

Retail data project issues paper

Summary of submissions

16 July 2014



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1 Introduction

- 1.1 The Electricity Authority is examining arrangements for access to retail data (the retail data project).¹ The Authority considers that improved access to retail data may provide long-term benefits to consumers by promoting competition in the retail market and by promoting more efficient operation of the electricity industry.
- 1.2 The Authority published an issues paper on 27 January 2014 to seek feedback on problems with the arrangements for access to retail data and some possible ways to improve the arrangements for access to retail data. The issues paper discussed a range of matters, including:
- (a) incomplete data is available to the Authority and other stakeholders about retail prices and the resulting costs to consumers inhibiting effective monitoring and analysis of the retail market
 - (b) incomplete data is available to consumers on retail tariff options and consumption data is inhibiting the ability of consumers to make informed, rational decisions about electricity
 - (c) a lack of good quality centralised information is adversely affecting the willingness of consumers to make decisions about electricity
 - (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) consumers and observers perceive 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.
- 1.3 The issues paper is available on the Authority's website at: <http://www.ea.govt.nz/development/work-programme/retail/retail-data/consultations/#c8203> .
- 1.4 The purpose of this paper is to provide a summary of the key themes of the submissions received on the issues paper. The consultation period for the issues paper ran from 28 January until 11 March 2014. This paper does not contain an exhaustive list of points made in submissions. The submissions are available on the Authority's website at, <http://www.ea.govt.nz/development/work-programme/retail/retail-data/consultations/#c8203>.

¹ Refer Electricity Authority, 2013/14 work programme, Table C, project C8. The work programme is available at, <http://www.ea.govt.nz/about-us/strategic-planning-and-reporting/our-work-programme/> .

2 Who made a submission?

2.1 The Authority received twenty nine submissions: twenty seven public submissions and two confidential submissions. Table 1 lists the parties that made public submissions.

Table 1: List of submissions

Retailers	Distributors	Other	Consumers
Contact Energy	Auckland Energy Consumer Trust	ARC Innovation	Consumer NZ
Flick Energy	Counties Power Consumer Trust	Cortexo	Community Energy Action Charitable Trust
Genesis Energy	Electra Trust	Energy Link	Molly Melhuish for Domestic Energy Users Group (DEUN)
Meridian Energy	Network Tasman		Electricity and Gas Complaints Commissioner (EGCC)
Mighty River Power	Electricity Trusts of New Zealand (ETNZ)		Energy Management Association of New Zealand (EMANZ)
Nova Energy	Orion NZ		Grey Power Federation
Trustpower	Powerco		Major Electricity Users' Group (MEUG)
	Top Energy Consumer Trust		
	Vector		
	Waitaki Power Trust		

3 What did submitters say?

3.1 Submitter comments are grouped into three main areas reflecting the structure of the issues paper:

- (a) the issues and problem definition
- (b) the merits of the options identified in the issues paper
- (c) the approach to the retail data project.

4 Comments on the issues and problem definition

- 4.1 The Authority asked for feedback on the issues of incomplete data about retail prices and costs, retail tariffs, and consumption data. Incomplete data about retail prices and costs inhibits effective monitoring and reporting, which compromises the industry's policy environment. Incomplete tariff and consumption data inhibits a consumer's understanding of comparative offers, and hence ability and motivation to make an efficient purchase decision.
- 4.2 Submitters generally agreed that there are issues with access to retail data. They see these problems having an adverse effect on consumers' perceptions of the retail market and ability to choose the best offer for them. However, submitters were unclear on how improving access to retail data would promote retail competition.
- 4.3 The other main issues-related themes are:
- (a) tariff complexity imposes costs on consumers
 - (b) consumers are not confident that the retail market delivers benefits
 - (c) choice of retailer is just one of a range of electricity-related decisions made by consumers.

Agreement that there are problems with access to retail data

- 4.4 Broadly, the submissions indicated agreement that there are issues with access to retail data in its many forms, and that these issues affect information in the public domain and consumers' participation in energy decisions.
- 4.5 Twenty one submitters agreed that there is incomplete data about retail prices and costs. Trustpower noted "No single party currently has a complete picture of what New Zealand's electricity consumers are paying for their electricity."² One submitter disagreed and five submitters provided no response on this issue.
- 4.6 Seven of those submitters qualified their agreement with a comment on the difficulty of completeness. For example, Energy Link stated that "In a market as large and diverse as electricity there will never be up-to-date and complete information available to all parties at all times."³

Improving access to retail monitoring data

- 4.7 Eighteen submitters agreed with the Authority's objectives for Part 1: retail prices and costs. Cortexo observed "There must be a move away from using averages over the whole population and generic product offerings to provide information that is then used to decide policy or make comment on specific groups of

² Trustpower, Question 1, page 3.

