

12 July 2021

Submitted via email: counsltations@gasindustry.co.nz

Gas Industry Company Limited
95 Customhouse Quay
Wellington 6011

RE: Extending the Electricity Price Review's Final Recommendations to the Gas Market June 2021 Consultation Document

FinCap welcomes the opportunity to comment on the Gas Industry Company Limited (**GIC**) Extending the Electricity Price Review's Final Recommendations to the Gas Market – New Gas Market Guidelines for: (1) Dealing With Vulnerable Consumers; (2) Raising Consumer awareness of Utilities Disputes and Powerswitch; and (3) Saves and Winbacks Consultation Document (**Consultation Document**).

Where the appliances at a residential property already utilise gas then gas is an essential service, necessary for the health, wellbeing and social participation of the whānau in that property. It is extremely important that appropriate protections to access gas fairly are in place to at minimum match the equivalent protections for electricity provision. FinCap generally supports the GIC's proposal to implement guidelines that extend three recommendations from the Electricity Price Review to gas supply.

However, the GIC has proposed to not match some protections soon to be brought into place for electricity supply through the Electricity Authority's Consumer Care Guidelines where this should be the case. There are also factors surrounding gas supply that mean additional guidance may be necessary in some places. The Electricity Price Review also recommended mandatory requirements be implemented and this should also be the case for gas. This submission expands on these comments and our recommendations in relation to Consumer Care Guidelines and briefly discusses the principles we think should apply to the other two proposed guidelines.

About FinCap

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 200+ local, free financial mentoring services across Aotearoa. These services support more than 70,000 people in financial hardship annually. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

Comments on proposed Consumer Care Guidelines

Do you agree with the proposed content of the Gas Consumer Care Guidelines? Are there items that should be added or deleted, and why?

FinCap recommends that more protections are added into the proposed Gas Consumer Care Guidelines to avoid harm when people are without essential gas services in the place they live.

It is possible that a person may be medically dependent on gas. Keeping a home at a healthy temperature and being able to wash with hot water are important to the health of whānau. If that whānau has appliances to achieve this that rely on gas and a member of that whānau has a serious health condition they may be instructed by a health practitioner to not go without heating or hot water. There are also some refrigeration systems that operate off gas bottles which may be needed to store medicines. Therefore, the protections in the Electricity Authority Consumer Care Guidelines for medically dependent consumers should be replicated for consumers who currently rely on gas appliances. Extending protections to this fuel type would mean Aotearoa catches up to similar protections that have been implemented to protect residential gas consumers in Australia.¹

Recommendation: Protections in the Electricity Authority Consumer Care Guidelines for medically dependent consumers should be replicated for customers who currently rely on gas appliances.

The Gas Consumer Care Guidelines should also prompt retailers to consider additional factors when selecting a tariff or considering ways of using two different fuels to lower cost. In some cases it may be in the best interests of a whānau to disconnect from the gas system if they are paying daily fixed charges for both electricity and gas but barely using gas because they only have a single gas appliance. Alternatively, people may be able to save money by relying on gas appliances rather than a cheap electric fan heater that is a very inefficient source of heating.

FinCap recommends that wherever the Electricity Authority has mentioned that a retailer should discuss options for different energy plans or provide information about energy efficiency this should involve a discussion of the potential advantages of not connecting gas or disconnecting gas supply (versus the cost of any appliance replacement) or varying which fuel is relied upon for some purposes such as heating. Retailers, particularly those who supply both gas and electricity should be in the best position to provide some information on this or refer to an appropriate support agency with home performance advisors.

Recommendation: The Gas Consumer Care Guidelines prompt retailers to include discussions around options for disconnecting from gas or changing the use of energy appliances in discussions around the best pricing plans or approaches to energy efficiency.

The protections for whānau having difficulty paying in the Electricity Authority Consumer Care Guidelines from part 6 onwards have been crafted following extensive consultation and should be better mirrored more 'word for word' than the current proposed Gas Consumer Care Guidelines. Without robust protections at the point where someone has missed a payment there is great risk that a whānau is significantly harmed by the loss of access to an essential service.

