

4 November 2025

Competition and market solutions should be preferred over administrative (regulated) solutions

Pulse Energy welcomes the opportunity to submit in response to the Electricity Authority's consultation on regulating electricity billing. We would be happy to discuss the consultation with the Authority, including the implications for retail competition and the practical implementation issues and compliance costs associated with each of the proposals.

We consider that the complex, detailed and technical nature of the Authority proposals are such that it should undertake a technical drafting consultation step before finalising any Code amendments. The Authority adopted this approach for the Consumer Care Obligations and the Obligations benefited substantially from the additional step.

Care is needed if the Authority is going to regulate competitive market activity

The Authority should be cautious about regulating competitive or potentially competitive market activity and should be cautious about regulating market participants that don't have market power.¹ Pulse is concerned the Authority's proposals are targeted at the symptoms of the problem rather than the underlying market failure (weak competition).²

Small and new entrant retailers like Pulse are part of the solution not the problem. Regulation should reflect this. Competition from small and new entrant retailers, if competition is working well, will drive down prices, improve choice and improve service quality (including elements such as billing practices).

We are concerned the Authority has substantially under-estimated both the upfront and ongoing compliance costs of the Authority's proposals, the implementation timeframes that would be required and the dampening affect the proposals could have on competition. Pulse agrees with previous Authority commentary that "It is better to rely on competition to stimulate solutions and innovation, rather than imposing an administrative solution ..."

¹ We were pleased to see that the Authority adopted our recommendations in relation to non-discrimination rules and clarified that only market participants that are vertically-integrated AND have market power should be regulated.

² Our concerns with the consultation mirror the issues we raised with the [retail time-of-use \(TOU\) tariff regulation consultation](#).

Table of Contents

Table of Contents.....	2
Summary of Pulse Energy’s views.....	3
The problems should be clearly defined.....	3
Quantified evidence is important	3
Proposal A: Regulating retail bill content	4
Proposal B: Best plan regulation.....	4
Proposal B1: Require six-monthly reviews on better plans.....	5
Proposal B3: Termination fees.....	6
Proposal C: Encouraging consumers to compare plans across all retailers and switch	6
Proposal D: Limit back-billing.....	6
Other: A new workstream targeted at non-switching consumers could be useful	7
Good regulation directly targets the underlying market failure	8
The proposed billing regulation could make billing more complex	9
“Best plan” regulation is not straightforward and could have unintended consequences	10
Decisions should be strongly evidence-based	11
What consumers want on their bills should be tested.....	14
Addressing the “two-tier” market may require bespoke intervention	15
Concluding remarks	16

Summary of Pulse Energy's views

- Pulse is supportive of reforms which help assist consumers compare pricing plans and retailers, and to switch to better deals. Pulse firmly believes competition is the best way to protect consumers from paying too much and to reduce harmful practices, including confusing or difficult to understand billing practices (where applicable).
- The Authority has articulated well previously that “A workably competitive retail electricity sector provides consumers with choice of retailers and innovate retailer services and plans that better match circumstances and preferences.”

The problems should be clearly defined

- It is important to ensure there is a clear line-of-sight between the principal competition problems in the electricity market and the Electricity Authority's proposals. For example, the consultation mentions low switching rates but this is a symptom of the broader competition problems the Authority is looking at through the ECTF level playing field work.
- Low rate of switching are not specific to residential or small consumers or to billing complexity and comparing plans.
- Pulse would welcome a better understanding of the specific concerns the Electricity Authority has with retail billing complexity (including real world examples) so we can test whether our own practices could be improved. We suspect the issues are predominantly in relation to incumbent retailer practices and/or very small retailers.

Quantified evidence is important

- It is very useful to reference international experience as evidence in support of aspects of the proposals; for example, the commentary that the Australian Energy Regulator's 'The Better Bills Impact Report' found that post-implementation bills rated higher on clarity, language and ease of knowing how much, when and how to pay.
- There are material gaps in the evidence provided in the consultation. The Authority hasn't provided specific examples of actual billing practices that create complexity issues, are “missing” important information, and/or makes it difficult for consumers to compare retail pricing plans.
- Pulse also considers that what New Zealand residential consumers want to see on their bills should be tested rather than the Authority relying on its own judgement about what should be included on bills.
- The Authority's commentary about billing complexity doesn't necessarily marry up with New Zealand survey results. The ConsumerAdvocacy Council found that 71% of residential respondents were satisfied or very satisfied with the clarity of information on

consumer bills. The Authority's own [residential consumer survey](#) indicates 60% of consumers agree they have enough information to know which electricity provider is best for them.

