



Better together.

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TRUSTPOWER SUBMISSION: ACCESS TO CONSUMPTION DATA

Trustpower Limited (Trustpower) welcomes the opportunity to provide a submission to the Electricity Authority (the Authority) on its Retail data project: access to consumption data consultation paper (the Consultation Paper).

Our answers to the specific questions posed in the Consultation Paper are attached in Appendix A.

For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,

A handwritten signature in blue ink, appearing to read "Matt James".

MATT JAMES
METERING AND FIELD SERVICES MANAGER

Retail data project consumption data_v1.0.docx

Appendix A: Responses to consultation questions

Question	Response
<p>1. Do you have any comments on the description of the current situation, including:</p> <ul style="list-style-type: none"> a) The link between consumer engagement and retail competition? b) Current levels of consumer engagement? c) Current limits on access to consumption data? 	<p>1.1 Trustpower agrees that if consumers are less engaged in the electricity purchasing process, acquiring suppliers will find it harder to win market share. However, acquiring companies aim to counter this with inventive marketing strategies that aim to engage and win new customers.</p> <p>1.2 As an acquiring retailer, we do not support the proposal in this Consultation Paper, as we do not believe the changes will necessarily result in greater customer engagement. There are many factors that contribute to a consumer's engagement in a particular market. There is a financial incentive for retailers to engage consumers, and understanding what consumers want is a key component in retailing. Trustpower's recent success in acquiring customers onto our multi-utility bundles is an example of using inventive marketing strategies to engage consumers.</p> <p>1.3 Trustpower notes the Consultation Paper's comments that better information can lift consumer engagement. Specifically, we agree that for consumers to engage in the buying process they need:</p> <ul style="list-style-type: none"> a) Access to information about various offers available in the market; b) An ability to assess these offers in an easy and well-reasoned way; and c) To act on the information and analysis by purchasing the good or service that offers them best overall value, accounting for non-price factors. <p>1.4 The fact that 81% of consumers are at least aware of their potential benefits in shopping around but only 32% do so, despite the ease of using a tool such as Powerswitch, suggests that access to consumption data is unlikely to affect consumer engagement. Despite 69% of consumers being approached by a retailer in the last 2 years, only ~20% per year switch. This suggests that in assessing offers, consumers clearly consider more than just price when determining which offer presents the most value.</p>
<p>2. What are your comments on the Authority's assessment of the problems arising from limited access to consumption data?</p>	<p>2.1 We agree that consumers may benefit through more informed decision making, and that new entrant retailers and brokers are likely to have less access to information than existing retailers. However we are not sure of the materiality of the benefit that would be gained by any change to the status quo.</p>

<p>3. Do you have any comments or suggestions about whether the criteria used in developing the proposal are a suitable basis for the proposed Code amendment?</p>	<p>3.1 We agree – the data collected is consumer data and consumers have a right to access it.</p> <p>3.2 The development proposal talks about imposing a reasonable cost, and that there should be a maximum cost per request. We agree with this. However, the recommendations later in the paper remove retailers’ rights to charge for access.</p> <p>3.3 We agree that standardisation of formats leads to simplicity and efficiency.</p>
<p>4. Do you have any comments or suggestions about the requirement for retailers to provide consumption data?</p>	<p>4.1 The process of collecting, storing, reconciling and providing strict security over access to large quantities of consumption data for all retail consumers should not be under-estimated.</p> <p>4.2 Trustpower is aware that a number of large retailers are already making interval data available to consumers, but the cost of establishment for new suppliers, and the cost of complying with specific code requirements as set out in this proposal for existing suppliers are likely to far exceed the costs modelled in the CBA.</p> <p>4.3 However, in a general sense, Trustpower does support the objective of giving consumers access to their consumption data. This is not just to inform the switching process, but to help consumers manage their behaviours around electricity usage and the impact usage patterns and levels can have on their costs.</p> <p>4.4 In meeting the requirements of consumer access to data, online automated solutions are likely to be favoured. In order to minimise the implementation costs for retailers, agents should be encouraged to make use of retailers’ preferred low-cost channels, or alternatively pay reasonable costs for access (i.e. a retailer may choose to charge for a one-off bulk request for multiple ICPs).</p>
<p>5. Do you have any comments or suggestions about the process for responding to requests to provide consumption data?</p>	<p>5.1 It is Trustpower’s view that very few customers will have the capability to process an EIEP3A file containing 24 months of consumption data.</p> <p>5.2 The usefulness of these datasets is much more likely to be realised when tools exist that will handle these datasets on behalf of consumers. To achieve the benefits being modelled in the paper, additional costs associated with the development of modelling tools to handle the data should be included.</p> <p>5.3 Trustpower’s view is that consumers who want information regarding their personal usage will find it acceptable to access online solutions, where much of the security concerns can be placed in the control of consumers, and constraints around timeliness to provide data and frequency of data access are of less concern.</p>

