

Retail data project

Issues paper

Submissions close: 5pm Tuesday 11 March 2014

28 January 2014

Glossary of abbreviations and terms

Act	Electricity Industry Act 2010
Authority	Electricity Authority
Code	Electricity Industry Participation Code 2010
CPI	Consumer price index
CRE	Competition, Reliability, Efficiency
EIEP	Electricity Information Exchange Protocol
GIC	Gas Industry Company Limited
ICP	Individual Connection Point
MBIE	Ministry of Business, Innovation and Employment
MEP	Metering equipment provider
QSDEP	Quarterly survey of domestic electricity prices
SME	Small or medium enterprise
UoSA	Use-of-system agreement

Contents

Glossary of abbreviations and terms	C
1. Introduction and purpose of this paper	1
1.1 Introduction	1
1.2 Purpose of this paper	2
Submissions	3
2. Why is the Authority undertaking the retail data project?	5
2.1 Incomplete data about retail prices and costs	5
2.2 Incomplete data about retail tariffs and consumption	7
2.3 Consumers are not yet confident that retail competition is delivering them benefits	10
3. Things the Authority might do to address these issues	16
3.2 Part 1 – addressing the issue of incomplete data on retail prices and costs	16
3.3 Part 2 – addressing the issue of incomplete data on tariff plans and tariffs	18
3.4 Part 3 – addressing the issue of incomplete consumption data	20
4. Approach to project	23
Appendix A Format for submissions	25
Figures	
Figure 1: The Authority's strategic framework including CRE aspirations	1
Figure 2 Consumer decisions and influencing factors	8
Figure 3 Competitiveness of industry	12
Figure 4 Electricity industry ratings by consumers and stakeholders	13
Figure 5 Competitiveness of prices – perceptions of stakeholders (including consumer representatives)	14
Figure 6 Overview of project with indicative timings	23

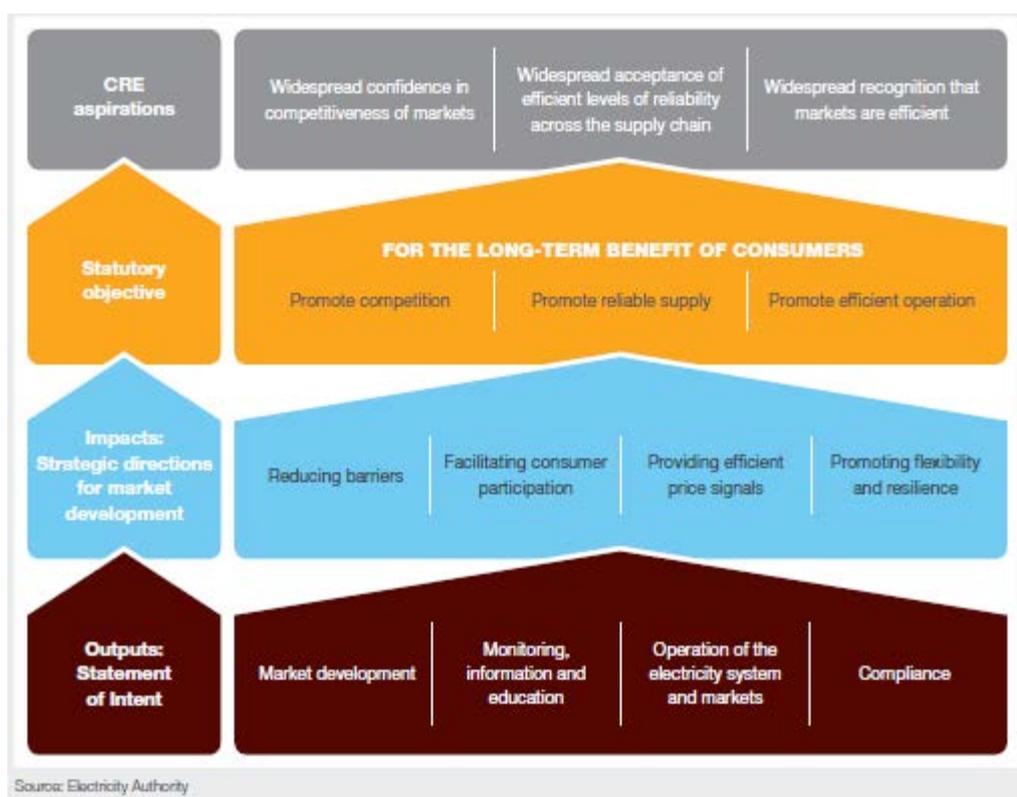
1. Introduction and purpose of this paper

1.1 Introduction

1.1.1 The Electricity Authority (Authority) is an independent Crown entity charged with promoting competition in, reliable supply by, and the efficient operation of the electricity industry for the long-term benefit of consumers.¹

1.1.2 The Authority's 2013/14 work programme includes a project to consider issues with retail data.² The primary purpose of this project is to promote competition in the electricity industry so as to achieve the Authority's aspiration of "widespread confidence in competitiveness of markets". Figure 1 below shows the relationship between market development activities, the statutory objective and the CRE aspirations.

Figure 1: The Authority's strategic framework³ including CRE aspirations



¹ Electricity Industry Act 2010, section 15.

² Electricity Authority, 2013/14 work programme, Table C, project C8. The work programme is available at, <http://www.ea.govt.nz/dmsdocument/15241>.

³ Electricity Authority, Strategic directions for market development, Figure 1, p5, available at <http://www.ea.govt.nz/dmsdocument/15503>.

