

Tuesday, 26 August 2014

Electricity Authority
P O Box 10041
Wellington

By email: submissions@ea.govt.nz

Dear Sir / Madam

Re: Consultation Paper- access to consumption data

Pioneer Generation (Pioneer) welcomes the opportunity to make submissions on the consultation paper by the Electricity Authority (Authority) proposing a standard format and process for providing consumption data requested by consumers.

We note that this is the first part of the retail data project and that stage 2 involves investigating options for consumers to better identify which electricity supply offers are available that best suit their individual circumstances. We refer to this work as 'stage 2' in our submission.

Concerns

Pioneer finds the proposal unconvincing and has the following concerns.

1. Consumption data is already available if people want it

The Privacy Act already requires retailers to provide consumption data if requested. The Authority and industry are applying considerable resources to developing and commenting on, respectively, this proposal which adds only a requirement for a standard format and process. Our experience is that very few consumers request consumption data.

As a first step, if the Authority believes in the value of this information it could be more active in informing consumers that this data is already available and promote the advantages of understanding your consumption. This is a low cost approach that should have many of the benefits of the Authority's proposal. If there is increased interest in this data it might be appropriate to introduce a standard format and process.

2. How will consumers know the data is now available in a standard process and format?

Our experience is that very few consumers have requested their consumption data. Does the Authority plan to promote the availability of this information and educate consumers about the potential advantages of requesting and analysing their consumption data?

3. Consumption data alone does not enable retail competition

Information about the volumes a person has used at some point in the past can not on its own inform consumers about whether to switch retailers.

People can use information about their consumption to make decisions about changing use patterns. And a consumer might change retailer so that they get near real time access to their consumption data from smart meters via the platforms that some retailers already make available.

However, it is more likely a consumer will also want price information in order to decide whether to switch retailer.

Pioneer submits this proposal should not be implemented until it is certain the work in stage 2 of this workstream, on price information, will be implemented. This is consistent with the Authority's own comment

"without a link to wholesale or retail pricing, and therefore costs, there are limits to a consumer's ability to obtain the benefits from the [volume] information [clamp meters] ... provide" (paragraph 2.4.12, page 18)

4. We query whether the consumption data provided will enable a consumer to replicate the bill from their retailer

Consumers are unlikely to be able to replicate their current bill (and make comparisons between retailers) with the information the Authority proposes to make available, particularly if they receive half-hourly consumption data. This is because retailers:

- have different pricing structures (for example the time periods for day/night tariffs);
- have different approaches to how they incorporate lines charges. If lines charges are billed separately then the consumer will have to gather the correct lines charge information as well;
- may be billing consumers using a residual profile as opposed to actual half-hour consumption; and
- have to account for losses and washups.

At the same time as the retailer is acting legitimately, there is the potential for the consumer to be more confused, creating further misunderstandings and distrust. Or a considerable amount of information would need to be provided for the consumer to fully understand the consumption and pricing data they have been given.

5. We query whether stage 2 of this retail data project will be implemented

If it is not possible to provide consumers with easy to understand price information then this current proposal has considerably less value.

In our view, the Authority should be focused on simplifying the inputs into retail pricing (eg meter and data charges, lines company charges, congestion charges etc) to make overall pricing more understandable for consumers.

Unfortunately it appears any efforts to simplify pricing are considerably more controversial (for example the Authority seems to have shelved its distribution pricing methodology project¹).

¹ We are surprised that the Authority has summarily dismissed Ofgem's efforts to require simplified tariffs in the UK and wonder what this means for the next stage of this retail data project. (paragraph 2.3.7)

Our experience of data requests

Pioneer has a system already set up to respond in a customer focused manner to requests – there have been very few from our residential customers. We have responded to requests from TOU customers, often as their contracts near expiry.

Alternative approach to provision of consumption data

The Authority considered the option of creating a central meter data store which would rely on retailers to provide it with information. This option was discounted because of the length of time it would take to establish. As discussed above consumption data alone has little value as a way to promote retail competition and switching.

There are three ways consumers can compare retailers and make decisions about switching

1. a consumer requests consumption data and when more tariff information is readily available (under stage 2 of this retail data project) attempts to make a worthwhile comparison between different retailers – the Authority's proposal;
2. a consumer requests consumption data and uses that data on Powerswitch to compare retailers – note this process is already available to everyone; or
3. the Authority modifies Powerswitch so that it is directly linked to meter consumption data collected by retailers and consumers can use Powerswitch to access their own information – Pioneer's alternative suggestion.

Pioneer submits that a relatively cheap and uncomplicated modification could be made to Powerswitch which would achieve, at a minimum, the benefits expected by the Authority at a lower cost to the industry.

Retailers receive ICP meter data from meter providers. While it is still in ICP format this could be linked to Powerswitch. A consumer could type in a secure identifier (for example their ICP number cross checked with their address) and access their consumption data. This data could be downloaded for other purposes or used automatically in the comparison Powerswitch enables between different retailers.

The advantages of this approach are:

- the Authority and industry have already committed considerable resources to promoting Powerswitch as the place to go to investigate if you can save money by switching;
- Powerswitch is an independent, and potentially more trusted, source of information;
- creating a different way for consumers to compare retailers (that is, by requesting your own consumption data from your retailer and collecting your own information from other retailers) will create confusion;
- attaching consumption data to Powerswitch eliminates the need for consumers to go through the process of requesting their data and then inputting it on Powerswitch;
- consumers could download consumption data from Powerswitch and then use it in the other ways the Authority envisages;
- the cost of modifying Powerswitch will be spread across the industry in a way that has already been identified as efficient for other costs covered by the levy;
- this enables consumers direct access to their data without relying on a request process;
- there would not have to be any limits on the number of requests as the process would be totally automated.

