

# Voluntary Practice Benchmark for Electricity Retailer Credit Management

Version 1.2  
August 2018

## Objectives

- Ensuring application of the Electricity Authority's Vulnerable Consumer Guidelines<sup>1</sup> (VC guidelines) consistently delivers the best outcomes for all consumers and retailers; and
- Improving processes to ensure disconnection is a last resort.

## Key principles

1. All consumers are treated with respect, understanding and compassion.
2. Communication channels with retailers are easy for vulnerable consumers to use.
3. Vulnerable consumers are provided with relevant information in a manner that is accessible and easily understood.
4. Retailers undertake reasonable checks to confirm that the vulnerable consumer has understood the information provided.
5. Vulnerable consumers experiencing difficulty paying their electricity bills (either temporarily or on a long-term basis) are identified as early as possible.
6. Frontline staff are trained and empowered to assist vulnerable consumers facing difficulty in paying electricity bills.
7. Intervention in the credit/disconnection process occurs as early as possible when there is an indication that a vulnerable consumer is having difficulty paying an electricity bill. Intervention will include an offer of early referral to relevant social and support agencies at the first signs of vulnerability.
8. Consumers with overdue payments are provided with a range of payment options that assist them in reducing their debt.
9. Retailers seek vulnerable consumers' permission to share information with social and support agencies about the consumers' difficulty in paying electricity bills.

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<sup>1</sup> "Guideline on arrangements to assist vulnerable consumers, Version 2.1", available online at <http://www.ea.govt.nz/operations/retail/retailers/retailer-obligations/medically-dependant-and-vulnerable-customers/>

## Definitions

Disconnection <sup>1</sup>	To “electrically disconnect” whereby electricity is unable to flow, including through a point of connection. <b>Electrically disconnected, electrically disconnecting</b> and <b>electrical disconnection</b> and similar phrases have corresponding meaning.
Social agency	Government department or other agency with a statutory function or role.
Support agency	Community group that has been authorised to receive and request information on behalf of the vulnerable consumer.
Vulnerable consumer <sup>2</sup>	A domestic consumer who:  a) for reasons of age, health or disability, the disconnection of electricity to that domestic consumer presents a clear threat to the health or wellbeing of that domestic consumer; and/or  b) it is genuinely difficult for the domestic consumer to pay his or her electricity bills because of severe financial insecurity <sup>3</sup> , whether temporary or permanent.

## Benchmarking

The practices on the following pages are actions that will help in the management of vulnerable consumers facing difficulties paying electricity bills to avoid disconnection of their electricity supply.

The list of mandatory practices on the following pages form the voluntary benchmark for a minimum practice requirement for retailers in dealing with vulnerable consumers, when applying the *Guideline on arrangements to assist vulnerable consumers*.

This benchmark should assist retailers with compliance with the Guideline.

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<sup>1</sup> This definition is the same as in the Electricity Industry Participation Code 2010

<sup>2</sup> This definition is the same as that used in the *Guideline on arrangements to assist vulnerable consumers*.

<sup>3</sup> Severe financial insecurity includes low income (as per the *Guideline on arrangements to assist vulnerable consumers*).

## The Benchmark

Activity	Practice
A. Vulnerable consumer identification and records	<p>A.1 Retailers' customer service staff are trained to:</p> <ul style="list-style-type: none"> <li>i. Sensitively obtain information, at an early stage, that enables the identification of vulnerable consumers; and</li> <li>ii. Recognise signs of vulnerability and be empowered to act.</li> </ul> <p>A.2 Retailers have secure systems for recording, maintaining and adding information about vulnerable consumers within the requirements of the Privacy Act.</p>
B. Retailer / agency communication and coordination	<p>B.1 Retailers, social agencies and support agencies ensure that they have established communication channels and maintain good working relationships.</p> <p>B.2 Retailers have in place an established communication protocol with social and support agencies, that is regularly reviewed and updated.</p> <p>B.3 A national contact list between Ministry of Social Development, The National Building Financial Capabilities Charitable Trust, and retailers exists and is accessible to retailers' and agencies' frontline staff. The relevant parties will ensure that the information for their organisation is correct and current.</p> <p>B.4 Regular meetings are held between Ministry of Social Development, The National Building Financial Capabilities Charitable Trust, and retailers to review performance and identify revisions and opportunities for improvements to this benchmark and associated practices of retailers, Ministry of Social Development and The National Building Financial Capabilities Charitable Trust..</p>
C. Specific arrangements targeted at vulnerable consumers	<p>C.1 Retailers have in place an early intervention process to prevent debt build-up for vulnerable consumers including:</p> <ul style="list-style-type: none"> <li>i. Trained staff available to work with vulnerable consumers who are having difficulty in paying bills;</li> <li>ii. Where appropriate, a free communication channel for vulnerable consumers; and</li> <li>iii. Making offers to vulnerable consumers of early referral to relevant support agencies when there are signs of vulnerability.</li> </ul>
D. Actions to avoid potential payment problems for vulnerable consumers	<p>D.1 Meter readings are taken regularly on a "best endeavours" basis.</p> <p>D.2 The retailer acts proactively and responsively to advise the vulnerable consumer if electricity usage is significantly above expected or historical levels.</p>