- 1.1.3 The retail data project will assess whether the following matters impede competition in the electricity sector, and will consider options for addressing any barriers to competition:
- (a) incomplete data available to the Authority and other stakeholders about retail prices and the resulting costs to consumers is inhibiting effective monitoring and analysis of the retail market
 - (b) incomplete data available to consumers on retail tariff options and consumption data is inhibiting the ability of consumers to make informed decisions about electricity and gas
 - (c) the complexity and uncertainty that arises from a lack of good quality centralised information is adversely affecting the propensity of consumers to make decisions about electricity (i.e. imposing a high cost of attention)
 - (d) a lack of clarity around prices paid by consumers is leading to poor consumer decisions and a lack of innovation by retailers and service providers
 - (e) a perception by consumers and observers that the existing market arrangements, especially as they relate to retail matters, are not delivering outcomes that are for the long-term benefit of consumers.

1.2 Purpose of this paper

- 1.2.1 The purpose of this paper is to seek feedback regarding:
- (a) the issues that the Authority has identified relating to incomplete retail data and the lack of widespread confidence that the retail market is competitive and delivering benefits to consumers
 - (b) the Authority's preliminary thinking about initiatives that might address the issues identified.
- 1.2.2 This paper is an issues paper that identifies the potential problems and issues with the current arrangements and assesses a range of high-level, preliminary options that might address those problems and issues.
- 1.2.3 This paper does not propose market facilitation measures or amendments to the Electricity Industry Participation Code 2010 (Code). However, the Authority expects to carry out further consultation on proposals to resolve any issues with retail data, including consulting on Code amendment proposals.

Submissions

The Authority's preference is to receive submissions in electronic format (Microsoft Word). It is not necessary to send hard copies of submissions to the Authority, unless it is not possible to do so electronically. Submissions in electronic form should be emailed to submissions@ea.govt.nz with Issues paper— Retail data project in the subject line.

If submitters do not wish to send their submission electronically, they should post one hard copy of their submission to the address below.

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Submissions
Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
Wellington

Tel: 0-4-460 8860

Fax: 0-4-460 8879

- 1.2.4 Submissions should be received by 5pm on Tuesday 11 March 2014. Please note that late submissions are unlikely to be considered.
- 1.2.5 The Authority will acknowledge receipt of all submissions electronically. Please contact the Submissions' Administrator if you do not receive electronic acknowledgement of your submission within two business days.
- 1.2.6 If possible, submissions should be provided in the format shown in Appendix A. Your submission is likely to be made available to the general public on the Authority's website. Submitters should indicate any documents attached, in support of the submission, in a covering letter and clearly indicate any information that is provided to the Authority on a confidential basis. However, all information provided to the Authority is subject to the Official Information Act 1982.

2. Why is the Authority undertaking the retail data project?

2.1 Incomplete data about retail prices and costs

- 2.1.1 The Authority or other parties have not had comprehensive information about retail pricing, tariffs and the resulting costs to consumers for electricity services.⁴ This incomplete data about retail prices and costs is preventing meaningful and relevant assessment of the changes in prices of electricity services over time, and also preventing clarity about the efficiency gains achieved or available from retail competition in different geographic areas or for customer groups.
- 2.1.2 The most commonly used retail price datasets currently available are collated and published by the Ministry of Business, Innovation and Employment (MBIE):
- (a) The Quarterly survey of domestic electricity prices (QSDEP) dataset is a source of high-level trends in regional electricity prices and reports the retail prices available from retailers to an assumed typical residential consumer in each network pricing area along with the distribution component of that price.⁵
 - (b) The Annual sales survey is used to derive national average annual prices for residential, commercial and industrial consumer groups.⁶ The dataset reports at a national level the average retail charge paid by the consumer and the component of that charge which can be attributed to distribution and transmission charges.
- 2.1.3 The problem is that the QSDEP and annual sales survey datasets do not provide the detailed and comprehensive data about retail prices needed to enable parties to develop a clear picture of price levels and price

⁴ The retail price is the effective cost per kWh of electricity consumed. The price is determined by the tariff plan offered to the consumer. The Authority considers that a tariff plan comprises a tariff or tariffs (and includes discounts on a tariff) – a common tariff plan comprises a fixed daily component and a variable kWh component.

Electricity services include retailing, metering, line function services (distribution and transmission) and wholesale electricity supply.

⁵ The QSDEP dataset is available at <http://www.med.govt.nz/sectors-industries/energy/electricity/prices/electricity-tariff-surveys/quarterly-survey>. The assumed 'typical' residential customer uses 8000kWh a year and has the most common metering configuration in a region.

⁶ The Annual sales survey is available at <http://www.med.govt.nz/sectors-industries/energy/electricity/prices/electricity-tariff-surveys/annual-survey>. The inputs to the survey are retailer sales income data and annual energy consumption at the year ending 31 March. No regional information is provided.

movements. The key issues are that the datasets are based on a 'representative' consumer and consequently cannot provide information relevant to all consumers (most consumers are not average) and cannot fully capture tariff innovation, for example by showing prices and costs for different consumer groups.

