



February 2024

Switching Consultation

Electricity Authority

PO Box 10041

Wellington 6143

Consultation on Options to support consumer plan comparison and switching

This submission responds to the Electricity Authority's consultation paper on options to support consumer plan comparison and switching. Thank you for the opportunity to submit on this matter.

Background - Submitting as Retailer Independent DF Aggregator

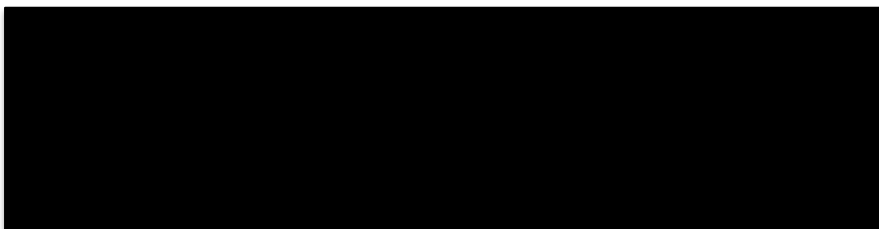
I am developing a retailer independent demand flexibility (DF) aggregation service. I suspect many others will be doing the same, given the value of DF. My submission reflects this perspective.

The business model I am pursuing aims to enhance consumer ability to capture the value of their flexibility by helping them find the best retail tariff to match their 'smart' load. This business model has the potential to disrupt the vertically integrated gentailer business model prevalent in NZ (and elsewhere). DF is effectively a type of intraday peaking service to compete with flexible generation, so 'smart' load customers enhance independent retailers competitiveness.

See my submission to MDAG's various consultations on why this might disrupt the current business model in NZ and enhance retail competition and new renewable generation investment.

Support Options Chosen

I fully support the 4 options (option 4 and options A, B and C) as proposed by the Authority.



Further Enhancements Possible

I have some suggestions for further minor enhancements including:

Enhancing Assessment Criteria

Build on Brand Trust for Powerswitch - Website Related Options

For assessing the website related options it might be worth thinking about the extent to which each option can build on the brand trust that Powerswitch has built over the years. The Authority is to be congratulated on the increase in recognition, use of and switches initiated by Powerswitch over the last 3 years. It would be good to keep building on this growing level of consumer trust.

Show positive net benefit - Consumer Choice Support Options

In assessing which consumer choice support options to go ahead with the Authority could consider an additional criteria of ranking based on positive net benefit. The current criteria are more to do with ranking the options rather than showing they have a positive net benefit. It's Likely that all of the options selected would have strongly positive net benefit because:

- The high total value at stake, large number of consumers with high benefits of switching (so any enhancement in switching rates is likely to be a reasonably substantial benefit); and
- The likely future increase in demand elasticity¹ from more and more consumers having smart distributed resources (so they can gain additional benefit of lower (and smarter) retail tariffs.

Enhancements to Website - Option 4

Continue Pursuing ICP Specific Metering Data Availability

Further to my submission on improving retail monitoring and the proposed enhancements to 2.16. I fully support the Authority having access to ICP specific metering data and providing access to this data to the comparison website. Access to such metering data would definitely lower one of the barriers to using the service. This will become more important as more wholesale price exposed tariffs become available. And may even drive the development of such 'smart' tariffs.

Provide an API for Third Party Use

A trusted retail tariff comparison service is useful to many players. Others may well want to aggregate and bring traffic to such a site, via their own interfaces. Provision

¹ Greater demand elasticity means more of the consumer gain from switching is a net welfare gain not just a wealth transfer. E.g. The consumer might use the savings to use electricity more effectively, e.g. to have a warmer healthier home.

of an API (to allow bulk uploading of consumer data, and receiving comparison results back) would be very helpful for such third party users. I suggest the specification for the “website” service include such an API. This is independent of how the service is delivered technically. And yes a mobile app would be a good idea too.

Consider Option for Smart Response “Profile” if Needed

Such a third party use of the comparison service works best when coupled with the service already having access to ICP level metering data. In particular when comparing options for ‘smart’ load which is capable of responding to wholesale price signals. See comments above about access to metering data.

However, access to such metering data is not a precursor for development of the ability to compare ‘smart tariffs’. An intermediate step might be to develop a ‘smart’ load profile. That is, consumers could indicate they have some level of ability to respond to wholesale price signals, and an appropriate ‘smart load’ profile could be applied. I would be happy to further discuss how such a ‘smart load’ profile could be developed.

No part of this submission is confidential and I am happy for my submission in its entirety to be released publicly.