Pioneer's response to specific questions is in Appendix A.

Creating trust

Pioneer believes that consumer and political distrust of the electricity industry could well dissipate when there is clear, reliable, independent data about the price consumers are paying for electricity from different retailers and the trend in those prices. We understand this is also the view of the Authority.

There is currently a report from all retailers' billing systems to the Reconciliation Manager, the AV120 report, that with very minor modification (to add the network identifier) could be used by the Authority to show the average charge per unit by each retailer on an NSP each month (ie the bill value after all discounts divided by volume invoiced).

The Authority could run a regular report from these AV120 forms and publish this information. It would be clear from this which retailer's charges were relatively high or low in a particular NSP area.

The advantages of this approach would be:

- minimal set up costs to alter the data collected on the AV120 form from the retailers' billing system;
- no ongoing costs as there is already a process for producing and transporting this information to the Reconciliation Manager;
- the current collection of price/tariff information by MBIE and the Authority (and others) could be discontinued; and
- the data does not require any cleansing or interpretation as it is the amount consumers are actually paying per unit to their retailer.

We strongly recommend the Authority investigate this opportunity to provide clear and reliable information on the charge per unit per retailer per NSP. This could easily be published by the Authority (and used on Powerswitch) to provide consumers with a worthwhile comparison of retailers in their area.

In conclusion, Pioneer Generation is concerned to ensure market arrangements promote competition, reduce barriers to entry and achieve the efficient end to end delivery of electricity for the long term benefit of consumers.

Yours Faithfully,



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Chief Executive

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Attachment: Appendix A – Pioneer's response to specific questions

Appendix A – Pioneer’s response to specific questions

Question No.	General comments in regards to the:	Response
Q1.	<p>Do you have any comments on the description of the current situation, including:</p> <p>a) The link between consumer engagement and retail competition?</p> <p>b) Current levels of consumer engagement?</p> <p>c) Current limits on access to consumption data?</p>	<p>a) Consumer engagement is an important aspect of a competitive market but a competitive market is also demonstrated by providers offering new innovative products and services and ways to create loyalty from customers. Pioneer is concerned that the Authority is focused primarily on price and the level of switching as indicators of the level of retail competition.</p> <p>b) Pioneer has received very few requests for consumption data. We have tested an aspect of consumer engagement - when we provided more detail on consumers bills and received feedback this was confusing and not helpful.</p> <p>c) In our view there are no limits on access to consumption data – a number of large retailers are providing easy-to-use platforms for monitoring smart meter data and anyone can request the data under the Privacy Act.</p>
Q2.	<p>What are your comments on the Authority’s assessment of the problems arising from limited access to consumption data?</p>	<p>See answer to Q1c). In addition consumption data alone has limited use to consumers trying to compare retailers.</p>
Q3	<p>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>No comment</p>
Q4.	<p>Do you have any comments or suggestions about the requirement for retailers to provide consumption data?</p>	<p>We request the Authority clarify if it anticipates a retailer being able to make a request for consumption data for multiple ICPs currently supplied by a different retailer (paragraph 4.3.5). This seems well outside the scope of the objectives for this proposal.</p>
Q5.	<p>Do you have any comments or suggestions about the process for responding to requests to provide consumption data?</p>	<p>No comment</p>

Question No.	General comments in regards to the:	Response
Q6.	Do you have any comments or suggestions about the development of procedures requiring the supply of data using standardised formats and structures?	<p>A standard format for the data is only relevant if a person switches retailer after receiving consumption data from their previous retailer.</p> <p>The proposed excel file format would need considerably more explanation (of the headings and data) to make any sense to an average consumer.</p>
Q7.	Do you have any comments or suggestions about whether retailers should be required to hold consumption data?	No comment
Q8.	Do you have any comments or suggestions about the requirements of the process for providing interval data?	No comment
Q9.	Do you have any comments or suggestions on privacy, confidentiality and security of consumer data?	Ensuring an agent is properly authorised to access someone's data is hopefully not too onerous a step (eg does the retailer have to see the document the consumer has signed giving the agent authorisation).
Q10.	Do you have any other comments or suggestions on the proposal?	Pioneer submits that this proposal creates data for consumers which is potentially overly complex. We refer you to our alternative approach described in our cover letter. We propose consumers be able to access their own consumption data via Powerswitch.
Q11.	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?	No comment
Q12.	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.	No. Pioneer has suggested an alternative approach detailed in our cover letter.
Q13.	In particular, do you agree that option 1 is better than option 4?	Pioneer prefers our alternative to both option 1 and 4 in the consultation paper.

Question No.	General comments in regards to the:	Response
Q14.	What are your views on the establishment of a centralised meter data store at some point in the future?	Pioneer's proposal obviates the need for a centralised meter data store.
Q15.	Do you agree with the assessment of benefits, costs and net benefits? If not, please explain your reasoning.	Consistent with our comments above and in our cover letter, Pioneer submits the benefits of the Authority's proposal are overstated. The Authority could test consumers' interest in having consumption data by informing people this is already available. If this creates more interest / engagement then it might be worthwhile to amend the Code to require a standard information format and process.
Q16.	Do you agree that with the Authority's assessment that the proposed Code amendment meets the requirements of Section 32 of the Act?	No comment