- 2.1.4 MBIE has been considering options for improving the QSDEP and annual sales survey datasets to address the issues with incomplete retail price and cost data and enable better price monitoring. MBIE sought feedback from retailers in November 2013 about options for refining the approach to producing electricity and natural gas retail price datasets.
- 2.1.5 The Authority considers that improvements to the QSDEP/annual sales survey datasets would provide better information about retail prices. However, the Authority notes that the QSDEP/annual sales survey datasets would need to be fundamentally altered to provide data to enable assessment of prices and costs for all consumers rather than just a representative consumer. Such changes are beyond the scope of enhancements being considered by MBIE.
- 2.1.6 The Authority considers that there are benefits in attempting to obtain comprehensive data on retail prices and costs, and that it would be possible to do so efficiently by building on existing market system processes. The Authority considers that obtaining more comprehensive price data would complement the existing datasets.
- 2.1.7 Statistics NZ produces another retail price dataset as a component of the Consumer Price Index (CPI). The retail price index dataset is produced for the specific purpose of calculating CPI using data collected from retailers to show changes in retail prices. However, the dataset does not show \$/kWh price levels or regional price changes and does not address the issue of incomplete data about retail prices and costs.
- 2.1.8 Incomplete data about retail prices and costs prevents the Authority (or any other party) from effectively monitoring and reporting on the performance of the industry and market. The Authority considers that the consequences of this situation are:
- (a) inefficient decisions by consumers, participants and policy-makers because parties lack specific and relevant information about retail prices and price trends
 - (b) reduced confidence in retail competition, because measures of retail price are used by consumers and consumer advocates as an indicator of the effectiveness of retail competition and the effectiveness of the electricity market more generally.

- Q1. Do you agree that there is incomplete data about retail costs and prices?**
- Q2. Do you agree that the consequences of incomplete data include inefficient decisions and reduced confidence in retail competition?**

2.2 Incomplete data about retail tariffs and consumption

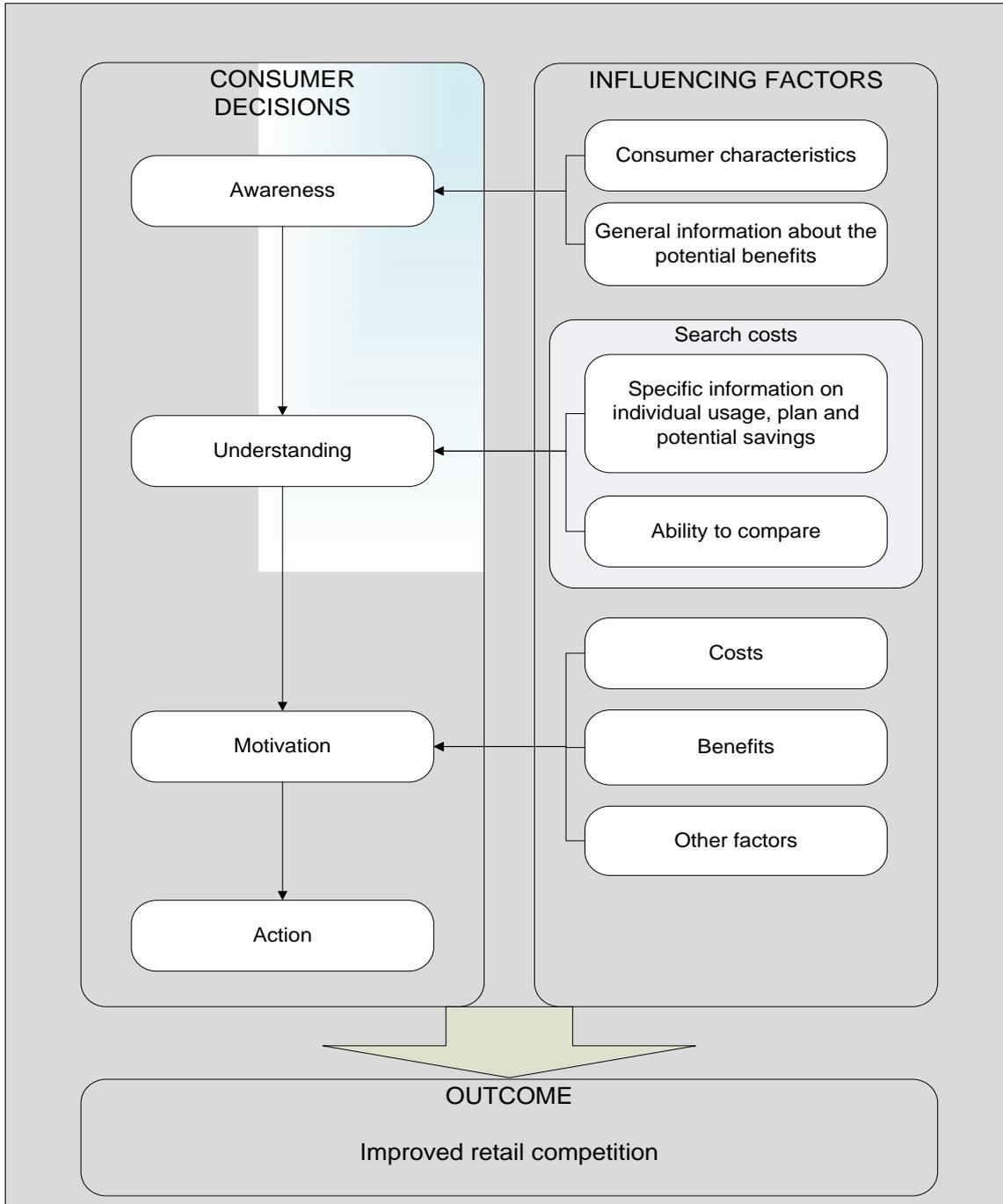
- 2.2.1 Most consumers are still not motivated to spend much time investigating their energy options. That is, most consumers are not regularly exercising their ability to make decisions about retail offers and consumption choices, even though they are increasingly aware that there may be savings to be made from investigating alternatives.
- 2.2.2 Surveys undertaken in January and February 2013 show that:⁷
- (a) 81% of residential consumers believe that reviewing which retailer is offering the best deal is worthwhile, but only 32% are likely to shop around (compared to 40% who are not likely to do so)
 - (b) 79% of small to medium enterprises (SME) believe that reviewing which retailer is offering the best deal is worthwhile, but only 13% were actively looking or intending to look in the next 12 months
 - (c) 8% of residential consumers say they change retailers often and will almost always take a better deal that comes along, while 69% had not switched in the past two years
 - (d) there is variation in the frequency of SMEs to change retailers, with farms less likely to switch (9% had switched in the past year) and manufacturing/industrial/engineering firms more likely to switch (21% had switched in the past year). This is despite 70% of SMEs reporting that they consider electricity costs are significant compared to other overheads.
- 2.2.3 The Authority considers that residential and SME consumers are aware of their ability to exercise choice of supplier and products, with that awareness influenced by the What's My Number campaign and by retailer marketing and customer acquisition activity. However, awareness is only one aspect of a consumer's decision-making process, with consumers' propensity to take advantage of a benefit or opportunity also influenced by the information that consumers have to make a decision, how much

