Information regarding Utilities Disputes and Powerswitch on consumer bills and billing changes (clauses 2(a)(iv) and (b)(iv))

All retailers reported full alignment with the guidelines regarding the inclusion of information regarding Utilities Disputes and Powerswitch on consumer bills.

4.2.7 Information regarding Powerswitch provided to a consumer on an annual basis (clause 2(b)(iii))

Four out of six retailers reported full alignment with the guidelines regarding the provision of information about Powerswitch to consumers on an annual basis.

Pulse considers itself to be substantially aligned. It does not send a specific communication regarding Powerswitch to its customers on an annual basis as it considers the requirement to include information regarding Powerswitch on monthly bills to be adequate.

Hanergy reported low alignment with this clause. It does not include gas pricing information on Powerswitch.

4.2.8 Gas pricing information on Powerswitch (clause 5)

Five out of six retailers reported full alignment with the guidelines regarding the inclusion of gas pricing information on Powerswitch.

Hanergy reported low alignment with this clause. It does not include gas pricing information on Powerswitch.

4.3 Saves and Winbacks Guidelines

4.3.1 Overall alignment

The overall reported level of alignment with the Saves and Winbacks Guidelines can be summarised as follows:

1. All retailers reported full alignment with all aspects of the Saves and Winbacks Guidelines.
2. One retailer reported that it had experienced an instance where a retailer had offered credit to a customer to switch back.

4.3.2 Restrictions during switch protected period (clause 2)

All retailers reported full alignment with the requirement to not contact customers during the switch protected period to make a counteroffer or enticement.

4.3.3 Restrictions on use of customer information by Retailer prior to or during switch protected period (clause 4)

All retailers reported full alignment with the restriction on using customer information during the switch protected period to contact the customer as part of a marketing campaign other than a general marketing campaign.

4.3.4 Gas registry codes – gas switching withdrawal notice (clause 5)

All retailers reported full alignment with the guidelines around use of reason codes in relation to gas switching withdrawal notices.

4.3.5 Have you experienced any issues regarding saves and winbacks behaviour as a losing retailer

Five out of six retailers reported that they had not experienced issues regarding saves and winbacks behaviour as a losing retailer.

Hanergy reported a situation where a retailer had offered credit to a customer to incentivise the customer to switch back.



5. Next steps

Gas Industry Co is using the results of the assessment of retailer alignment to determine the effectiveness of the Guidelines and what additional actions are required.

The purpose of this assessment of retailer alignment is to determine the effectiveness of the Guidelines as an industry arrangement and assess what changes, if any, should be made to the current approach.

5.1 Options

We consider that the following options are available at this point in time:

1. Continue with the Guidelines without an additional timetabled assessment of alignment.
2. Continue with the Guidelines with an additional timetabled assessment of alignment for dual fuel retailers.
3. Consider whether the Guidelines, or aspects of the Guidelines, should be mandatory.
4. Discontinue the Guidelines

For options 1 to 3, there is also an option to make changes to the Guidelines based on retailer feedback.

5.2 Other considerations

The Electricity Authority is currently consulting with industry on four options relating to the electricity Consumer Care Guidelines. These options overlap with the options discussed above. As the driver of this workstream was alignment between the gas and electricity industry processes, the Electricity Authority's final decision is a relevant consideration.

We are scheduled to assess retailers who only supply gas customers in August 2024. Most of these retailers are LPG retailers. Results of this assessment may provide additional information to influence our assessment of the effectiveness of the Guidelines.

5.3 Next steps

In our view, retailers' self-assessment responses do not support a change in approach, either by making the Guidelines mandatory or discontinuing the Guidelines. In our view, the appropriate approach is to undertake an additional timetabled assessment, combined with a review of the Guidelines taking into account retailer feedback on aspects of the Guidelines.

The timing of the additional review of alignment should coincide with the first assessment of gas retailers who do not also supply electricity. This is scheduled for August 2024. For alignment issues where retailers indicated that additional resource was required to achieve alignment, a follow up assessment will allow Gas Industry Co to assess retailer progress in improving their processes.

Gas Industry Co should review feedback from dual fuel retailers and determine what, if any, changes should be made to the Guidelines. We think a review of the Guidelines is justified, particularly in relation to aspects of the Guidelines where retailers appeared to be aligned with the intent of the Guidelines, but

there were some alignment issues in relation to matters of detail. Stakeholders should be provided with an opportunity to comment on any proposed changes.

About Gas Industry Co

Gas Industry Co is the gas industry body and co-regulator under the Gas Act. Its role is to:

- Develop arrangements, including regulations where appropriate, which improve:
 - the operation of gas markets;
 - access to infrastructure; and
 - consumer outcomes;
- Develop these arrangements with the principal objective to ensure that gas is delivered to existing and new customers in a safe, efficient, reliable, fair and environmentally sustainable manner; and
- Oversee compliance with, and review such arrangements.

Gas Industry Co is required to have regard to the Government's policy objectives for the gas sector, and to report on the achievement of those objectives and on the state of the New Zealand gas industry.

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