³ Energy Link, Question 1, page 3.

consumers with unique characteristics.”⁴ One submitter disagreed and seven provided no response on this question.

- 4.8 Seventeen submitters agreed that there is incomplete information about retail tariffs. Top Energy noted “Even comparing tariff offerings on retailer websites, it will be extraordinarily difficult for a lay person to make appropriate comparisons between tariffs, let alone understand what offering is in fact the most competitive.”⁵ Three submitters disagreed and seven provided no response on this issue.
- 4.9 Four of those 17 submitters qualified their agreement. Meridian expressed the view that it “is not so much that tariff information is incomplete but that it isn’t available to consumers in a form that is easily understood or able to be used to aid switching decision making.”⁶

Developing a retail tariff database

- 4.10 Seventeen submitters agreed with the Authority’s objectives for Part 2: retail tariff plans and tariffs. Meridian stated “Consumers want to be able to make informed decisions about who supplies their energy, and have confidence that a decision to switch will realise the assessed benefits.”⁷ Three submitters disagreed and seven provided no response on this question.
- 4.11 Seventeen submitters agreed that there is incomplete information about consumption data. The Electricity and Gas Complaints Commissioner stated that while some retailers provide consumption information either on bill or through online account portals “this is not consistent across the industry, and we do receive complaints that relate to this issue.”⁸ Two submitters disagreed and eight provided no response on this issue.
- 4.12 Four submitters qualified their agreement. For example, Nova noted “it is not particularly clear how much data consumers need or in what format they need that data.”⁹

Improving access to consumption data

- 4.13 Seventeen submitters agreed with the Authority’s objectives for Part 3: consumption data. Top Energy Consumer Trust observed “Improved consumption data, especially in the absence of real time information, will allow better choices by consumers both in terms of appreciating the actual impact of different tariffs (such as for low users versus high users) and also in terms of

⁴ Cortexo, Question 8, page 4

⁵ Top Energy Consumer Trust, Question 3, page 3

⁶ Meridian, Question 3, page 5

⁷ Meridian, page 1

⁸ Electricity and Gas Complaints Commissioner, Question 4, page 2

⁹ Nova, Question 4, page 3

being better informed in terms of controlling usage.”¹⁰ Two submitters disagreed and eight provided no response on this question.

- 4.14 Only Genesis generally disagreed with the issues and Authority’s objectives. However their submission highlights retail data changes beneficial to consumers and industry. For example, Genesis expresses the view “that standardisation of how [consumers own consumption data] can be requested (for example, by adopting a standard CSV format) would increase the ability for consumers to access this information.”¹¹

The Authority has not clearly articulated how improving access to retail data will promote retail competition

- 4.15 Several submitters expressed views that the Authority had failed in the issues paper, in part or in total, to demonstrate a market failure requiring the Authority’s intervention and hence how the objectives and options would promote retail competition.
- 4.16 For example Orion observed that “the paper covers quite a bit of ground, and we struggle to see how some of the matters are related. Overall the paper seems to identify three somewhat distinct problems, but at least in part implies these can be dealt with by a common solution. We doubt this is achievable. Our view on the paper’s perception of the three problems is:
- All stakeholders have a limited understanding of what drives retail prices,
 - Consumers have difficulty making reliable comparisons of retailer offerings, and
 - Consumers do not have access to sufficient consumption data to support comparisons.
- In our view, they are quite different problems, yet the paper seems to think they are closely related, and that there is perhaps a common solution via ‘big data’. We don’t think this conclusion follows even if the problems are granted.”¹²
- 4.17 Submitters expressed varying perspectives of competition, and measures of competition, in the retail electricity market.
- 4.18 For example, Genesis provided examples of metrics of retail company participation in New Zealand’s market and concluded “the paper does not provide any evidence to demonstrate that there is a problem with retail market competition. On the contrary, we consider that there is significant evidence that the retail market is competitive and is continuing to become more competitive.”¹³
- 4.19 Similarly Trustpower explained their disagreement with the Authority’s Part 2 objective stating “We do not believe that the Authority has demonstrated a market failure requiring such intervention. Significant numbers of customers are