⁷ UMR, January 2013, Shopping around for electricity retailers: a quantitative study among small and medium enterprise customers; and UMR, February 2013, Shopping around for Electricity Retailers: a quantitative study among the general public.

consumers trust the information or trust they are making a good decision, the benefits available and the cost of making a decision.

2.2.4 Figure 2 shows the key stages of a consumers' decision-making process – awareness, understanding, motivation and action – and the factors that influence a decision at each stage of the process. The process draws on research into methods of marketing and advertising effectiveness.

Figure 2 Consumer decisions and influencing factors



- 2.2.5 The Authority considers that consumers may not have access, or sufficiently easy access, to information that would assist them to easily make a decision (e.g. understanding what offers are available and which option provides the best deal for the consumer) and to easily act on a decision (e.g. to switch to a new option and/or retailer).⁸
- 2.2.6 A consumer deciding what retail offer to accept will consider a range of price and non-price factors. To make an informed decision about the price factor, a consumer will need information about the available tariff plans, their metering configuration and their consumption. However, this information may not be readily available to consumers because:
- (a) Retailers currently are selective about what tariff plan data is made publicly available. For example, some tariffs are offered only as part of door-knocking campaigns,⁹ while other tariffs (or discounts) are offered to 'save' customers who decide to switch to another retailer.
 - (b) Consumers may not know their metering configuration or other technical information which will determine what tariff plan is available to them.
 - (c) Consumers cannot necessarily easily access their consumption data or provide this data to another retailer (for them to assess what is the best offer to make to that consumer) or service provider (for them to assist the consumer in making decisions). Many consumers can obtain their consumption data from web portals offered by their retailer but may not be able to easily collect a substantial quantity of history or pass this information on to third parties.
- 2.2.7 The Authority considers that these circumstances establish roadblocks in a consumer's decision-making process by reducing their ability to

⁸ There are a number of models of the hierarchy of effects of marketing and advertising on consumer decisions. The Authority has considered this work in informing its thinking about promoting to consumers the benefits of comparing and switching retailers. The Authority is using the following definitions:

- Awareness: is the consumer aware of the opportunity to take action, for example that they can switch retailers?
- Understanding: does the consumer have sufficient information about the advantages and benefits of the action, for example can they compare retail offerings?
- Motivation: is there sufficient motivation for the consumer to take the action? This could mean that the benefit of taking action is material or that the cost of taking action is low. For example, a consumer may decide that the cost (to them) of a 15 minute process to compare and switch retailers is greater than the possible savings.
- Action: the consumer takes an action to derive some advantage, e.g. to switch retailers to obtain a cheaper tariff plan.

⁹ A consumers being door-knocked might be offered a standard tariff plan, but the component tariffs might be discounted from the mass-market offer.

understand the extent of the advantage or benefit that is available and reducing their trust in the process or the benefits. In particular:

- (a) consumers lack price clarity because they are not necessarily able to identify and choose the tariff plan that reflects the best deal for them (a roadblock at the understanding stage of the process)
- (b) consumers are less likely to take action because the costs and risks of making a decision are perceived to be greater than the benefits available (roadblocks at the understanding and motivation stages of the process)
- (c) consumers are less likely to believe that retail competition can achieve the best deal for them, for example because they do not trust that the savings will eventuate (a roadblock at the motivation stage of the process).

2.2.8 Similar issues arise when considering gas and dual-fuel consumers due to the further complication involved in the decision by the additional fuel type and the ability to switch between them.

- Q3. Do you agree that there is incomplete information about retail tariffs?**
- Q4. Do you agree that there is incomplete information about consumption data?**
- Q5. Do you agree that these issues inhibit effective decision-making by consumers?**

2.3 Consumers are not yet confident that retail competition is delivering them benefits

2.3.1 The perception that retail competition is effective is a critical factor in ensuring consumer confidence in the electricity retail market, and in the operation of the market overall. This in turn has implications for the durability of electricity market arrangements.

- 2.3.2 There is currently not widespread recognition by consumers that retail competition and the market arrangements are delivering outcomes that are for the long-term benefit of consumers. Although there is no single indicator of perception, surveys undertaken in January and February 2013 show that:¹⁰
- (a) 51% of consumers are not confident they would still be on the best deal one year after switching (compared to 20% who believed they would be)
 - (b) 42% of SMEs do not trust that there would be real gains from switching.
- 2.3.3 Research conducted for the Authority in early 2013 also provided stakeholder views of the retail market:
- (a) a general residential consumer survey which was undertaken by telephone between 24 and 29 January 2013¹¹
 - (b) a specific online survey of electricity market stakeholders between 5 and 28 February 2013.¹²
- 2.3.4 Figure 3 compares views from the residential survey to those more general views in the stakeholder survey on the competitiveness of various industries. The results from the consumer survey were similar to those in the stakeholder survey with two exceptions: stakeholders were more likely to rate electrical goods stores and online bookstores as competitive.
- 2.3.5 Overall, electricity retailers are seen as less competitive than supermarkets, electrical goods stores, telephone companies and banks and financial services.

