

Submissions to the Electricity Authority on the Multiple Trading Relationships Consultation Paper

Response from Flick Energy Limited

Dated 27 February 2018

For email to submissions@ea.govt.nz by 5pm, 27 February 2018

We appreciate this opportunity to comment on the Authority's Multiple Trading Relationships consultation paper.

We support the work the Authority is undertaking to look at ways it can enable new technologies in the sector and improve competition and choice for consumers. We appreciate that looking at the costs and benefits of enabling multiple trading relationships at an ICP is part of this. However, we are concerned that the paper fails to accurately capture the retailer-customer relationship and characterise incentives.

Retailer-customer relationship

In principle we are not opposed to the concept of multiple traders but it needs to be carefully executed through changes to market design/regulatory obligations, and market systems. The paper's analysis of existing retailer responsibilities and the rationale for current arrangements lacks breadth and depth of consideration. The current market arrangements have been designed around a single retailer-customer relationship. Retailer responsibilities include amongst many other things: market and network reconciliation and settlement, market and network prudential, customer complaints handling, outage management, vulnerable customer management. If the Electricity Authority genuinely wants to consider changing this fundamental relationship it needs to thoroughly consider retailer responsibilities and the fair and efficient allocation of these (and associated costs) under alternative scenarios. We believe enabling multiple traders will require fundamental change to the market design and systems. We are not opposed to this provided it is supported by robust analysis and consideration of the options.

Perverse retailer incentives

We believe the conclusion that delays in new service providers accessing customer data is a problem with Retailer incentives is misguided. Even if they did exist we don't believe it's possible for this incentive to manifest because of existing code requirements. Retailers are required to make customer usage data available, Flick customers can download their data at any time, we have also gone a step further and enabled a public API with real time data so they can integrate with new services/ technologies. We also have a strong incentive to provide great customer service, it's how we retain customers, so we respond to requests for data in a timely fashion. When requests are received from third parties we must go through the necessary checks around customer consent before providing this data to the third party.

New service providers

New service providers can take immediate steps to get access to customer data. It would generally be more expedient and efficient if they built their business processes around accessing customer data directly from customers, who can provide it to them in an instant, as opposed to burdening retailers with their requests and having to ensure customer consent. If they choose to make requests via the retailer, they should respect the privacy obligations we face, and slow response from their customer/ prospective customer that can delay access. If new service providers require data other than the format and mechanism provided to a customer there is a cost to providing it, they should consider entering into commercial relationships with data providers directly. This would be a reasonable cost of doing business, the EA shouldn't mistake it for a barrier to entry.

More thorough consideration of the issues and options is required. Technology is evolving fast, we are not sure at this stage that the benefits of such extensive changes, have been proven. Especially considering that further changes may be necessary going forward with smart devices that may require a shift away from a view of 'individual connection points'. Further consideration must be given to the problem the EA is trying to solve, the right solution to enable customers to access the benefits of new technologies and service offerings (such as those that may be enabled by the ability for there to be multiple traders at an ICP) and the best arrangements for an efficient market.

Please see below our answers to the questions supplied in the consultation paper. However, before further work is done to consider some of these questions, more thorough analysis on the best solutions for customers given the changing market must be undertaken. We are happy to assist in any way we can with this.

For any questions relating to this submission, please contact:

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Flick Energy Limited submissions

Question	Comment
<p>Q1. How material are the constraints to consumers establishing multiple trading relationships at a single connection identified above?</p>	<p>We consider that the constraints are material. Not only are there issues with data sharing and privacy, but issues around customer related responsibilities, coming up with fair, cost effective solutions for these issues that create good outcomes for customers, and the costs of implementing new systems need to be thoroughly considered. These barriers have existed for a reason; to streamline market and customer operations in the electricity market.</p>
<p>Q2. Are there other constraints that prevent multiple trading relationships from efficiently occurring? If so, please describe them.</p>	<p>See our response to Q1.</p>
<p>Q3. What do you consider to be the benefits of multiple trading relationships?</p>	<p>We can see benefits in customer's having more choices and being able to access additional service offerings, such as those that would help them manage their consumption more efficiently. However, further work needs to be done to establish the benefits of enabling multiple trading relationships.</p>
<p>Q4. What other services could be enabled by reducing or removing the barriers to multiple trading relationships?</p>	<p>It may be possible to redesign market arrangements in a way that enables more innovation. However more thorough consideration of the issues, options and trade-offs is required.</p>
<p>Q5. What changes, if any would be needed to the switching and disconnection/reconnection processes if a consumer were able to have multiple retailers?</p>	<p>The Electricity Participation Code 2010 would need to be re-visited to enable multiple trading relationships. As one example, the disconnection/reconnection status update timeline would need to be revisited as all retailers would need to be aware of the status of an ICP as soon as it is changed. A more efficient communication channel for traders to communicate would also need to be looked at.</p>

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Q6. What other data exchange processes that have not been identified in this paper need to be changed to accommodate multiple trading relationships?	Many including: The EIEP responsibility would also need to be considered. Market reconciliation and settlement. Network information requests. Regulatory reporting.
Q7. How could the data exchange processes be modified to accommodate multiple trading relationships?	This needs to be considered in a thorough review the best market structure, and of data issues faced by the industry, with the privacy rights of customers at the forefront of the consideration.
Q8. What other services, if any, would have to share costs between multiple users?	NZEM, metering companies, network companies, customer dispute services, disconnection service providers, customer fault/ field services may need to divide their fees for such a change may create inefficiencies for the customers.
Q9. How could the cost of these services be shared amongst multiple users?	This is a very complex issue. This needs more thorough consideration and work. This needs to be decided in consultation with such services.
Q10. Could consumer data be more efficiently shared with service providers that have a legitimate claim for access to their consumer's data? If so, how?	Service providers can access it directly from customers. As above – see our response to Q7.
Q11. How much value is there in making it easier for appropriately authorised firms to access information such as a consumer's tariff structure, the smart meter functionality that is used by the consumer's MEP, a consumer's controllable appliances?	More research needs to be done on the value this could provide to consumers. This research needs to take a wide view of future technologies and have a strong focus on customer data and privacy.
Q12. Are there other industry participants that may need to amend their systems to operate in an environment with multiple trading relationships?	Yes, network companies and metering companies, amongst others refer Q9.
Q13. What are the costs of the above changes recognised in	As set out above, we consider the costs may be substantial, and more consideration needs to be given to the particular changes that would

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questions 10-13?	most benefit customers.
Q14. What other obligations need to change if multiple traders can serve an ICP?	<p>There are many obligations that would need to change to enable multiple trading relationships, other than those mentioned by the EA in the consultation paper, there would also be complications around market processes, credit disconnection process, tariff changes, management of network changes such as daily charges, the switch save protection scheme amongst many others!</p> <p>Alignment between customer contracts would also need to be consider so that consumers are not confused about which obligations they owe to which trader.</p>
Q15. How could the obligations discussed above be amended to accommodate multiple traders at an ICP?	This needs to be considered after thorough analysis on the benefits to be gained from this solution.
Q16. What costs would be involved in amending consumer-related responsibilities to accommodate multiple traders at an ICP?	As above. See our response to Q.15
Q17. What additional matters would need to be considered if we were to introduce multiple trading relationships? What amendments would need to be made to the Code to facilitate multiple trading relationships?	As above. See our response to Q.15
Q18. What is the cost of the changes needed to enable multiple trading relationships?	We consider more investigation needs to be done from the EA on what regulation would change for stakeholders be able to quantify their costs.