¹⁰ Top Energy Consumer Trust, Question 14, page 9

¹¹ Genesis, page 7

¹² Orion, page 1

¹³ Genesis, page 1

- switching, new retailers are entering the market with new and innovative propositions, and prices are being subjected to sustained and significant downward pressure.”¹⁴
- 4.20 In contrast the Energy Management Association of New Zealand stated “Without engaged consumers, competition in New Zealand’s electricity markets is inadequate and essentially superficial. For consumers to be engaged, they must have reliable information sources to manage their energy costs. ...Customers won’t engage if they perceive their options to be superficial.”¹⁵
- 4.21 Similarly Cortexo noted “If electricity consumers perceive that the market is not competitive then clearly there would be no incentive to seek a better or more efficient deal which would lead to a lack of innovation in retail energy tariffs keeping price unnecessarily high.”¹⁶
- 4.22 There are varying views whether the survey data presented in the issues paper indicate or inform market issues regarding retail data.
- 4.23 Genesis expressed the view that “the paper does provide some evidence of a separate customer perception problem. We suggest that this is most likely a reflection of consumer apathy.”¹⁷
- 4.24 The Energy Trusts of New Zealand similarly observed that “the EA surveys (listed at 2.2.2) which are principally about measuring power supplier switching trends, do not assist in understanding fundamental consumer wants...”¹⁸
- 4.25 Orion noted “The paper has not established there are any material problems with the existing tools available to consumers via Powerswitch and WMN (for residential consumers) and consultants (for larger customers).”¹⁹
- 4.26 On the other hand, as Grey Power Federation noted, “Perception is very important, one must believe in it to accept it.”²⁰ Molly Melhuish linked increased access to data to consumer switching, stating “Improving the integrity and granularity of the data is essential to give the consumer confidence that their effort and risk of switching is worthwhile.”²¹
- 4.27 Meridian agreed that “...consumer perception can influence their engagement with purchase decisions. So if perception can be increased to an acceptable level, this must be more efficient.”²²

¹⁴ Trustpower, Question 11, page 7

¹⁵ EMANZ, page 1 and Question 6, page 5

¹⁶ Cortexo, Question 6, page 3

¹⁷ Genesis, page 2

¹⁸ ETNZ, page 1

¹⁹ Orion, Question 11, page 7

²⁰ Grey Power Federation, Question 6 page 1

²¹ Molly Melhuish, page 1

²² Meridian, page 6, Question 6

- 4.28 Likewise Top Energy stated “Perception is the overriding consideration for the vast majority of consumers/voters. This will only be overridden if the consumer believes that despite their perception they are either powerless to act or will gain a temporary benefit from their action or inaction.”²³

Tariff complexity imposes costs on consumers but this may not be a problem

- 4.29 Several submissions noted a lack of price clarity arising from tariff complexity imposes costs on consumers. However, submitters were not convinced that tariff complexity is a problem that needs solving.
- 4.30 However there were divergent views on whether tariff complexity is a problem that needs solving. Some submitters expressed the view that competition will lead to product and tariff diversity (serving niche markets) and that innovation and competition will be adversely affected by simplification and standardisation (serving comparability). Other submitters said that complexity is introduced from underlying (distribution) cost complexity.
- 4.31 For example, Nova noted that “It is a feature of competitive markets that offerings become more and more tailored to suit niche markets as firms seek to innovate and differentiate themselves and develop products that provide a competitive advantage. In that way retailers look to meet customer’s requirements at a price that is subject to competitive tension and reflects the various trade-offs between quality of service and price... Further fragmentation in the market will likely continue to occur with smart metering and the different service offerings that are expected to generated around demand side management incentives. Many of these innovations are value enhancing for the consumer as well as the supplier and represent a functioning competitive market.”²⁴
- 4.32 Similarly Vector noted that “The complexity of information on retail tariffs could impose costs on consumers seeking to switch. However, it also reflects market realities and creates opportunities for niche retail offerings through product differentiation. Vector recommends the Authority consider carefully the full impacts of any drive for simplification.”²⁵
- 4.33 In contrast, Energy Link noted that “While aspects of the proposals make sense to us, we believe that a pricing plan database fails to address the key issue, which is the excessive complexity in pricing plans. In a competitive market, retailers have incentives to offer simple pricing plans which allow mass market residential and SME consumers to make choices without recourse to complex analytical tools or complex databases. Or, to put it another way, overly complex pricing plans act as barriers to switching. Distributors have their own good

²³ Top Energy Consumer Trust, Question 6, page 4

²⁴ Nova, Question 3, page 2

²⁵ Vector, page 4-5.

reasons for constructing tariff structures that reflect the cost of providing line services in their respective network areas but in doing so, they add complexity to retail pricing plans, the indirect costs of which exceed any benefits in providing pricing signals to consumers. This is an issue that has plagued retailers, consumers, their consultants and agents alike for years, and it is long past time it was addressed.”²⁶

