

Rabid Technologies Limited

Retail data project: access to tariff and connection data

Consultation Paper

Tuesday, 4 August 2015

Dear madam or sir/s,

Please see our submission on the consultation paper regarding tariff and connection data.

We feel the proposal surfaces some exciting possibilities but risks missing the point about some of the factors likely to maximise uptake with consumers and the services envisaged.

We have answered only a few questions. To some extent we wish to comment on questions that you have not asked but have tried to put these separately in these sections. We would be happy to discuss or clarify any aspect of our submission if this would be helpful.

best regards,

Josh Forde

Director

Rabid Technologies Limited



	Question	Response
Q1	<p>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>	<p>We agree with this statement but the language around chapter 4 in our view is missing key thinking. Yes you need connection data and pricing data to provide consumers with better pricing power and this prospect could give consumers significant benefits.</p> <p>Yet a search through your consultation shows at no point do you use terms ‘usability’, ‘user experience’ or ‘digital’. Given the consultation targets providing the consumer with access to their data, we would expect the authority to consider the media and context (i.e. digital services) with which it envisages economic benefit will be realised. Without this focus there are a number of scenarios that may limit benefits realised. A number of casual conversations we have with users about Powerswitch raises complaints simply about the complexity of the tool. If you consider ways to maximise participation, this may significantly improve the performance of this comparator data. Conversely, these tools have an observed ‘abandonment’ process - which simply counts the ratio of users who give up without successfully using the calculator or give up when they don’t understand their results. You may question why to place this in a regulatory consultation. But it is a key consideration in realising the economic benefits of lowering ‘transaction costs’ for a consumer to check their deal. Simply put, if 9 out of 10 users abandon a process of comparison because the data is too complex, the regulator will see benefits reduced by this factor.</p> <p>Rabid has further comments to make on this section 4.</p> <p>First, it needs to be noted what can be captured within a pricing data standard, and what innovations are not captured in this. By getting this wrong, the authority risks allowing retailers to comply but not fully provide transparency of terms they offer consumers. Retailers compete on fixed price offers, one-off incentives and a range of other complex mechanisms. This means the EA needs to articulate a pricing standard that it can control, and additionally provide expectations about clear disclosure of additional consumer offers or ‘supplementary offers’ such as an offer of loyalty points.</p> <p>Second, the consultation mooted could well be implemented and achieve none of the envisaged benefits by failing to identify mechanisms to simplify the communication of this pricing information to consumers. The simple fact of your research is that only a minority subset of users have any desire to <i>compare</i> data prices. Consumers have a range of reasons they may use these services. They may wish to:</p> <ul style="list-style-type: none"> ● save money by reviewing prices ● plan electricity spend for their budgets ● understand impacts of behaviour change - from Solar PV to a Tesla battery ● hold an incumbent supplier to account <p>Our point is that few consumers have a goal to compare and a lack of attention on outcomes risks the consultation focusing on means not ends.</p>

		The authority needs to consider the desired role you will have in ensuring this data is communicated to mainstream consumers in a way that they can understand.
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.	no comment
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?	no comment
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>Alternative 2 is superior in our view and is valuable for cross-market standardisation to succeed. Off the back of published readily accessible open standards, transaction costs for any new entrant comparison services are minimised. We recommend you pursue policies that work towards entirely open publication of data, compliant with a data standard that is clearly articulated.</p> <p>At present, Powerswitch is encumbered with the effort to standardise hugely complex data formats and this provides leverage for retailers to hold them to account. Any declared data format is not simply not that expensive or difficult to supply and separates the challenges of gathering data sources, from the effort of informing a customer of pricing offers. This also allows common datasets across comparator tools (at least as a baseline), reducing potential for error and confusion.</p> <p>Consider any new retailer who needs to participate. Surely the costs to them to comply with a multitude of consumer calculators will be minimised by them supplying one open and transparent data feed to any provider.</p> <p>Considering the future scenarios where many private comparison tools operate is complex. An initial overview may include:</p> <p>Pros:</p> <ul style="list-style-type: none"> • a neutral playing field means the EA does not need to worry about picking the best operator and all comparators compete on their own terms • the innovation costs the regulator less (potentially) • unforeseen innovations might spring up from private opportunities - e.g. green solutions tools or initiatives targeting fuel poverty <p>Cons :</p> <ul style="list-style-type: none"> • potential for low quality comparison tools that are erroneous

		<ul style="list-style-type: none"> • there may be some tort risk on any operator. Errors in analysis expose the operator to a retailer seeking recourse through the courts and this may limit investment if these risks are poorly understood <p>Options:</p> <p>The Electricity Authority may opt to provide an authorised calculator and publish this code as open source. This could be the transparent baseline of quality but be licenced to allow innovators to improve on the calculation process or allow retailers to propose their own opinionated methods of calculating costs that are still based on an independent data source. This would provide some visibility in the market of a trusted baseline number.</p> <p>A cloud store of tariff data, connection data and consumption data would cover the significant capital outlays and make to costs to create calculators significantly lower, enabling a range of private sector initiatives to focus on what can be done with this data.</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?	
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?	The extension of this concept to a cloud storage service that includes consumption data, tariff data and connection data paints a compelling picture of high-quality independent data that private players could innovate upon. This would anticipate any future challenges by providing neutral consumer data and enabling innovation to proceed from there. This might include entirely unforeseen benefits, that consumers can realise by collaborating to make more effective use of the data once they understand that they have access to it.
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.	no comment
Q8	Do you agree that the connection data which the Authority proposes to make publicly available is not personal information?	no comment
Q9	If you disagree, please give reasons and suggest a way to address the	no comment

	privacy issue(s) you have identified.	
Q1 0.	Do you agree with the assessment of gross benefits, costs and net benefits? If not, please explain your reasoning.	no comment
Q1 1.	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.	no comment
Q1 2.	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.	no comment
Q1 3.	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.	no comment
Q1 4.	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.	no comment