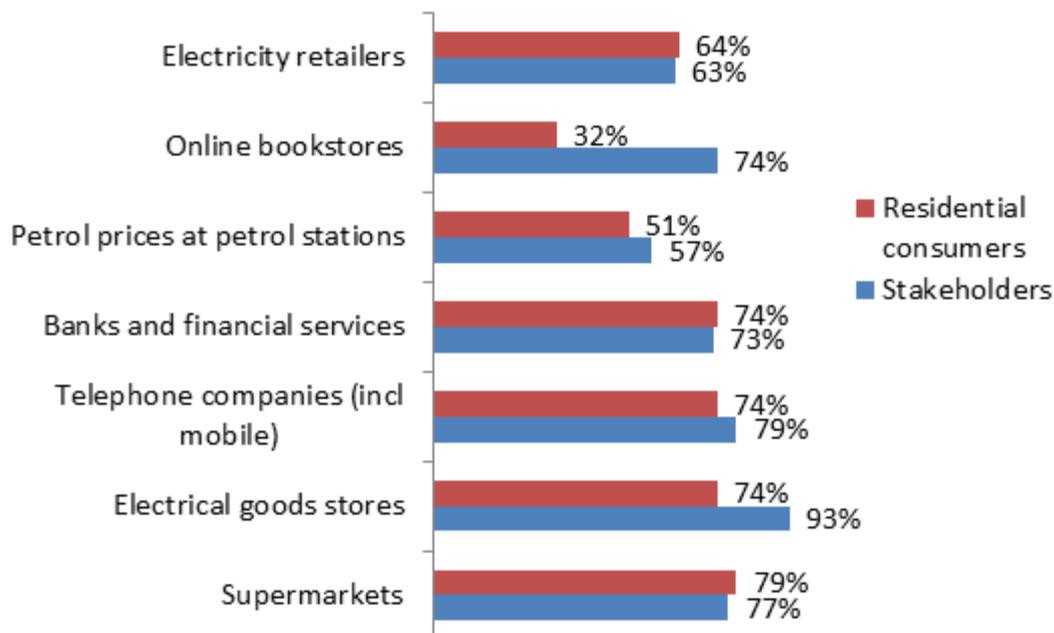
¹⁰ UMR, January 2013, Shopping around for electricity retailers: a quantitative study among small and medium enterprise customers; and UMR, February 2013, Shopping around for Electricity Retailers: a quantitative study among the general public.

¹¹ UMR Research, 2013, *CRE Aspirations: UMR omnibus survey among residential consumers*, February.

¹² UMR Research, 2013, *CRE Aspirations: A quantitative study among stakeholders*, March.

Figure 3 Competitiveness of industry

Total responses rating the industry as competitive

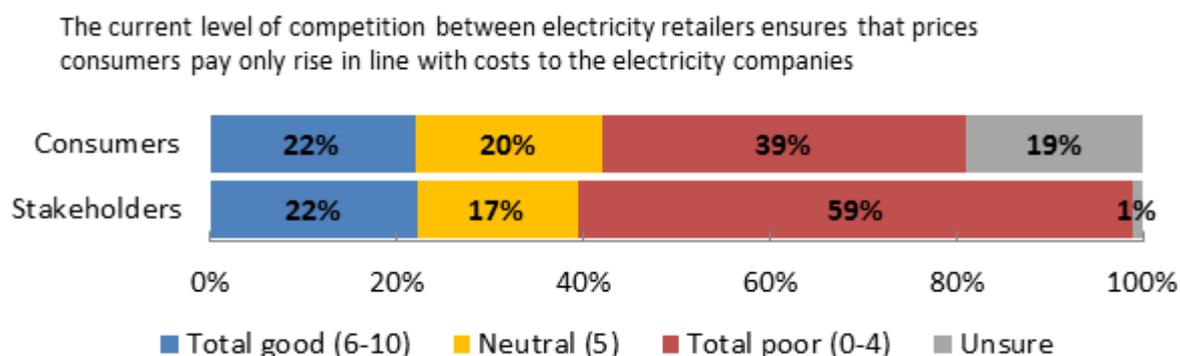


Source: UMR Research

Notes: 1. Competitiveness was measured on a 0-10 scale with 0 meaning 'not at all competitive', 5 meaning 'just adequate' and 10 'extremely competitive'. Those who gave responses of 5-10 are included in this chart.

2.3.6 Figure 4 expands the results for the electricity retailers shown in Figure 3 and indicates that residential consumers and stakeholders have similar perceptions of the level of competition between retailers: 78% of consumers are neutral about, do not believe or are unsure that retail competition ensures that prices only rise in line with costs versus 77% of stakeholders.