- 4.34 Grey Power Federation agreed, saying that “The public must be able to compare Apples with Apples and Oranges with Oranges and electricity account with electricity account, what we have now is anything but a simple comparison and the consumer who does make the effort to compare ends up in most cases having to rely entirely on the contact centre staff of their proposed choice of new retailer to tell them what they are going to save, if they make the change. As they say on those Tui billboards, “Yeah right”.”²⁷
- 4.35 Meridian noted that “[it] is not so much that tariff information is incomplete but that it isn’t available to consumers in a form that is easily understood or able to be used to aid switching decision making. The end goal of improved tariff information is for consumers to be able to have confidence they have found the best annual charge which meets their needs, and then act on this information and potentially switch.”²⁸
- 4.36 Mighty River Power agreed that tariff information is incomplete and that this reduces price clarity and imposes costs on consumers. However, Mighty River Power considered that “This lack of price clarity is driven by the complexity of pricing in the electricity industry and this complexity in turn has two key drivers - distribution and transmission pricing and the Low Fixed Charge Tariff (LFCT) Regulations, both of which drive the proliferation of tariff structures. Complexity is not driven by retail energy pricing.”²⁹

Consumer perceptions of retail market competition are not the same as the reality of market competition

- 4.37 Many submitters were not surprised that perceptions of retail competition are poor, but understood this to be related to the recent retail trends. Nor were they convinced that poor perceptions can be addressed by improving access to retail data or promoting retail competition. Many submitters considered that perceptions are most influenced by the direction of price movements in the market.
- 4.38 For example, the Top Energy Consumer Trust stated that “It seems hardly surprising, therefore, that consumer surveys and feedback appear to be invariably sceptical about the level of retail price competition. The expectation on

²⁶ Energy Link, page 1

²⁷ Grey Power Federation, page 1

²⁸ Meridian, Question 3, page 5

³⁰ Top Energy Consumer Trust, page 2 Question 2

the part of consumers of ongoing price increases by individual providers (and the implicit nature of the deal when companies offer fixed priced contracts for a term but with an expectation that prices will revert to “market” – i.e. up – afterwards) can only mean that motivation for switching is short-termist in nature. This is not conducive to efficient decision-making processes, nor to perceptions of a genuinely competitive market place.”³⁰

- 4.39 The Auckland Energy Consumer Trust noted that “The perception of the competitiveness in the retail market affects government and regulator views on the need for further intervention in the market, and the objective for such intervention. But it is only one factor in the efficient operation of the industry and less important than real factors, like the actual degree of competition.”³¹
- 4.40 Nova said that it “...believes that much of the distrust of the electricity market stems from the experience in rising retail prices and the media attention brought to this point, rather than the ability of consumers to identify and switch to lower cost suppliers.”³²
- 4.41 The Energy Link perspective is that “The perceptions of the retail electricity market are not as good as they could be, but no amount of retailer switching is going to change those perceptions as long as mass market retail prices (especially residential) keep climbing faster than the rate of inflation...”³³ and “...Ultimately, consumers won’t believe there is real competition until they see that prices can go down as well as up, even if only in real terms.”³⁴
- 4.42 Similarly Trustpower view was “that consumers’ belief in the competitiveness of a market is directly related to the direction of price movements in that market. Consumers do not believe that a workably competitive market could produce constant price increases for such a prolonged period of time, despite the fact that rising prices are not, of themselves, an indicator of a lack of competition.”³⁵
- 4.43 Likewise Orion said it could understand “why an environment of seemingly continuous (if intellectually understandable) retail price increases might, in consumers’ minds, override the somewhat less obvious reality of increasing retail competition.”³⁶
- 4.44 Meridian stated a view that “a dissatisfaction of price rises/levels over time can get confused with assessments of market competitiveness. For example, increasing prices do not necessarily equate to a non-competitive market.”³⁷

³⁰ Top Energy Consumer Trust, page 2 Question 2

³¹ AECT, Question 6, page 2

³² Nova, page 1

³³ Energy Link, page 2

³⁴ Energy Link, page 5 Question 7

³⁵ Trustpower, Question 2, page 3

³⁶ Orion, Question 7, page 7

³⁷ Meridian, Question 7, page 6

Switching is not the sole measure of market competition in respect of consumer participation.

