



MAJOR ELECTRICITY USERS' GROUP

26 August 2014

Dr John Rampton
General Manager Market Design
Electricity Authority

By email to submissions@ea.govt.nz

Dear John

Consultation Paper – access to consumption data

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority consultation paper¹ "Retail data project: access to consumption data" dated 15th July 2014. Members of MEUG have been consulted in the preparation of this submission. This submission is not confidential.
2. MEUG welcomes the proposal to lower barriers for consumers, both household and non-household, to access their own historic consumption data. One of those barriers is the incentive on retailers to use consumption data (paragraph 2.4.18) "to provide value-added services to customers to increase loyalty, rather than to assist their customers to find the best offers in the market."
3. MEUG agrees restricted access to historic consumption data, amongst other things², stymies competition and innovation (as explained in detail in section 3 of the paper).
4. An important question raised by many submitters in the prior initial retail data project consultation rounds is whether the costs of intervention outweigh the incremental improvement expected in retailer competition and innovation. This depends on the benefits and costs of the Authority's proposal versus alternative options. The next three paragraphs consider the cost-benefit-analysis.
5. The consultation paper considers four options in section 5.3. MEUG:
 - a) Considers that there are no other options that need to be considered;
 - b) Agrees with the analysis in the paper that option 4, a central meter data store, while possibly having greater gross benefits than the proposal will also have higher implementation costs and take between 2 to 3 years to go-live. Proceeding with the proposal still leaves option 4 as a possibility to be revisited longer term. MEUG also

¹ Document URL <http://www.ea.govt.nz/dmsdocument/18228> found at <http://www.ea.govt.nz/development/work-programme/retail/retail-data/consultations/#c12844>

² Such as lower cost access to customer specific comparative prices

agrees option 3, provide 12 months of consumption data on the bill, (paragraph 5.3.2) "is unlikely to achieve the competition and efficiency benefits expected of the proposal." Therefore the next best option or counterfactual against which to compare incremental benefits and costs is option 2, the status quo.

6. MEUG has no information on the incremental costs on retailers from implementing the proposal compared to the status quo discussed in paragraphs 5.4.25 to 5.4.32. Submissions by retailers should assist inform those cost estimates. The Authority's assessment that (paragraph 5.4.33) "there is a small risk that the proposal will discourage retailers from further investments in smart metering technology" is reasonable. Again that view may be modified following submissions by retailers. However even if both of these cost elements were to significantly increase it is difficult to conceive of scenarios where the benefits of the proposal would be less than the costs.
7. MEUG agrees with the approach in assessing benefits whereby (paragraph 5.4.2) "the Authority expects the dynamic efficiency benefits of the proposal to be large, but has not quantified these because it is hard to do accurately" and in table 2 (p36) states the PV of dynamic efficiency benefits to be "many \$million". Difficulty in assessing dynamic efficiency benefits should not be the reason why the Authority, in this case, has decided to undertake an assessment. MEUG suggests the analysis by the Authority comparing incremental costs and incremental static efficiency benefits alone is sufficient to support the implementation of the proposal and therefore incurring additional analytical costs to estimate dynamic efficiency effects is not warranted.
8. In conclusion and in response to Q16 in the paper MEUG agrees with the Authority's assessment that the proposed Code amendment meets the requirements of s. 32 of the Electricity Industry Act 2010.

Yours sincerely



Ralph Matthes
Executive Director