

Electric Kiwi Limited
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8 August 2015

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Consultation – Retail Data Project: Access to tariff and connection data

Dear Sir/Madam,

Electric Kiwi welcomes the opportunity to provide feedback to the Electricity Authority on the issues raised and initiatives proposed in the Retail Data Project consultation paper – Access to tariff and connection data.

For any questions related to this submission, please contact:

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Appendix A: Submission

Submitter: Electric Kiwi Limited

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.	Yes. The widespread consumer view that switching is a difficult and time-consuming process is partly due to a lack of transparency in the advertising of tariffs to customers. Below-the-line discounts are the favoured switching offer for most retailers, and until the customer can appropriately determine what plan would be best value over the longer term, the favoured switching offer is going to remain as a large upfront discount which is compensated for by higher unit and fixed charges and more often than not incorporates a lock-in period.
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.	Yes. Retail electricity market concentration in New Zealand remains high, and this incentivises incumbent retailers to make it difficult for existing customers to assess whether their current tariff is most appropriate for them. As lowering transaction costs is not in their best interests, market forces alone are not going to achieve the Authority's statutory objective in a timely manner. We note that the implementation of the switch saves protection scheme as one example where regulation to reduce anti-competitive practices has enhanced the switching experience for consumers.

Q3	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?	While we believe ConsumerNZ are correct in assuming that the best way for consumers to be able to compare a variety of pricing plans is by presenting a forecast total annual charge, we don't believe the assumptions underlying these annual charges are sufficiently transparent to allow for consumers to make a meaningful decision about how changes to their consumption or billing patterns may alter the result. For example, a forecast annual charge based on fixed profile assumptions does not allow the consumer to assess how changes to their consumption patterns may significantly alter their bill. In addition, it does not allow consumers to easily assess how below-the-line discounts are being subsidised by higher tariffs.
Q4	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>It is our view that for the retail tariff data to be meaningful and allow for pricing innovation to continue to occur for the benefit of consumers, half-hour tariff data must be required to be published even if the retailer offers a single price across all metering configurations. With the Authority requiring half-hour consumption data to be made available via EIEP13A, pricing data must also be provided to the same level of detail. This data could be presented in a chart format with a downloadable option for use by customer agents or submission to third party switching websites.</p> <p>We strongly support the Authority's proposal that any tariff data would need to include levies, taxes and discounts. It is our view that the exclusion of these values from current retail tariff data on comparison websites such as powerswitch.org.nz increases transaction costs for consumers when comparing tariffs.</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?	The standardised file structure must require all tariff data to be supplied to the half-hour level and allocated across a specified time period to allow for profiled, daily, weekly or seasonal tariffs to be compared with traditional single tariff options. The level of detail in the file should be equivalent to that required in any consumption data files supplied by the retailer.

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?	No, we support public access to connection data.
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.	Yes, although we believe that alternative 2 provides the Authority with the best opportunity to improve retail competition for the benefit of consumers by requiring tariff data to be supplied to the same level of detail as consumption data to allow for further development of innovative pricing plans which are linked to consumption patterns, and for the comparison of these plans with traditional tariff structures.
Q8	Do you agree that the connection data which the Authority proposes to make publicly available is not personal information?	Yes.
Q9	If you disagree, please give reasons and suggest a way to address the privacy issue(s) you have identified.	N/A
Q10	Do you agree with the assessment of gross benefits, costs and net benefits? If not, please explain your reasoning.	Yes. We believe there is a net benefit to the consumer in allowing for retail tariffs to be compared in a more transparent manner. Information asymmetry with regards to retail tariffs is a cost which is currently being borne by the consumer, and it is our view that the commercial costs incurred by retailers in providing better data to consumers are not as high as estimated by the Authority.
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.	It is our view that the voluntary adoption of a standardised file format with alternative 1 will not generate the required improvement in consumer's ability to compare tariffs to achieve the objective of an overall increase in retail market competition. However, if the standardised file format does not require retailers to provide half-hourly tariff data then alternative 2 will mean that the additional gross benefits identified will not be achieved due to the format incentivising less pricing innovation rather than more.

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.	Yes. The establishment of a retail tariff database as outlined in option 3 is not necessary if the tariff data is required to be provided on request in a common format.
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.	Yes.
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.	Yes.