



MAJOR ELECTRICITY USERS' GROUP

11 March 2014

Dr John Rampton
General Manager Market Design
Electricity Authority

By email to submissions@ea.govt.nz

Dear John

Issues Paper – Retail data project

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority (EA) issues paper¹ "Retail data project" dated 28th January 2014. Members of MEUG have been consulted in the preparation of this submission. This submission is not confidential.
2. In summary MEUG agrees there is a policy and market problem with incomplete retail price and volume data. That information gap reduces effective engagement by end consumers and their confidence in the competitiveness of the market. Therefore MEUG supports further work on options to address these problems with solutions to be implemented by the end of 2014.
3. The solutions MEUG now agree need to be considered are wider than those MEUG supported in our submission² on improving transparency of consumers' electricity charges dated 20th August 2013. The shift in our view is as a result of the more in-depth analysis in the latest issues paper, the emergence of possible issues in retailer behaviour in "saving" customers from switching³ and the ongoing frustration on understanding reasons for recent retail price increases⁴.
4. Detailed responses to questions in the consultation paper follow:

¹ <http://www.ea.govt.nz/dmsdocument/16342> found at <http://www.ea.govt.nz/our-work/consultations/retail/issues-paper-retail-data-project>

² Document URL <http://www.meug.co.nz/includes/download.aspx?ID=130152> on web page <http://www.meug.co.nz/Site/submissions.aspx>

³ Refer EA, Information on the Market #17 – What's going on with 'saves'?, December 2013, <http://www.ea.govt.nz/industry/monitoring/i-on-the-market/number-17/>

⁴ Refer EA, media release, Electricity Authority to check retailer claims about reasons for higher retail electricity prices, 5th March 2013, <http://www.ea.govt.nz/about-us/news-events/media-releases/5-march-2013/>

Question	MEUG response
1. Do you agree that there is incomplete data about retail costs and prices?	Yes. The MBIE quarterly survey of domestic electricity prices (QSDEF) dataset, MBIE annual sales survey and Statistics NZ retail price data set used as a component of CPI either lack sufficient granularity and or are prone to substantial survey errors to undermine their usefulness by policy makers and end consumers.
2. Do you agree that the consequences of incomplete data include inefficient decisions and reduced confidence in retail competition?	Yes. Having incomplete data is not conducive to understanding root causes for focussed policy evaluation and development of policy improvements.
3. Do you agree that there is incomplete information about retail tariffs?	Yes.
4. Do you agree that there is incomplete information about consumption data?	Yes.
5. Do you agree that these issues inhibit effective decision-making by consumers?	Yes. Retail market end consumers', that is both households and businesses on posted retail tariffs including electricity and gas and dual fuel, are inhibited in making effective decisions. Often consumers are turned off from even considering changes because of incomplete information.
6. Do you agree that the perception of the electricity retail market as competitive is important for the efficient operation of the electricity industry?	Yes.
7. 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.	Have no evidence to doubt the UMR Research survey findings.
8. Do you agree with the objectives of part 1?	Yes.
9. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 1?	Worth investigating. The cost of establishing and maintaining such a database will be important in weighing the benefits and costs of alternative database options.

Question	MEUG response
10. Are there alternative approaches that you would like the Authority to consider in part 1?	No comment.
11. Do you agree with the objectives of part 2?	Yes.
12. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 2?	At this stage suggest the EA be more open in whether there might be opportunities for individual consumers to interact directly with a database than through an intermediary (refer paragraph 3.3.5). This might not be possible initially but a path towards that should be part of the thinking when scoping the project for some (eg SME TOU consumers on retail tariffs) if not all classes of consumer.
13. Are there alternative approaches that you would like the Authority to consider in part 2?	See response to Q 12 above.
14. Do you agree with the objectives of part 3?	Yes.
15. What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 3?	Information on historic electricity and gas consumption is owned by the end consumer. Access to that information by end consumers is often difficult due to a mix of historic practices. There are costs to remedy this for existing consumers and benefits and costs for standardising access to data in the future. A pragmatic solution might be needed. We see no reason why work on part 3, addressing the issue of incomplete consumption data, needs to be delayed should the timeline for work on part 1 and 2 prove to be much longer.
16. Are there alternative approaches that you would like the Authority to consider in part 3?	No comment.

Question	MEUG response
17. Do you have any comments on the approach to project presented here?	To complete work on all three stages by the end of this year would be ideal. If there are delays then, as suggested in our response to Q 15, we see no reason why addressing the issue of incomplete consumption data cannot proceed at a faster pace.
18. Do you have any suggestions for topics or particular questions you would like addressed at industry workshops regarding this project?	Not at this stage.
19. Would you be interested in providing sample data to the Authority to assist us with developing detailed options?	Not applicable.

5. I look forward to Authority's workshops on 27th March to discuss this important topic.

Yours sincerely



Ralph Matthes
Executive Director