- 4.45 Many submissions noted that switching retailers is the primary consumer decision in participating in the electricity market, and that price is the primary choice factor in switching.
- 4.46 The consumer's purchase decision may involve consideration of various products, including both bundles of various energy products and bundles of energy products with other non-energy products, and consideration of price and non-price product attributes.
- 4.47 Energy Link stated "Without for one second downplaying the need to ensure that electricity is delivered at a fair price, we're sure that many consumers have higher priorities than saving the last \$100 on their electricity bill. ...Consumers are also concerned about the costs and risks of switching retailer: will the new retailer provide service at the same level as their current retailer? And if they switch, how long will the benefit last? In a few months will another retailer have a better offer?"³⁸
- 4.48 Nova similarly observed that the consumer survey responses reflect rational behaviour in a competitive market, saying "a consumer might reasonably assume that there may well be a better priced offer arising in the future, and their incumbent supplier may well improve its relative prices within an acceptable time frame, in which case, switching is not necessarily an optimal strategy if the consumer incurs costs in switching (by costs we include time and effort in reviewing contracts, changing payment arrangements, etc)."³⁹
- 4.49 The Trustpower perspective was that "the focus on electricity (and gas) may not enable accurate comparisons with multi-product bundles that include products outside of energy, such as those including telco services."⁴⁰
- 4.50 Similarly Nova observed that while the issues paper acknowledged tariffs that include dual fuel offerings of electricity and natural gas, "such offerings can also extend to LPG, solar water heating, solar PV facilities, and partner programmes such as telecoms, loyalty arrangements, efficiency programmes, etc. And that is before the range of various payment options."⁴¹
- 4.51 Likewise Genesis noted that the retail sector is moving to a customer-focused service industry. "Future retailers are unlikely to simply focus on electricity as their only product. For example, retailers are likely to offer services including broadband, security services, insurance, finance, insulation, distributed generation etc."⁴²

³⁸ Energy Link Question 3, page 3

³⁹ Nova, Question 7, page 4

⁴⁰ Trustpower, page 1

⁴¹ Nova, Question 7, Question 9, page 5

⁴² Gensis, page 6

5 Comments: options for addressing the problems with access to retail data

- 5.1 The Authority asked for feedback about alternative approaches that may achieve the objectives of each of the parts of the Retail Data Project.
- 5.2 Submitters had differing views on the options for addressing the problems with access to retail data, which were described as follows:
- (a) Access to retail pricing data: the Authority's preliminary thinking in Section 3.2 was to develop a data set by ICP meter channel/register for retailer charges, distributor charges and electricity consumed. Some submissions made general observations on the desirability of collecting other cost data (for instance transmission and metering).
 - (b) Access to retail tariff data: the Authority's preliminary thinking in Section 3.3 was to develop a comprehensive and robust set of data on retail tariff plans and tariffs, and associated ICP information required to match appropriate plans and tariffs.
 - (c) Access to consumption data: the Authority's preliminary thinking in Section 3.4 was 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.
- 5.3 This section 5 presents the responses to the options in Section 3 of the issues paper set out above. Responses are presented by each Part.

Access to retail pricing data.

- 5.4 Four submissions suggested that the revised MBIE quarterly sales survey is likely to provide data that meets the objectives of Part 1 at lower cost and risk of duplication.⁴³
- 5.5 Meridian considered that the objectives of Part 1 could be achieved at lower cost "by focussing on a robust set of data where the reporting requirements are standardised and well understood and a limited number of segmentations provide a satisfactory regional and consumer segment breakdown. The key price and cost reporting issues that currently exist are:
- tariff based (representative customer) reporting as opposed to full sales surveys
 - non-standardised reporting of key components e.g. handling of GST, prompt payment discounts, marketing and promotional credits due to acquisition and retention activity, etc...
 - Lack of robust segmentation reporting e.g. regional, consumer segment, ANZSIC code

⁴³ Genesis, Trustpower, Energy Link and Meridian,

- The proposed MBIE survey data appear to meet these requirements in terms of robustness and addressing the issues around currently reported data (with the exception of regional reporting).⁴⁴
- 5.6 Similarly, Trustpower was unconvinced that the Authority's initial option would offer any material benefit over the results of MBIE's revised quarterly energy sales survey. "The sales survey will reveal the average charges to customers, disaggregated by ANZSIC code and incorporating all applicable discounts. It will also allow the charges to be decomposed into energy and lines components. If MBIE's survey were to be disaggregated further by region (or to whatever level the Authority wishes to analyse and report on) then this should be sufficient to solve the problem defined by the Authority. Presumably the Authority and MBIE would be able to share this data between them."⁴⁵
- 5.7 Two submitters emphasised the importance of inter-agency collaboration for data collection and exchange, to minimise duplication and conflicting reporting.
- 5.8 Meridian noted "An important aspect of the proposed solution must be to minimise duplication of reporting in different formats to different agencies as this will negate any benefit from having a single robust source of the truth and cause confusion. Meridian strongly supports collaboration between the Authority, MBIE and Statistics NZ to ensure standardisation of reporting and to minimise unnecessary duplication of reporting requirements. These could be a deterrent for new entrants."⁴⁶
- 5.9 Mighty River Power expressed its understanding that "the Authority is in close contact with MBIE and Statistics New Zealand regarding their respective electricity price surveys. The three organisations should continue this dialogue and work to ensure that published information is not conflicting or confusing for consumers."⁴⁷
- 5.10 Most submissions supported the Authority having access to all the relevant data to assist them to prepare and to provide the industry with clear and accurate information on trends, competition and movements, that would benefit consumers.⁴⁸