Activity	Practice
E. Payment overdue procedure	<p>E.1 Retailer culture encourages staff to achieve successful outcomes for both vulnerable consumers and their company.</p> <p>E.2 Retailers treat all consumers whose accounts are overdue as being “vulnerable” for the purposes of the <i>Guideline on arrangements to assist vulnerable consumers</i> (unless the consumer has confirmed that they are not vulnerable at this point of time).</p> <p>E.3 All notices that have a reference to disconnection have a clear statement of the amount that is overdue as well as any information required by the <i>Guideline on arrangements to assist vulnerable consumers</i>.</p> <p>E.4 Retailers make reasonable endeavours to connect with vulnerable consumers taking into account the consumers’ preferred communication method.</p> <p>E.5 Where necessary, retailers attempt to contact the alternative contact provided by the vulnerable consumer.</p> <p>E.6 Retailers ensure that, when conversing with a vulnerable consumer, the consumer’s account has been reviewed and they have been presented with suitable tariff and payment options as they relate to the consumer’s level of consumption (i.e. low fixed charge or standard) and existing metering configuration.</p> <p>E.7 Retailers offer payment plans that strike a balance between affordability and ensuring the vulnerable consumer does not fall deeper in to debt.</p> <p>E.8 Reasonable attempts are made to notify the vulnerable consumer through their preferred channel that their information has been shared with support agencies, as agreed to in the retailer’s terms of service.</p> <p>E.9 Retailers provide details of sources of assistance and support that may be available to the vulnerable consumer.</p> <p>E.10 Disconnection is delayed for a ‘reasonable’ time if there is evidence that vulnerable consumer has engaged with a recognised social agency or support agency.</p>
F. Disconnection initiation procedure	<p>F.1 Retailers must take all reasonable steps to engage in discussion with the vulnerable consumer prior to disconnection being initiated – all reasonable attempts must have been made by the retailer to resolve the payment problem and avoid disconnection, as well as to ascertain whether anyone medically-dependent would be impacted by the pending disconnection.</p>

Activity	Practice
G. Disconnection Procedure	F.2 Retailers' frontline staff are trained to recognise signs of vulnerability, and are empowered to act.
	F.3 If requested by a social agency or a support agency authorised by the vulnerable consumer, retailers should make reasonable efforts to notify the agency of the pending disconnection together with an estimate of the date when disconnection will occur.
	F.4 Retailers ensure that safety information and guidance on managing without power has been (or will be) provided to the vulnerable consumer.
	G.1 Retailers empower the person disconnecting power to suspend disconnection if there are safety concerns (for example if other members of the consumer's household are medically dependent).
	G.2 The vulnerable consumer should not be disconnected if the debt is under dispute with the retailer or Utilities Disputes Ltd.
	G.3 The vulnerable consumer should not be disconnected on the basis of an estimated account unless it is fair and reasonable in the circumstances to do so (for example if access to the meter has been prevented).
	G.4 Retailers will not disconnect vulnerable consumers who are complying with an agreed payment plan.
	G.5 No disconnections should be undertaken where re-connection on the same day would be problematic (for example, on Fridays, the day before a public holiday (including regional public holidays), during severe weather events, or a civil emergency).
	G.6 Best endeavours will be made to engage with a vulnerable consumer before disconnection occurs, especially in the case of remote disconnections.
	G.7 Retailers will provide vulnerable consumers who have been disconnected with: <ul style="list-style-type: none"> <li>i. Safety information and guidance on managing without power;</li> <li>ii. Key social and support agencies the vulnerable consumer can talk to; and</li> <li>iii. An invitation for the vulnerable consumer to contact their retailer to discuss their financial position and arrangements for reconnection.</li> </ul>

Activity	Practice
H. Post reconnection	<p data-bbox="517 315 1394 416">G.8 Following disconnection, retailers will continue to be responsive if a vulnerable consumer contacts them to seek further assistance and information on reconnection.</p> <p data-bbox="496 501 1382 707">H.1 Following reconnection of a vulnerable consumer previously disconnected, retailers will provide the consumer with information that includes:</p> <ul style="list-style-type: none"> <li data-bbox="588 607 1066 640">i. Information on payment plans; and</li> <li data-bbox="588 645 1382 707">ii. Key social and support agencies the vulnerable consumer can talk to.</li> </ul> <p data-bbox="496 752 1355 853">H.2 Retailers will monitor overall debt repayment rates and recovery periods to understand trends, issues and opportunities for improvement.</p>