In reality, financial mentors are often assisting people facing issues with paying a number of organisations as well as unexpected expenses arising, and payment plans do not always go to plan

¹ See: <https://www.aer.gov.au/retail-markets/compliance-reporting/aer-life-support-registration-guide> and <https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/strengthening-protections-life-support-customers-2019>

while all the other obligations are juggled despite best intentions. In particular s.43-47 of the Electricity Authority Consumer Care guidelines provides a comprehensive list of what help should be offered to a person who may be overwhelmed when unable to pay. This also includes requirements in s.46 on recontacting a person where a payment plan does not work out as planned. A whānau may naturally think there is no avenue left when unable to meet a payment plan offered as assistance, and a retailer initiating engagement to find out if a different approach is more realistic can spare a communication breakdown leading to avoidable harm from disconnection. It is well established in behavioural economics studies that people have an optimism bias. This optimism may lead people with little money to over-commit in a debt repayment plan.

The above is just one example of why the well thought out and more detailed requirements from the Electricity Authority' Consumer Care guidelines should be closer replicated. This should be the case throughout the Gas Consumer Care Guideline but, most importantly, in relation to missed payments, disconnection and reconnection, where there is the most risk of significant harm to whānau.

Recommendation: The Gas Consumer Care Guidelines better match the Electricity Authority's Consumer Care Guidelines, particularly in relation to situations where whānau have missed a payment, face disconnection or seek reconnection.

Do you agree with the proposed timeframe for Gas Retailers to align their processes to ensure voluntary compliance with the Gas Consumer Care Guidelines?

We recommend that the requirements in the guidelines are made mandatory and that timeframes for implementation and alignment are by 31 December 2021. The electricity price review rightly recommended that there are mandatory protections put in place to counter energy hardship. Mandatory requirements would mean there is certainty for whānau and people assisting them (such as financial mentors) when seeking a solution to avoid harm from energy hardship or a clear basis for redress where mandatory requirements are not met.

As opposed to a survey of gas businesses 12 months following the publication of guidelines, whānau should be able to expect more timely protection from harm. Where a retailer also offers electricity, they will already be preparing a Consumer Care Policy by the end of December. It would make sense to mirror protections across both the fuel types that will naturally both arise in conversations between retailer and whānau about payment difficulty. As opposed to inefficiently double handling the implementation of policies and creating unnecessarily complex conversations about different rules for different fuels from frontline staff, the implementation of these guidelines should be simultaneous. While there will be some forms of gas businesses that do not also offer electricity, the risk of harm from inadequate consumer care still remains, and aligning with the guidelines by the end of December will prevent avoidable harm from less timely implementation.

Recommendation: The Gas Consumer Care Guidelines are mandatory requirements and gas suppliers are expected to prove alignment by 31 December 2021.

Do you agree with the Gas Consumer Care Guidelines applying also to Stand-alone Gas Retailers?

Yes, they could still be providing an essential service where people need protection.

Are any modifications required to the Gas Consumer Care Guidelines to take account of the unique characteristics of the bottled LPG market?

In principle the level of protection should remain the same, especially where a whānau is not in a position to replace an essential appliance that relies on the energy supplied this way.

Utilities Disputes and Powerswitch Guidelines

FinCap is not confident that there is enough transparency around the pricing of gas and is concerned that the proposed approach from the GIC does not resolve this.

We strongly recommend further work than what is proposed in the Consultation Document to provide fairer information about what gas tariffs are available for all whānau regardless of method of supply.

Recommendation: More work is done to ensure whānau can know they are paying fair prices for gas and identify if it is in their best interests to change providers or plans.

We also strongly recommend that Utilities Disputes Limited is promoted to all whānau with gas supply as consistent with the requirements on electricity providers. Whānau should have every opportunity possible to know they can resolve an issue that may be causing harm through contacting Utilities Disputes Limited.

Recommendation: Utilities Disputes Limited is promoted to all whānau with gas supply as consistent with the requirements on electricity providers.

Saves and Winbacks Guidelines

FinCap would welcome mandatory protections in relation to saves and winbacks for electricity provided being mirrored for gas providers wherever relevant.

Recommendation: Mandatory prohibitions on saves and winbacks that mirror the prohibition for electricity providers are implemented.

Please contact Jake Lilley, Policy Advisor at FinCap on 027 278 2672 or at jake@fincap.org.nz to clarify any aspect of this submission.

Ngā mihi,



Ruth Smithers
Chief Executive
FinCap