⁴⁴ Meridian, Question 9, page 7

⁴⁵ Trustpower, Question 9, page 7

⁴⁶ Meridian, Question 9, page 7

⁴⁷ Might River Power, page 1

⁴⁸ See, for example, the EGCC p. 2-3; Greypower's submission, p. 2; Energy Management Association of New Zealand, p. 2-3: 'EMANZ is aware of a large amount of value going begging where probably three quarters of commercial customers pay significant amounts a year in electricity, and receiving almost no service. These customers are oblivious to the opportunities to reduce costs or value extraction through: bill checking; tariff negotiation; power factor correction; peak load reduction; participation in ancillary services markets'.

Access to retail tariff data

- 5.11 Three submissions suggested enhancement of the existing Powerswitch comparison site to meet the objectives of Part 2.
- 5.12 Orion stated “The Authority must establish what is materially wrong with Powerswitch. And if there is anything materially wrong, the obvious first avenue is to seek to have Powerswitch improved, rather than duplicate its functionality.”⁴⁹
- 5.13 Nova proposed that “the approach used by Consumer NZ to represent a range of typical consumer profiles could be expanded and applied for retailers to match their tariffs against. The Authority could apply a weighting against each representative group to present the overall averages. This would be unlikely to capture aspects such as ‘sign-up’ or retention bonuses, but otherwise retailers would be incentivised to present a favourable impression of their pricing in such a survey. In addition, data access could be improved at least to some extent by:
a) Making access to a limited set of registry data available to the public;
b) Providing for the registry to hold historical monthly consumption data;
This would provide a low cost means of service providers and competitors together with consumers having access to more data to facilitate competition and consumer decisions.”⁵⁰
- 5.14 Community Energy Action Charitable Trust emphasised the benefit of consumer confidence in an independent agency: “If there are deficiencies in the public data currently provided on tariff options, we would urge the Authority to ensure that sites such as Powerswitch are informed by the improved database.”⁵¹
- 5.15 Consumer NZ itself suggested that the number of process steps is an obstacle to consumers switching. “The What’sMyNumber campaign points consumers to Powerswitch, then points consumers on to the retailer. That’s two or three steps needed before a consumer can switch and is likely to be off-putting. A more efficient and rewarding solution for consumers would be for What’sMyNumber and Powerswitch to be combined and for consumers to be able to switch on the Powerswitch site.”⁵²
- 5.16 Two submissions argued that the research data indicates that consumers are interested in standardisation to aid comparison, rather than detail. Therefore reducing complexity of tariffs (at least distributor tariff structures) and/or standardisation of tariff descriptions is a better, lower cost solution to consumer concerns than creating a database to accommodate all electricity pricing plans.
- 5.17 Energy Link proposed that “Ideally, distributors would provide retailers with simple pricing plans in one of a handful of prescribed pricing structures for all consumers up to a certain size. For example, for residential consumers and the

⁴⁹ Orion, Question 13, page 8

⁵⁰ Nova, Question 13, page 8

⁵¹ Community Energy Action Charitable Trust, page 2

⁵² Consumer NZ, Question 2, page 3

majority of SMEs, pricing plans need only have a fixed and variable component . This would make retail pricing so much simpler than it is now, and facilitate comparison of pricing plans more than any other measure could hope to, at lower cost...Mass market consumers would benefit more from having simpler pricing plans, and the best way to achieve this is to ensure that distributors provide retailers with simple, standardised tariffs, along with clear and simple rules for determining which line charge any particular ICP is eligible for. Building a database of every electricity pricing plan would be the wrong solution to the problem of managing complexity in pricing plans: the better solution is to do away with the complexity.”⁵³