Figure 4 Electricity industry ratings by consumers and stakeholders



Source: UMR Research

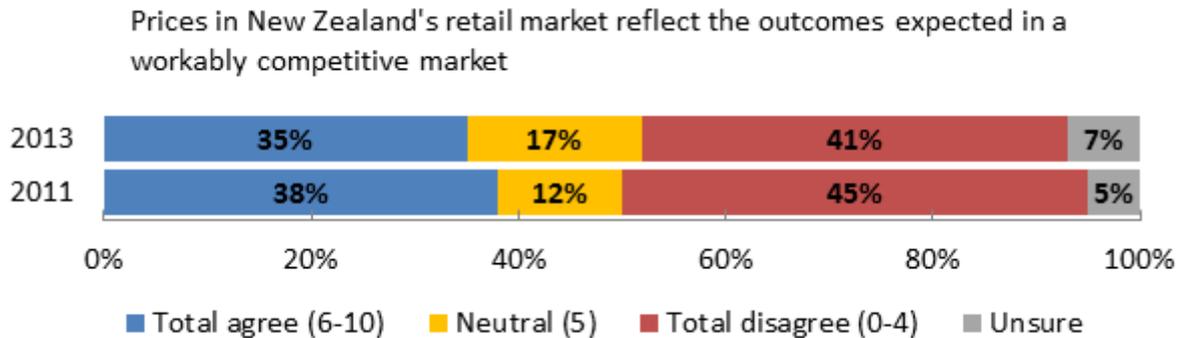
2.3.7 A number of other questions asked in the stakeholder survey help to build a picture of the views of stakeholders of the competitiveness of the market. Although perceptions do not always align with reality they are an important determinant of behaviour.

2.3.8 Figure 5 shows stakeholder perceptions about the competitiveness of prices: 35% of respondents agreed that “prices in New Zealand’s retail electricity market reflect the outcomes expected in a workably competitive market”.

2.3.9 However, if those stakeholders expressing no opinion, or holding a neutral view are excluded from the analysis, retail and metering markets are the two that are perceived to be the least competitive, with more than half these respondents disagreeing with the statement that prices in the retail market reflect workable competition, or that there is effective competition in the provision of metering services. In comparison, 70-80% of respondents agreed that other markets (including the spot, hedge and ancillary service markets) were competitive.

2.3.10 More respondents in 2013 either had a neutral view or no opinion about the retail market than in the 2011 survey, but the ratio of those agreeing to those disagreeing remained the same (54% disagree, 46% agree).

Figure 5 Competitiveness of prices – perceptions of stakeholders (including consumer representatives)



Source: UMR Research

- 2.3.11 The highest levels of disagreement came from the 21 electricity consumers and their representatives (ten disagreed, three were neutral, five agreed and three did not know). Distribution and transmission organisations were also more likely to disagree with this statement. In contrast, of the fourteen investors, educational institutions and professional bodies, seven agreed, five disagreed and two were neutral. Generators and retailers were more evenly divided with four each agreeing and disagreeing and one giving a neutral rating.
- 2.3.12 A similar picture emerges of stakeholders' views of the efficiency of the retail electricity market. The wholesale, and hedge markets and transmission/distribution arrangements generally had a higher proportion of respondents agree they were an efficient mechanism, with the reverse being true for the retail market. All the markets were perceived to be more efficient at coordinating electricity production and consumption (static efficiency) than facilitating timely and innovative investment in the electricity system (dynamic efficiency).
- 2.3.13 Consumers and stakeholders continue to perceive the retail market to be the least competitive aspect of the electricity industry. The Authority considers that poor perceptions of the retail market inhibit consumer participation in the retail market because consumers may not trust the outcomes. In turn, this reduces the pressure on retailers to respond to consumer demand and increases regulatory uncertainty due to escalating popular demand for change.

Q6. Do you agree that the perception of the electricity retail market as competitive is important for the efficient operation of the electricity industry?

Q7. Do you consider that the various survey findings on perception of competitiveness in the retail energy market align with reality? Please describe your understanding of current perceptions of retail competition.

3. Things the Authority might do to address these issues

- 3.1.1 The Authority will consider options for addressing the issues with retail data – the proposed approach is to consider the issues and options in three parts:
- (a) the first part would consider options for addressing the issue of incomplete data on retail prices and costs
 - (b) the second part would consider options for addressing the issue of incomplete data on tariff plans and tariffs
 - (c) the third part would consider options for addressing the issue of consumer access to consumption data.
- 3.1.2 This paper documents the Authority's views of the issues with retail data and the Authority's preliminary thinking about possible options for addressing these issues. The intention is to provide a starting point for stakeholders to think about (and provide feedback about) the range of possible interventions for addressing the issues with retail data (with the options including doing nothing).
- 3.1.3 In this context, the options canvassed in this paper should not be taken to represent the only interventions that the Authority will consider for addressing the issues with retail data. The Authority will consult on any market facilitation measures or Code amendment proposals for addressing any issues with retail data.

3.2 Part 1 – addressing the issue of incomplete data on retail prices and costs

- 3.2.1 The Authority is considering options for addressing the issue of incomplete data on retail prices and costs for electricity consumed.
- 3.2.2 The Authority's objectives are to:
- (a) promote efficiency by facilitating better decision-making by the Authority, participants, consumers and policy-makers by making available robust data on retail pricing
 - (b) enable the Authority to effectively undertake industry and market monitoring, and carry out and make publicly available reviews, studies, reports and inquiries into the retail market