	<p>5.4 For clarity – <u>Trustpower does not support any requirement placed on a retailer to provide consumption information to a consumer who ceases to be a consumer of the retailer</u>. Such a process would introduce unrecoverable costs on a retailer, and from a security perspective would be difficult to manage.</p> <p>5.5 A large portion of the population still have legacy meters, and most often these meters are read with a physical read on a bi-monthly basis. In requiring a retailer to provide 24 months of monthly accumulation data, Trustpower would expect that the provision of EIEP1 file with normalised or “as read” consumption would be a pragmatic solution.</p>
<p>6. Do you have any comments or suggestions about the development of procedures requiring the supply of data using standardised formats and structures?</p>	<p>6.1 EIEP formats evolve over time with subsequent versions often released to address new needs. Assuming retailers will be required to maintain data provision via the EIEP3A format to the latest version, there is the potential for on-going costs of participants, customers and their agents if/when newer versions are released.</p>
<p>7. Do you have any comments or suggestions about whether retailers should be required to hold consumption data?</p>	<p>7.1 Trustpower has, for a long time, operated a data administration function that collects, validates, estimates and edits HHR data in accordance with code requirements. It is our view that processes relating to HHR data handling are significantly more complicated and costly than simple register read processing.</p> <p>7.2 A retailer that does not use interval data in billing or settlement will face additional costs as a result of having to store and provide interval data for all or its customers. The business case should model realistic operational costs for retailers in collecting and providing these data sets to consumers as it is likely that those costs will become a factor in consumer pricing.</p> <p>7.3 A transitional period should be allowed, but it is reasonable to expect that if this proposal is adopted then if one retail party will be required to hold and provide information in this way all retailers should be required to meet the standard.</p> <p>7.4 We note there is no recommendation about how frequently retailers should refresh their customer data. This is of particular note as it relates to non-HHR sites where a retailer may be reading the meter every 60 days. It would be unreasonable to expect a retailer to incur additional costs of collection for the sole purpose of meeting a free service to a consumer, hence our recommendation would be that <u>retailers be simply obliged to provide the most up-to-date information held within their database</u>.</p>

<p>8. Do you have any comments or suggestions about the requirements of the process for providing interval data?</p>	<p>8.1 If consumer access is adopted as a recommendation, retailers are likely to give un-restricted free access to consumption information via online channels, addressing any timeliness or frequency concerns. Assuming an online download meets the requirements of data access, then consumer requests for data outside of an online solution should be chargeable at the discretion of the retailer.</p> <p>8.2 If a retailer decided to implement manual solutions for data access, then five days should provide a reasonable timeframe to provide the customer with data.</p> <p>8.3 If a “broker” type market is to emerge, and a retailer received a request for information on multiple installations and that broker was able, but not willing to access the consumption history from an online channel as described above, Trustpower would view that as a nonstandard request – and as it, as a retailer, is incurring costs, it may choose to charge for.</p>
<p>9. Do you have any comments or suggestions on privacy, confidentiality and security of consumer data?</p>	<p>9.1 Trustpower’s observation when talking to consumers as part of our entry into the AMI market is that consumers have a degree of concern about the security and privacy of their consumption information.</p> <p>9.2 In sharing smart meter information with consumers and agents, absolute vigilance will be required to ensure the protection of consumer’s personal data, to protect consumer’s interests and to comply with privacy laws.</p> <p>9.3 It is for that reason that Trustpower would view an appropriate solution to be where consumers authenticate themselves into an environment using their secure login credentials and download their personal usage information.</p> <p>9.4 In the same way consumers could authorise agents to access consumption information on their behalf by choosing to share secure login credentials with trusted agents.</p> <p>9.5 It is also for this reason that Trustpower opposes the centralised dataset proposed later in the paper because we are not confident that the appropriate security controls can be easily put in place.</p>
<p>10. Do you have any other comments or suggestions on the proposal?</p>	<p>10.1 Retailers are already innovating on behalf of their customers and are delivering a variety of market offerings that meet the existing market capability, allowing consumers to make choices about their supplier.</p> <p>10.2 Customers value more than just price in selecting a retailer. We believe that it is optimistic to expect consumers’ proactive engagement with the electricity market to lift substantially because of the</p>

