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7 March 2014

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

RE: Retail Data Project

NETWORK TASMAN TRUST SUBMISSION

1. NETWORK TASMAN TRUST supports the Electricity Authority review; in fact, in our opinion we consider the review to be long overdue.
2. NETWORK TASMAN TRUST considers there is a widespread lack of confidence and a deep cynicism about the retail market held by domestic consumers as well as by small to medium businesses (SMEs) in this region. Few consumers would believe the retail market is delivering outcomes that are in the long term interests of consumers and most would consider the market has been designed to cater for the short term interests of gentailers. The EA's own survey showed that half the people were cynical about the existence of real competition amongst retailers. This matches our own understanding of consumer attitudes.
3. NETWORK TASMAN TRUST agrees that there is incomplete data concerning alternative retail prices and supply cost available to most mass market consumers and other industry stake holders.
4. NETWORK TASMAN TRUST concurs with the view that consumers face incomplete data concerning their retail tariff options and consumption data; consumers are inhibited from making informed decisions about their electricity supply. The independent "Power Switch" website is a consumer's only effective option. Without real information about pricing however, consumers are switching 'in the dark'. Too often, a consumer will switch only to find its new provider will increase prices soon after and negate the point of switching.
5. NETWORK TASMAN TRUST agrees that a lack of good quality centralised data gives rise to complexity and uncertainty concerning the retail market. Consumers, stakeholders and the media tend to disengage as a consequence. Poor information has also led to some very poor and uncritical reporting in the media and a marked failure to ask the hard questions as a result.
6. NETWORK TASMAN TRUST believes that the lack of clarity around prices paid by consumers is leading to poor consumer decisions and as a consequence limits the pressure on retailers and service providers to innovate.

KEY CHANGES REQUIRED

1. Transparency for consumers: at the very least, line and energy charges and preferably the transmission component should be separated on the consumer's bill. Meridian is to be commended for its efforts in this respect.
2. Full disclosure of retail price changes: the reasons for changes to pricing needs to be explained and quantified to consumers with the bill impact disclosed and notification one month in advance both by direct consumer notification and in widespread local media to ensure increased public scrutiny. The current process of notification is towards the "sneaky" end of the spectrum of transparency. By contrast, lines businesses are required to put changing prices in the newspaper and hold it on the company website all the time.
3. Official publication by the Electricity Authority of retail bill break down and trends should be made available to media at least annually for each regional area. The MBIE QSEDEP and Annual Sales Survey while useful could be reviewed and revamped. Currently the best retail data is coming from the regulator and Network Tasman Trust believes that the regulator should be responsible for publishing detailed good quality comparative data by region.
4. NETWORK TASMAN TRUST believes the Electricity Authority needs to develop a comprehensive set of Information Disclosure Requirements on retail operations / data and this should be administered by Electricity Authority. The burden of public disclosure of information is heavy on line companies and should be similarly required for retailers.
5. There should be more consumer representation / consultation in Electricity Authority retail administration. There is a not-unwarranted perception that the Electricity Authority is an industry - rather than a consumer-orientated "watch dog". Potentially an independent consumer voice is required or at least a stronger consumer representation at the Electricity Authority.
6. NETWORK TASMAN TRUST believes that there should be better retailer disclosure of the best pricing / tariff option for any given consumer's consumption patterns. This is currently very limited and is at best selective. For example Network Tasman Trust believes that in the case of the Low Fixed Charge (LFC) tariff option, probably no more than 30- 40% of domestic consumers who could benefit from this tariff, are actually on that rate due to lack of information, knowledge and general uncertainty. We believe that information on this option should be provided to customers by retailers on an annual basis.
7. Prompt payment "discounts" offered by most retailers are in fact late payment penalties and should be presented as such in a manner similar to that shown on a typical local authority rate demand? Additionally retailer disclosure of "discount" uptake rates are required to get a proper understanding of true retail costs faced by mass market consumers. This again relates to the need for proper information disclosure as mentioned elsewhere in this submission.
8. The only comparative price information available is primarily accessed by websites and thus excludes those lacking the skills or the technology – largely the aged and the poorer parts of our communities, which remains a material part of the consumer base.
9. A number of retailers do not publish their tariffs on websites so inquisitive consumers cannot undertake their own comparisons and analysis. This should be mandatory for every domestic retail tariff on offer and probably also for all SME tariffs on offer.

10. Consumers need additional certainty over future pricing when switching as many don't switch to a lower priced option as they presume from past experience that a retail price increase removing all gains will be just around the corner.

The Trustee's as representative of at least 36,000 consumers connected to Network Tasman lines look forward to positive action from the Electricity Authority as a result of submissions made and would be willing to provide further assistance if required.

Yours faithfully

A handwritten signature in black ink, appearing to be 'PA' followed by a stylized flourish.

Patrick Adamson
SECRETARY