- (c) promote widespread recognition of the improvements in efficient production, consumption and investment delivered by the market arrangements.
- 3.2.3 The Authority will assess options for achieving these objectives and will make a decision on pursuing a particular initiative based on an assessment of the costs and benefits.
- 3.2.4 The Authority's preliminary thinking is to develop a comprehensive and robust set of data on retail prices and costs comprising:¹³
- (a) retailer charges to each customer
 - (b) the amount of electricity (kWh) consumed by each customer
 - (c) distributor charges to each retailer (note this includes transmission charges).
- 3.2.5 The Authority currently annually collects data on kWh consumed for non-half-hour ICPs, and some data on distributor charges by ICP, via the electricity information exchange protocol (EIEP) 1 process.
- 3.2.6 With the additional retail pricing data, the Authority would be able to produce an accurate picture of the state of retail prices (including trends), costs and competition across the market. For example, the Authority would be able to develop retail pricing indices showing:
- (a) the weighted average retail price for New Zealand
 - (b) any geographical or network region
 - (c) any retailer (parent, trader or brand)
 - (d) any group of consumers, including by market segment, level of consumption, metering configuration/installation.
- 3.2.7 This retail pricing data would enable the Authority to more effectively undertake industry and market monitoring for all consumers, and publish reviews, studies and inquiries into the retail market providing stakeholders with retail pricing information to improve their understanding and awareness of retail pricing (see Figure 2). All ICP level information would be treated as confidential and only aggregated information and data would be made publically available.
- 3.2.8 The Authority considers that better monitoring and reporting on retail pricing would promote efficient decision-making by consumers, participants and policy-makers. For example, consumers would be able to make more informed (and therefore more efficient) decisions about their

¹³ Note that the data in (a) – (c) would be normalised to monthly figures and would be collected for each individual connection point (ICP) by meter register/channel (a meter may have more than one register or channel to differentiate different types of load, for example controlled hot water).

choice of retailer and other electricity related decisions, such as investing in energy efficiency.

3.2.9 The Authority also considers that better monitoring and reporting on retail pricing will assist in promoting widespread recognition of the improvements in efficient production, consumption and investment delivered by the market arrangements. This is because consumers will have a better insight into retail pricing trends relevant to them and they will be more engaged and able to hold retailers to account about changes in prices.

3.2.10 The Authority considers that a comprehensive and robust set of data on retail prices and costs would align with, and would facilitate, many of the Authority's other pro-retail competition initiatives, for example the Consumer switching fund¹⁴ and Improving transparency of consumer electricity charges projects.¹⁵

Q8. Do you agree with the objectives of part 1?

Q9. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 1?

Q10. Are there alternative approaches that you would like the Authority to consider in part 1?

3.3 Part 2 – addressing the issue of incomplete data on tariff plans and tariffs

3.3.1 The Authority is considering options for addressing the issue of incomplete data on tariff plans and tariffs. The Authority's objectives are to:

- (a) promote retail competition by facilitating consumers' comparing and making decisions about retail offerings
- (b) promote competition by reducing barriers to providing energy services to consumers
- (c) promote widespread recognition of the improvements in efficient production, consumption and investment delivered by the market arrangements.

¹⁴ Electricity Authority, 2013/14 work programme, Table B, project B9. The work programme is available at, <http://www.ea.govt.nz/dmsdocument/15241>.

¹⁵ Electricity Authority, 2013/14 work programme, Table C, project C4. The work programme is available at, <http://www.ea.govt.nz/dmsdocument/15241>.

- 3.3.2 The Authority will assess options for providing access to retail tariff data that achieve these objectives, and will make a decision on pursuing a particular initiative based on an assessment of the costs and benefits.
- 3.3.3 The Authority's preliminary thinking is to develop a comprehensive and robust set of data on retail tariff plans and tariffs that would be accessible to authorised parties comprising:
- (a) each tariff plan and the associated tariffs, including any discounts or incentives, that a retailer is offering to consumers¹⁶
 - (b) data for each ICP (from the registry) including, network supply point, distribution tariff code and metering configuration.
- 3.3.4 A retail tariff database would provide information that would enable authorised participants and service providers to help consumers compare between the range of tariff plans available to them at their location.
- 3.3.5 The database would not be designed to provide a direct interface with consumers. This means a consumer would need to interact with an intermediary with access to the database to be able to choose between the tariff plans that are relevant to them given their metering configuration and location.
- 3.3.6 The Authority will also consider the potential for integrating gas and dual-fuel tariff plans into the database. This will involve working with the Gas Industry Company. The reason is that many consumers use both gas and electricity and would want to compare the combinations of electricity tariff plan and gas tariff plan that provide them the best deal overall.
- 3.3.7 The Authority considers that a retail tariff database would be used by participants and service providers to develop comparison and switching tools that would assist consumers to compare and make decisions about available retail offerings. The Authority's expectation is that comparison and switching tools based on a retail tariff database will:
- (a) improve the propensity of consumers to make decisions about retail offers by assisting in reducing the cost to consumers of making decisions
 - (b) increase confidence in retail competition by increasing consumer awareness of, and confidence in, the benefits of comparing and switching retailers.

¹⁶ A plan is a tariff or package of tariffs. For example, many consumers are on a plan comprising a fixed daily tariff and a variable kWh tariff.

- 3.3.8 The key advantage that this approach would have over currently available comparison tools is that the retail tariff database would include all tariff plan information that is relevant to a consumer. Retailers currently are selective about what tariff plan data is made publicly available. For example, some tariffs (including discounts) are offered only as part of doorknocking campaigns, while others are offered to 'save' customers who are switching to another retailer.
- 3.3.9 The Authority considers that a retail tariff database could promote competition by reducing barriers to providing energy services to consumers. The lack of comprehensive reliable tariff information is currently a substantial barrier for energy services providers.
- 3.3.10 Facilitating the entry of service providers and the subsequent provision of more and better services that assist consumers to make decisions about energy use, including comparing retail offerings, should lead to improved consumer perceptions that the electricity market arrangements and retail competition market are delivering benefits for consumers.
- 3.3.11 Providing consumers with more accurate and comprehensive information about tariff plans should assist in promoting widespread recognition of the improvements in efficient production, consumption and investment delivered by the market arrangements.

