

Submission on the Electricity Authority consultation paper “access to tariff and connection data”

Response from Flick Energy Ltd (Flick)

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For email to submissions@ea.govt.nz by 5pm, 4 August 2015

Flick Energy Ltd – responses

Question No.	Question	Response
Q1.	Do you agree that the current arrangements for accessing retail tariff plan data and connection data mean that consumers face higher-than-necessary transaction costs identifying electricity-related offers available to them? Please give reasons with your answer.	<p>Not necessarily, as consumers can currently compare all retailer offers by going on Powerswitch. This is a single source of comprehensive, accurate and trusted information which we believe will have lower transaction costs to potential alternatives that will also likely yield lower benefits to consumers.</p> <p>Flick believes that Powerswitch can be upgraded to include links to registry and allow the downloading of usage data to provide a cost effective tool that provides independent tariff information to consumers.</p> <p>For customers who are not aware of Powerswitch then accessing retail tariff and connection data would be incredibly difficult -and these customers must face high transaction costs.</p> <p>The electricity sector is uncommonly complicated for consumers. In the absence of trusted third party comparison website it would be very difficult for customers (transaction costs would be high) in understanding whether they are low or standard users, what their individual metering set up is, whether they are on day/ night tariffs, whether their load is controlled or uncontrolled. Then to understand in sufficient detail to make the best choice the various retailers' rates, tariffs, plans, packs, PPD's, other discounts, offers and terms.</p>
Q2.	Do you agree that a Code amendment would lower consumers' transaction costs more quickly than would market forces? Please give reasons with your answer.	<p>The code amendments would need to facilitate the comparison of all tariffs available in the market to enable a reduction in consumers' transaction costs. Newer more innovative tariffs may be hard to represent in a standardised format. This in turn could lead to reduced willingness from retailers to innovate, or create a barrier to customer acquisition for retailers with innovative tariffs.</p> <p>It may also lead to consumers not being aware of better choices and greater value from tariffs that cannot be reflected in a standard format.</p>

<p>Q3.</p>	<p>Under alternative 1 do you have any comments or suggestions about all retailers being required to provide retail tariff plan information to ConsumerNZ, and having to provide that same retail tariff plan information to any person who requested it?</p>	<p>Flick supports full transparency of tariff information to consumers. Flick believes that ConsumerNZ (through Powerswitch) is the best party to display tariff information to consumers that, critically, shows what these various tariffs mean to their overall power bill. This is far more critical than the simple publishing of tariffs.</p> <p>Flick's pricing does not fit the traditional pricing model and Flick and Consumer NZ have jointly created intellectual property to enable Flick pricing to be represented. It would be inappropriate for Flick to be required to share this intellectual property with other parties.</p> <p>If any other parties want to establish a comparison tool, they should be required to present all retailers in the market. There is currently another party in the market that provides tariff comparisons that are providing consumers with incomplete information on potential savings as they do not (are not able to) represent all retailer offers in their comparison. Flick believes that if more of these providers enter the market without the requirement to represent all retailers accurately it will create a barrier for new retailers and misrepresent outcomes for consumers, and not be in consumers' interest.</p> <p>The information provided to Consumer NZ is different for retailers that do not charge their customers in the traditional fixed price way. For new retailers the information provided to Powerswitch is structured in such a way to enable the calculation of an annual cost. This annual cost calculation provides a useful tool and essential comparative for consumers. The provision of this information to consumers directly would not allow consumers to easily compare tariffs, compared to the Powerswitch tools.</p>
<p>Q4.</p>	<p>Under alternative 2 do you have any comments or suggestions about retailers being required to publish information about their generally available retail tariff plans on their websites?</p>	<p>Flick supports the publishing of generally available tariff data on websites, but thinks it is unlikely that a standardised file format will be able to accurately portray innovative tariffs. The array of tariffs, if published, may not necessarily make consumers more informed about their decisions and may in fact confuse consumers.</p>

