

4 August 2015

Submission
Electricity Authority
PO Box 10041
Wellington 6143

By email: submissions@ea.govt.nz

Dear Sirs

Re: Retail data project: access to tariff and connection data

Thank you for the opportunity to provide feedback on the Consultation paper on the access to tariff and connection data.

On 3 March 2015 the Authority made a press release stating 'Latest international research shows New Zealand's electricity retailers are competing fiercely for customers compared with those in selected overseas markets with competitive retail markets, but New Zealand consumers are relatively passive about exercising their option to choose between providers.' Yet despite that, the Authority is making an assumption that the market will be more competitive if retailers post their tariffs in a prescribed format to make it easier for 'relatively passive' consumers to select their preferred plan through sites such as Powerswitch.

Nova supports making its standard retail tariffs freely available to consumers and currently does so through its web-site, i.e. <https://www.novaenergy.co.nz/your-home/pricing>. It also posts its tariffs with Powerswitch and Switchme, as do most other retailers. Given that it is in the interests of retailers to make their offerings known to potential customers, then it is hardly surprising that they do so.

However, making a format compulsory, or disclosure of tariffs mandatory, has no merit. A prescribed format is likely to result in standard tariffs that exclude any add-on benefits, i.e. those that cannot be easily presented in the given format or applied in a simple comparative model. Under the proposed regulation therefore, consumers that rely on the published tariffs are likely to miss out on customised options or benefits that they may be able to secure by talking to retailers directly.

By mandating the tariff format, it becomes more difficult for retailers to accurately present the cost differences to a consumer of their current plan and the alternative being presented; as in many cases, the final cost comes down to the pattern of usage, total consumption, and preferred method of payment. As an example, the simple case of an upfront incentive payment for a fixed term contract can be of quite different value to consumers under different circumstances.

If instead the Authority promulgates a voluntary standard format that helps retailers present their tariffs to a greater number of potential new customers, then retailers may be incentivised to adopt that format if it does result in new customer connections.

The potential result of the proposed regulation is that the 'standard tariff' becomes the equivalent of the Recommended Retail Price, or hotel 'Rack Rate'. Such arrangements are often used to demonstrate the 'savings' or discounts being applied for 'special deals'. In which case, the published rates become the mask behind which the real deals are done.

In conclusion, the Authority is basing its analysis on the assumption that consumers will be best served by having an easy reference point to all retailers' standard tariffs. It is Nova's view that that assumption is unsupported, and in fact that reverse may be true. That is simply not a sufficient basis on which more compliance costs should be imposed on the electricity industry.

Please feel free to contact me if you wish to discuss our views further.

Yours sincerely



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Appendix A Nova Energy submission

| Question No. | General comments in regards the: | 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. | No. There is no evidence of market failure in this situation. |
| 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>A Code amendment may lower consumer's transaction costs, but that does not necessarily mean that the consumers will be better off as a result.</p> <p>A mandated disclosure of tariff information in a prescribed format is likely to mean that those tariffs exclude any add-on benefits that cannot be easily presented in the prescribed format, and consumers may well miss out on customised tariffs that they may be able to secure by talking to retailers directly.</p> |
| 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? | <p>Providing retail tariff information on standard tariffs to parties that request it is a reasonable expectation.</p> <p>Given that ConsumerNZ is not a Market Participant or Government Entity, it is inappropriate for the Authority to require retailers to provide the information to it on a regular basis.</p> |
| 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? | It is appropriate that retailers be required to publish information on the generally available retail tariffs on their websites. |
| 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? | As per our letter, standard file formats and structures are likely to inhibit innovation in tariff design and makes it difficult for retailers to highlight those aspects of their tariffs which might be regarded as valuable to particular groups of consumers. |