Regards

Neil Walbran

Managing Director

Neil Walbran Consulting Ltd

Response to specific consultation questions

Appendix A Format for submissions

<p>Submitter</p>	<p>Neil Walbran Consulting Ltd</p>
<p>Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?</p>	<p>Agree with those outlined. I suggest the value of switching is likely to increase with time, particularly for 'smart load' which can respond to wholesale price signals. As this becomes more common and the value of such responses increases the value of comparison and switching also increases. Which reinforces the value of this work.</p>
<p>Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?</p>	<p>Yes you have identified the right opportunities. I consider the most important opportunities are those arising from the development of 'smart load' and DER generally.</p>
<p>Q3. Do you consider it is important for the Authority to fund and support a comparison and switching website or websites? Why?</p>	<p>Yes. The total value at stake for NZ consumers is very high. The comparison service has made good progress already and we need to build on this. The value of this service (to NZ) is likely to increase markedly with time, particularly as more smart load and smart tariffs emerge.</p>
<p>Q4. What do you think are the most important features a comparison and switching website should have to make it the most accessible and effective for users?</p>	<p>A key for ease of use will be automated access to ICP specific consumption data. The process of providing the information needed to develop an assumed profile is a big barrier to use. See my support for the proposed changes to 2.16. A further nice feature would be automated ICP recognition from address. It only has to guess right 90% of the time to get major benefits.</p>
<p>Q5. What problems, if any, do you see with current comparison and switching websites?</p>	<ul style="list-style-type: none"> ● Too long to fill out profile information, this could be overcome by access to ICP level consumption data. ● Lack of bulk uploading facility.
<p>Q6. What else should we consider when assessing the relative advantages and disadvantages of the five website-related options?</p>	<p>It would be good to include consideration of how to build on the current brand recognition and trust of Powerswitch.</p>

<p>Q7. Of the website-related options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?</p>	<p>Option 4 is best suited to this. Mainly because it is best suited to build on the progress so far in lowering these perceptions. Others risk losing the brand recognition and trust Powerswitch is building.</p>
<p>Q8. What other types of website-related options, if any, should we consider to support comparison and switching and why?</p>	<p>See above about further enhancing option 4 to include:</p> <ul style="list-style-type: none"> ● Access to ICP specific metering data; ● Automated ICP deduction from address; ● Bulk uploading API; and ● Mobile app.
<p>Q9. Are there other types of technology in addition to, or alternative to, websites that we should consider?</p>	<p>Definitely add a mobile app to website.</p>
<p>Q10. What are your views on how retailers providing 'best plan' information could work? For example, how should they assess the 'best plan' and present/target information to consumers, and how often? What do you think of the Australian 'automated-switch' idea?</p>	<p>No views.</p>
<p>Q11. In what form do you think the community advisers service would function best? For example, what agencies might we collaborate with? What are the best approaches?</p>	<p>No views.</p>
<p>Q12. What conditions or support would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?</p>	<p>No views.</p>

<p>Q13. What else should we consider when assessing the relative advantages and disadvantages of the three consumer choice support options?</p>	<p>Possibly apply an overall net benefit test to rank them.</p>
<p>Q14. Of the consumer choice support options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?</p>	<p>No views.</p>
<p>Q15. What other types of consumer choice support options, if any, should we consider to support comparison and switching and why?</p>	<p>No views.</p>
<p>Q16. What are your thoughts on ruling out these options? If you disagree, why should they still be considered?</p>	<p>Agree.</p>
<p>Q17. What are your views on the criteria we've chosen to assess options. Do you think some criteria should be weighted more than others as they are more important?</p>	<p>Agree with current criteria. Consider adding a net benefits test.</p>
<p>Q18. Are there other criteria you think are important to help decide on the best options?</p>	<p>A ranking on overall net benefit may help.</p>
<p>Q19. What's your opinion on the Authority's proposed 'four-pronged' approach to supporting consumer comparison and switching? What alternative approach might you support?</p>	<p>Strong support. Can't think of a better approach.</p>

<p>Q20. What thoughts do you have on our current assessment of the options against the proposed criteria in Appendix D and their scores? How might your assessment differ?</p>	<p>I agree with the Authority's current assessment of the options. My suggestion of including a net benefits assessment is unlikely to change the outcome. It just makes it more robust and defensible.</p>
<p>Q21. Are there any other issues concerning supporting consumers to compare and switch that you would like to comment on, whether raised in this paper or not?</p>	<p>The Authority might wish to consider the role independent consumer level demand flexibility aggregators might have in supporting 'smart' consumers to compare and switch retailers. See my introductory paragraphs.</p>