Q5.	Under alternative 2 do you have any comments or suggestions about the requirement to supply retail tariff plan information using standardised file formats and structures?	<p>Flick believes that the requirement to publish tariffs in a standardised format is unlikely to enable true representation of all tariffs available to consumers and as such will provide a barrier to innovations in the market.</p> <p>So rather than standardised file formats, information should be provided by all retailers to enable fair overall annual cost comparisons to be made –such as are currently done by Powerswitch.</p>
Q6.	Under both alternatives do you have any comments or suggestions about making publicly available the connection data held in the registry that is set out in appendix D?	<p>Flick believes that in making connection data publicly available it is critical that the information is only used for electricity power comparison – and not for any other purpose. In particular for any other purpose whereby the data is linked to other information that is personal information.</p>
Q7.	Do you agree that the objectives of the proposed alternatives are appropriate and consistent with the Authority’s statutory objective? Please give reasons if you disagree.	<p>Yes, Flick agrees that the Objectives of the proposed alternatives are appropriate and consistent with the Authority’s statutory objectives to promote competition and the efficient operation of the electricity industry. Flick does not however agree that the actual proposed alternatives will necessarily meet these objectives. When implementing retail tariff comparisons – it is vital that:</p> <ul style="list-style-type: none"> - all relevant retail options are represented - accurate and meaningful comparisons can be made that that inform consumers of their best options - innovative ways of retailing can be represented. <p>Flick believe that the Authority’s objectives of efficient operation of the electricity industry and promotion of competition are only able to be met on this basis.</p>
Q8.	Do you agree that the connection data which the Authority proposes to make publicly available is not personal information?	<p>Flick agree that the connection data is not personal information - as that is defined in the Privacy Act. However Flick believes that it is critical that the information is only used for electricity power comparison – and not for any other purpose. In particular for any other purpose whereby the data is linked to other information that is personal information.</p>

Q9.	If you disagree, please give reasons and suggest a way to address the privacy issue(s) you have identified.	Access to connection data should be confined to specified purposes and should expressly not be able to be used for any other purpose.
Q10.	Do you agree with the assessment of gross benefits, costs and net benefits? If not, please explain your reasoning.	<p>Flick believes that some of the benefits may be overstated as it is our experience that only a small number of people switching will switch to the cheapest provider on Powerswitch.</p> <p>In addition there may be additional costs and potential negative outcomes associated for consumers using a third party provider that is not mandated to represent all retailers nor has any controls over the accuracy and relevance of the information provided, as consumers may not be provided with the best tariff as an option.</p> <p>There may be costs to consumers in reviewing a number of cost comparison websites – in particular if other websites do not accurately reflect the market (individual retailers will not be able to judge whether comparison websites are accurate).</p> <p>Retailers may then have to incur costs in managing presence on multiple sites – and in reviewing the accuracy of multiple sites.</p>
Q11.	Do you have any comments or suggestions about whether the additional gross benefits of alternative 2 outweigh its additional costs vis-à-vis alternative 1? Please give reasons with your answer.	Flick believe that alternative 1 is the better option and that the additional benefits of alternative 2 are unclear and do not outweigh the additional cost. This is subject to the wider issues detailed for both alternatives.

Q12.	Do you agree that both of the proposed alternatives are preferable to other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective.	<p>No. Flick believes that the current tariff comparison tool provided by Consumer NZ is the best tool for enabling better access to tariff information for consumers. Consumer NZ is independent. The site is well known and well used. The tool already has considerable sunk investment in an accurate and reliable comparison. Powerswitch already provides standardised annual cost estimates and can be improved by linking it to the registry and enabling access to usage information to assist with the cost estimation.</p> <p>Considerable investment has been made in Powerswitch to consumer's benefit. So long as the ongoing costs of development and maintenance of Powerswitch are managed through market competitive processes, we see no viable alternatives that will yield better outcomes for the market and consumers at a lower cost.</p>
Q13.	Do you agree with the Authority's assessment that the proposed Code amendment for each of the proposed alternatives meets the requirements of Section 32 of the Act? Please give reasons if you do not.	Agree with the Authority's assessment that both the proposed Code amendment meet the Authority's requirements in Section 32 of the Act. Noting that how it is implemented will determine whether it meets the Authority's requirements.
Q14.	Do you agree with the Authority's assessment of the two proposed alternative options against the Code amendment principles? Please give reasons if you do not.	Flick notes the economic analysis undertaken but believes further work is required to understand the effect on how each alternative would be implemented and what impact (both positive and negative) there might be on levels of innovation, competition and on consumers.

For any questions relating to this submission, please contact:

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