- 5.18 Meridian proposed that “By creating a standard reporting structure for tariff comparison, customers can more easily compare offers and have confidence that they are getting the best deal. Meridian’s view is that all tariffs should have to be stated as an annual charge in dollars based on actual consumer consumption data, including GST and reported both inclusive and exclusive of all discounts. One of the difficulties with standardisation of tariffs is the lack of standardisation regarding line charge pass through. With the many and varied line charging methodologies there is no simple method of standardising line charge pass through across retailers. This hinders comparison of energy charges as the underlying line charges are not necessarily the same.”⁵⁴
- 5.19 Mighty River Power had an opposing view that the database “would serve not only to make tariff innovation substantially more difficult, but would also completely remove any meaningful competitive advantage which could be gained”⁵⁵. MRP considered that:
- (a) “Retail price innovation will be hampered. Retailers in many industries compete below the line so as to avoid publishing the full details of their offer for other retailers to see. This protects the competitive advantage that can be gained through pricing innovation
 - (b) Barriers to entry for new retailers will be higher. The publishing of all aspects of price will significantly reduce a new entrant retailer’s ability to tightly control the rate and shape of portfolio expansion. They will be unable to gain a competitive advantage through price innovation [and in any event they will likely be unwilling to invest in attempting this].
 - (c) Price convergence will occur. The invisibility of below the line pricing elements creates imperfect pricing knowledge amongst retailers, and it therefore prevents prices from clustering around a focal point. This leads to a wider array of pricing outcomes (both higher and lower) from which

⁵³ Energy Link, Question 13, page 8

⁵⁴ Meridian, Question 12, page 10

⁵⁵ Mighty River Power, page 2

consumers can choose.”⁵⁶

Access to consumption data

- 5.20 Two submissions argued that the important consumption data for consumer purposes is the previous 12 months of monthly consumption data, and this could be provided at lower cost by the simple provision on monthly invoices.
- 5.21 Nova proposed “The most critical information for tariff purposes could instead be provided to consumers on their monthly invoices. This could include a table of monthly usage in kWh by tariff code for the past 12 months. It could also include peak load data for each month, as this can be relevant to distribution charges. This would be much cheaper to provide and it would mean that the monthly invoice gives the consumer a quick reference to their annual usage for tariff comparisons and annual cost for budgeting purposes. The Code could specify that any historical demand information for an ICP held by a retailer must be made available to the new retailer when switching. The same requirement could apply to gas invoices.”⁵⁷
- 5.22 Energy Link proposed “Retailers should be required to provide consumers with historical annual consumption and cost data (but no more than the last 12 months). In our experience, the following data (along with Registry data) is sufficient to allow competing retailers to fully price their competing offers. This data could be disclosed on request, or simply updated on every invoice:
- monthly consumption by register for the previous 12 months;
 - monthly retailer cost for the previous 12 months;
 - monthly network cost for the previous 12 months.”⁵⁸
- 5.23 Three submissions endorsed the Authority’s proposal of an industry standard for exchange of half hourly interval consumption data.
- 5.24 Energy Management Association of New Zealand recommended the Authority “incorporate the [US Department of Energy’s] Green Button initiative as a possible approach that ensures consumers get actionable information, not just the EA.”⁵⁹
- 5.25 Genesis Energy’s view was that “...consumers are the owners of their own consumption data. Therefore, we agree with the Authority that standardisation of how this information can be requested (for example, by adopting a standard CSV format) would increase the ability for consumers to access this information.”⁶⁰

⁵⁶ Mighty River Power, page 2 and 3

⁵⁷ Nova, Question 16, page 8

⁵⁸ Energy Link, Question 16, page 9

⁵⁹ EMANZ, Question 10 page 6

⁶⁰ Genesis, page 7

- 5.26 Vector recommended that “Standards are developed for the provision of consumption history information. At present, a range of information is provided to a variety of parties, but this can vary in format and frequency. A standard process would be a useful addition to current methods of data dissemination and a streamlined approach to permission gathering may make it more timely and cost effective for consumers to access their information”⁶¹
- 5.27 Trustpower stated “We agree that customers should be able to access a reasonable quantity of their own consumption data, but will prioritise and respect our customers’ right to privacy if they choose not to share this information with a third party.”⁶²
- 5.28 Counties Power Consumer Trust observed “Consideration will need to be given to the confidentiality of certain information. It will be paramount to maintain privacy. However, this data is less intrusive compared to data collected by, and stored by, telecommunication companies. Such companies store detailed records of household websites visited and phone calls made.”⁶³
- 5.29 Two submitters highlighted potential barriers to Meter Equipment Providers providing consumption data, as the customer relationship lies with the retailer.
- 5.30 ARC observed “Although (for AMI) the MEP is the source of verified consumption data, they have no customer relationship since that is maintained solely by the Retailer... As the MEP has no visibility of a customer’s comings and goings at any specific ICP, they will be unable to meet their regulated obligations to ensure that data is only supplied to those legally allowed to access it.”⁶⁴

6 Comments: approach to retail data project

- 6.1 Submitters generally supported the Authority’s approach to the retail data project that:
- (a) the project should expressly focus on consumer outcomes rather than industry outcomes
 - (b) the Authority should actively seek consumer input
 - (c) there is a link between the retail data project and the improving transparency of consumers electricity charges project.