	<p>availability of consumption information.</p> <p>10.3 It is clear that the Authority expects a market model to emerge where agents/brokers are providing buying services to consumers. To introduce a service requirement on retailers to provide a service to agents/brokers without charge is an artificial market. We would advise that true costs for those market participants be allowed to be recovered.</p>
<p>11. Do you agree that the purpose and objectives of the proposal as set out in section 5.2 are appropriate and consistent with the Authority's statutory objective? If not, why not?</p>	<p>11.1 Yes – we agree. However, the likelihood of achieving the results modelled in the CBA is very low.</p>
<p>12. Do you agree that the proposal is preferable to other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective.</p>	<p>12.1 Without intervention it is already likely that the majority of consumers who are supplied via an AMI meter will have access to interval data via their retailers' service offerings.</p> <p>12.2 A simpler option may be to continue to let the AMI data market develop where retailers are already developing access to a relatively standard set of interval data. At the same time, an introduction of a simpler file of monthly data may lower the participation costs for a number of retailers, yet allow consumers to be better informed when using existing buying tools.</p>
<p>13. In particular, do you agree that option 1 is better than option 4?</p>	<p>13.1 Without considering any other option, option one preserves the relationship between retailers and a consumer and is therefore most likely to meet consumers' needs around access to and security of their consumption data.</p> <p>13.2 As a fit-for-purpose solution, i.e. to give consumers access to consistent and reliable information, option one is better than option four.</p>
<p>14. What are your views on the establishment of a centralised meter data store at some point in the future?</p>	<p>14.1 Without a clear understanding of how a centralised data store could benefit the industry, participants and consumers, it is difficult to comment.</p> <p>14.2 It is likely to be a very costly and complex project to establish. One observation in particular would be a reiteration of the importance of protecting consumers' data. It is difficult to see how a centralised dataset would capture and maintain the customer information in a way that ensures that consumers'</p>

	<p>data is secure and not provided to third parties, yet still in some way benefit consumers.</p>
<p>15. Do you agree with the assessment of benefits, costs and net benefits? If not, please explain your reasoning.</p>	<p>15.1 No.</p> <p>15.2 It is likely that retailers who operate multiple retail brands (such as Trustpower with our Trustpower and EDNZ brands) will need to develop distinct data provision solutions for each brand. Customers' engagement with their retailer is as an individual retail brand – this will add to the number of developed solutions and cost.</p> <p>15.3 Additionally, developing a solution to a business process that could potentially produce hundreds if not thousands of customer enquiries will require a level of automation. When considering the need to observe:</p> <ul style="list-style-type: none"> a) Strict data security principles; b) Regulated timeframes for delivery; c) Regulated charging regimes for data access; d) Regulated requirements around the promotion of the service to customers; and e) Additional validation and verification steps to ensure datasets provided to consumers, which are themselves unlikely to have been used in billing and settlement, reconcile with data used in billing and settlement <p>the cost estimates for a solution that have been assumed by the EA are significantly understated.</p> <p>15.4 Retailers are becoming more dependent on MEPs for the collection and provision of consumption data. Depending on contractual arrangements between MEPs and retailers, it is likely that at least a number of existing and potential new-entrant retailers will face additional costs, as MEPs seek to charge for the HHR data sets mandated for retailers to make that data available to consumers.</p> <p>15.5 Despite significant retailer acquisition activity in the market, which is often tailored towards consumers that have the highest savings to make, and despite significant stimulus in the switching market by Authority-led switching campaigns, retail switching sits at 20%. A significant portion of the 20% will be move switches as opposed to transfer switches, suggesting customers choose retailers for more reasons than just price.</p> <p>15.6 To assume that access to consumption data alone will result in a switching rate uplift of 5% is ambitious.</p>

	<p>A vast number of consumers will not be able to use the consumption data without extra analysis tools, and with no costs modelled for those tools we would have to assume those consumers will receive little benefit.</p> <p>15.7 The Authority will be aware that switching is an important yet complicated part of the market, often requiring significant manual intervention to deal with the high volume and complex data sets. What additional costs has the business case assumed if a 25% increase in switching volumes is assumed? Is it likely this cost would significantly offset any efficiency benefits achieved?</p>
<p>16. Do you agree that with the Authority's assessment that the proposed Code amendment meets the requirements of Section 32 of the Act?</p>	<p>16.1 No comment</p>