- Q11. Do you agree with the objectives of part 2?**
- Q12. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 2?**
- Q13. Are there alternative approaches that you would like the Authority to consider in part 2?**

3.4 Part 3 – addressing the issue of incomplete consumption data

- 3.4.1 The Authority is considering options for addressing the issue of incomplete consumption available to consumers. The Authority's objectives are to:
- (a) promote retail competition by facilitating consumers to compare and make decisions about available retail offerings
 - (b) promote competition by reducing barriers to new and existing retailers identifying and competing for customers and by reducing barriers for provision of energy services

- (c) promote widespread recognition of the improvements in efficient production, consumption and investment delivered by the market arrangements.
- 3.4.2 The Authority will assess options for addressing the issue of incomplete consumption data that achieve these objectives, and will make a decision on pursuing a particular initiative based on an assessment of the costs and benefits. The assessment of the costs would take into account the effects such measures may have on the incentives for retailers and other parties such as metering equipment providers (MEPs), to invest in systems and processes to gather, store and access customer consumption information.
- 3.4.3 The Authority's preliminary thinking is that a process could be designed that enables individual consumers (or their authorised agent) to easily obtain a substantial section of their own consumption history in a standard format from the retailer or MEP that holds this data. This approach would be giving practical effect to the legal ownership of the consumer's data by the consumer.
- 3.4.4 Easier access to consumption data would improve the ability of consumers' to compare and make decisions about available retail offerings – a consumer could see the financial cost of different tariff plans based on their consumption profile. Consumers could do this directly or be assisted by a third party.
- 3.4.5 The Authority will also consider the potential for consumers to easily access gas consumption data. This will involve working with the Gas Industry Company. The reason is that many consumers use both gas and electricity and would want to compare the combinations of electricity tariff plan and gas tariff plan that provide them the best deal overall for their energy requirements, taking into account their consumption of both.
- 3.4.6 This would assist in improving the quality of decisions made by consumers about their own retail provider, tariff plans and electricity (and gas) use, by ensuring that customers (or their agents) have all the relevant information available. Improved quality of decisions means that more customers will see benefits from these decisions, thereby improving consumers' propensity to make decisions about retail offerings and increased consumer awareness of the benefits of comparing and switching retailers and modifying their consumption profile.
- 3.4.7 The Authority expects that better access to consumption data would promote competition (and increase potential for innovation) by reducing barriers to existing and new retailers identifying and competing for

customers and by reducing barriers for provision of energy services by other parties to consumers.

- 3.4.8 The Authority considers that better access to consumption data would assist in promoting widespread recognition of the improvements in efficient production, consumption and investment delivered by retail competition and the market arrangements.

Q14. Do you agree with the objectives of part 3?

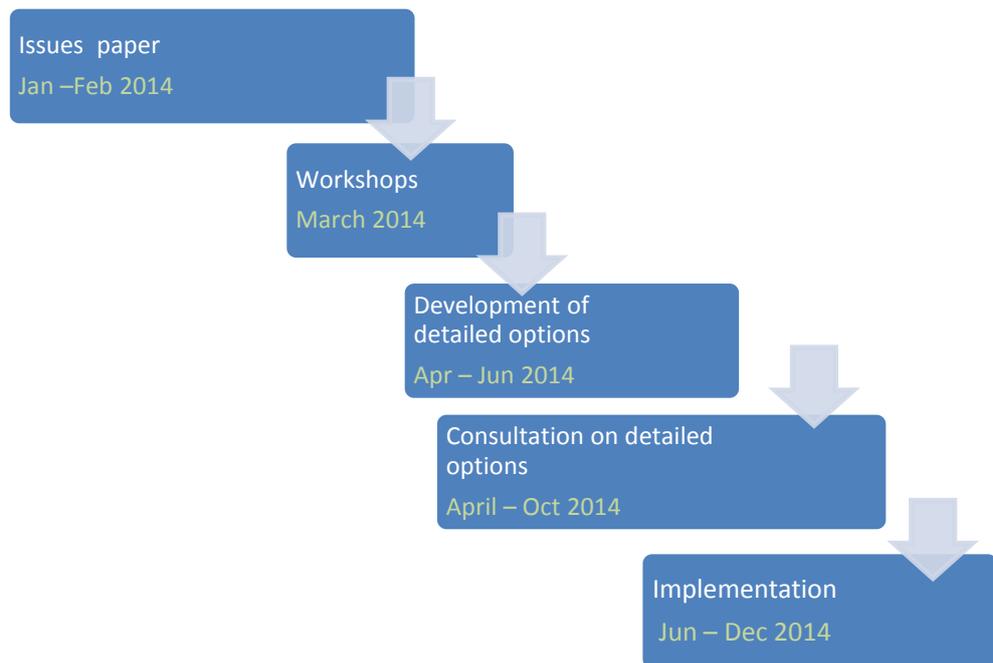
Q15. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 3?

Q16. Are there alternative approaches that you would like the Authority to consider in part 3?

4. Approach to project

- 4.1.1 The Authority’s indicative timeframe and milestones for this project are outlined in Figure 6 below. The Authority intends undertaking the three parts of the project in parallel.
- 4.1.2 The timing of the project deliverables will be confirmed once the Authority has received feedback on this issues paper.

Figure 6 Overview of project with indicative timings



- 4.1.3 The Authority is considering developing a trial retail tariff database for Auckland as a part of work on the detailed options.

Q17.	Do you have any comments on the approach to project presented here?
Q18.	Do you have any suggestions for topics or particular questions you would like addressed at industry workshops regarding this project?
Q19.	Would you be interested in providing sample data to the Authority to assist us with developing detailed options?

Appendix A Format for submissions

Question No.	General comments in regards to the:	Response