Consumer focus of the Retail Data Project

- 6.2 The retail data project should be consumer-focused, with greater consumer participation and better consumer communication by the Authority.

⁶¹ Vector, Page 5

⁶² Trustpower, page 2

⁶³ Counties Power Consumer Trust, Question 12, page 3

⁶⁴ ARC, Question 15, page 1

- 6.3 Some submissions highlighted that the Authority's focus in the retail data project should be on consumer outcomes rather than industry outcomes, and hence the project would benefit from direct input from consumers about what would benefit them. This may involve direct consumer participation in project consultations or consumer survey(s) specifically on retail data issues.
- 6.4 Two of these submissions highlighted that effective engagement by the Authority with consumers requires 'user-friendly' communications with a wider populace that is not literate in the jargon of energy technology or energy economics, which otherwise preferences industry participants.⁶⁵
- 6.5 Examples of submission comments included:⁶⁶
- (a) Cortexo: "The retail data project should be consumer focused not industry focused, the outcomes required are the outcomes for consumers (residential or SME)."⁶⁷
 - (b) Waitaki Power Trust: "Trustees consider a direct EA approach through a robust sampling of consumers' views would sharpen the Authority's focus and enable it to identify what really needs to be done to promote the long-term benefit of retail electricity consumers"⁶⁸
 - (c) Meridian: "Meridian's view is that we have very little data other than the UMR survey on charge transparency that articulates customer views on these issues. Allowing time in the development process to further investigate customer views if little customer feedback is received on the issues paper should be prioritised and the timelines adjusted if need be. The tight timeframe detailed in the issues paper may not be realistic particularly if there is any change from the initial proposals. Any regulatory response to address consumer perceptions must consider carefully which aspects of consumer belief can be influenced. A need to balance the complexity of the data with the consumer desire for simplification means a measured approach is warranted."⁶⁹
 - (d) Top Energy: "It should be added that the ability of the Authority to fulfil this function [the RDP objectives] can only be achieved if it is able to demonstrate (a) its independence from industry pressures and (b) its ability to communicate to the wider community in a user-friendly manner. To do so may require adopting communication practices that are as yet a mystery to many government and regulatory bodies in this country (and especially those that combine industry technical with economic jargon because both,

⁶⁵ Top Energy, Network Tasman Trust

⁶⁶ Other submissions on this theme include Electra Trust, Molly Melhuish, Network Tasman Trust and Powerco.

⁶⁷ Cortexo, Question 14, page 5

⁶⁸ Waitaki Power Trust, page 7

⁶⁹ Meridian, Question 17, page 13

rightly or wrongly, are associated with misinformation by the wider populace).”⁷⁰

Bill transparency

- 6.6 Five submissions linked the retail data project with the Authority’s 2013 project ‘Improving transparency of consumers’ electricity’, and consumers’ understanding of the electricity cost of supply stack, cost drivers and trends.
- 6.7 Examples of submission comments included:⁷¹
- (a) Vector: “In addition to the information identified by the Authority, information available to consumer[s] should include data identifying the different components of the retail tariff (generation, transmission, distribution, retail, metering, etc.) and the movement in these components over time. This should help consumers to understand when switching is most likely to enable them to get a lower price (because if prices change due to movement in distribution or transmission charges these changes are likely to apply across all customers; whereas changes in the energy charge may highlight an opportunity to seek a better deal).”⁷²
 - (b) Trustpower: “We believe that a lack of price transparency has reduced confidence in the competitiveness of the electricity market. The vast majority of consumers are unlikely to understand each of the different components that make up their bills, and how each of these components has varied (and is varying) over time. They will therefore be unable to determine whether or not these prices are reflective of what could be expected to be produced by a workably competitive market.”⁷³

⁷⁰ Top Energy Consumer Trust, page 6

⁷¹ Other submissions on this theme include ETNZ, Electra Trust, and Network Tasman Trust.

⁷² Vector, page 2

⁷³ Trustpower, Question 2, page 3