Proposal A: Regulating retail bill content

- Pulse does not support Proposal A. If Proposal A is adopted it should be pared back and provide retailers more flexibility to differentiate. The focus should be on minimum information requirements (e.g. there isn't good justification for requiring industry levies to be unbundled in retail bills) rather than standardisation.
- We support simple and clear billing, but part of competition is being able to differentiate from our competitors and to (try to) do things differently and better than our competitors. Regulation of our competitive market activities interfere with competition.
- Invoices include valuable 'real estate' for marketing and promotional activity. The proposed regulation would interfere with our competitive market activity, if we were excluded from including promotional or advertising material or if it is required to be relegated below Tier 1 and Tier 2 information.
- Points of differences on invoices are important for retailers and the ability to show extra information/promotional space as well as extra messaging is beneficial to a retailer. Our 'front page' invoice includes various information that would be prohibited under the Authority proposals which in no way interfere with the simplicity or clarity of our invoices.
- The Authority should also be cautious about a 'one size fits all' approach. Pulse currently has two plan and bill displays; one offers a transparent bill and the second offers rolled up pricing. The Authority should not determine what can and cannot be displayed as different customers love both options for different reasons. Some like a detailed breakdown to understand where the charges come from, whilst others prefer a summary of charges. Proposal A takes this choice away from customers.
- In order to re-create invoice templates to meet the requirements set out in Tier 1 and Tier 2 would require a large change to systems and re-testing of billing formats which is a large amount of work for retailers to complete. All plans and brands would need to be re-tested and large changes needed to bill creation processes. This needs to be taken into account as part of the Authority's assessment of the costs and benefits, and in relation to implementation timeframes. The Authority timelines incorrectly indicate the Authority considers that the changes could be rolled out quickly.

Proposal B: Best plan regulation

- Pulse does not support proposal B. There would be substantial compliance costs with "best plan" monitoring, particularly given the importance of ensuring the advice is accurate. The compliance costs and complexity would be heightened the more choice and options (which are supposed to be good things) the retailer offers.

- We consider that Proposal B creates a risk of unintended consequences/harm to competition which the Authority should have regard to.
- “Best plan” regulation is likely to give consumers a false reassurance they are on the best plan and don’t need to look elsewhere even though the biggest price reductions could be from switching retailers rather than changing plans with the existing retailer. This would have a dampening effect on competition/switching. Incumbent retailers charging their customers too much or putting them on the wrong plan creates opportunities for new and independent retailers like Pulse.
- Another unintended consequence, is that Proposal B would be likely to result in a decrease in tariff options for customers. If retailers are required to analyse best plans every 6 months, retailers are likely to decrease product offerings to minimise the load and cost of the 6-monthly review process. We believe this would be detrimental to competition and is a step backward in future offerings for customers.
- As with Proposal A, the Authority needs to consider the implementation and ongoing operational costs associated with Proposal B. The technology stack, analytics requirements as well as the need to store all best plan proposal data for multiple years would be a large cost for the business and would be a big project for some retailers to undertake. This needs to be considered with implementation timelines if the Authority moves forward with this option. We don't see how the benefit outweighs the potential cost of this proposed solution.

Proposal B1: Require six-monthly reviews on better plans

- The Authority should review what it deems to be a “Materially better outcome” based on the definition “a lower overall financial cost”. As the proposal stands, a customer saving \$1 could be seen to be a “materially better outcome”. If that is the intention, the concept of “materially” would be redundant.
- The proposed TOU review process would be highly administrative with a complete review and extra contacts to be made to a customer as part of the review process. The cost of the proposed solution could outweigh the benefit and these costs would need to be passed on to customers via higher prices. If the Authority goes ahead with its proposals, the TOU review should fall into the normal 6-monthly better plan review rather than having an extra TOU review process.
- There is also no guidance on how a review process is completed if a customer switches into a retailer on a TOU plan and has no prior plan to compare against. The TOU review should fall into the normal 6-monthly “best plan:” review rather than having an extra review process if the Authority chooses to proceed.

Proposal B3: Termination fees

- This needs to be reviewed based on what a customer has signed up to. If the customer is on an existing contract and received an appliance or credit that is not available on the new plan the customer wishes to move to then the retailer should be able to recover this cost.

Proposal C: Encouraging consumers to compare plans across all retailers and switch

- Pulse is comfortable with the Authority's proposals to encourage consumers to compare plans across all retailers.
- If the Authority moves forward with Proposal A, retailers should not be required to add a "best plan" review/discussion into every call about a bill. Retailers should also not be required to actively promote the third-party switching website unless a customer requests information about plan comparisons on the call.

The "best plan" review process on the bill is already advising the customer of the best plan using consumption information that may not be readily available at the time of the billing call. Detailed analysis of information that is required to be shown on the bill will not be easily available to an agent to determine and they will not have the most up-to-date information to assess or make this call.

Proposal D: Limit back-billing

- Pulse does not support Proposal D. The Authority should not regulate the way retailers recover their costs. If limits to back-billing are going to be applied to retailers these same rules should apply to any back-billing of charges from networks and meter owners to retailers that go into a customer bill.
- Most under-charging of this kind is caused by metering issues (not retailer "negligence"). Most of such problems are not predictable/preventable by the electricity retailer. An example we have had multiple experiences with is where a meter owner realises a register has not been uploaded correctly to the registry, so they apply the correct change which takes effect from 18 months ago.
- The Authority proposals would force retailers to socialise the cost across their full customer bases. It is not clear this would be an efficient outcome.

The Authority should also consider how its proposals would impact different retailers; a large unfavourable metering issue would be a much bigger problem for a retailer with a small customer base than for the incumbent retailers. Also, by limiting back-billing to six-months there is a risk that the proposal could encourage customers to decline meter access if they have a slow meter.

Other: A new workstream targeted at non-switching consumers could be useful

- The Authority has previously undertaken initiatives aimed at ‘sticky’ or non-switching consumers. Pulse considers that the Authority should launch a workstream specifically targeted at these customers – particularly now that it has a consumer protection objective – aimed at encouraging helping ensure these consumers don’t continue to miss out on the benefits of competition.
- We also consider that the Authority should undertake quantified analysis to measure the size and incidence of “loyalty penalties” (otherwise known as “loyalty taxes”) to get an understanding of the size and nature of the problem.

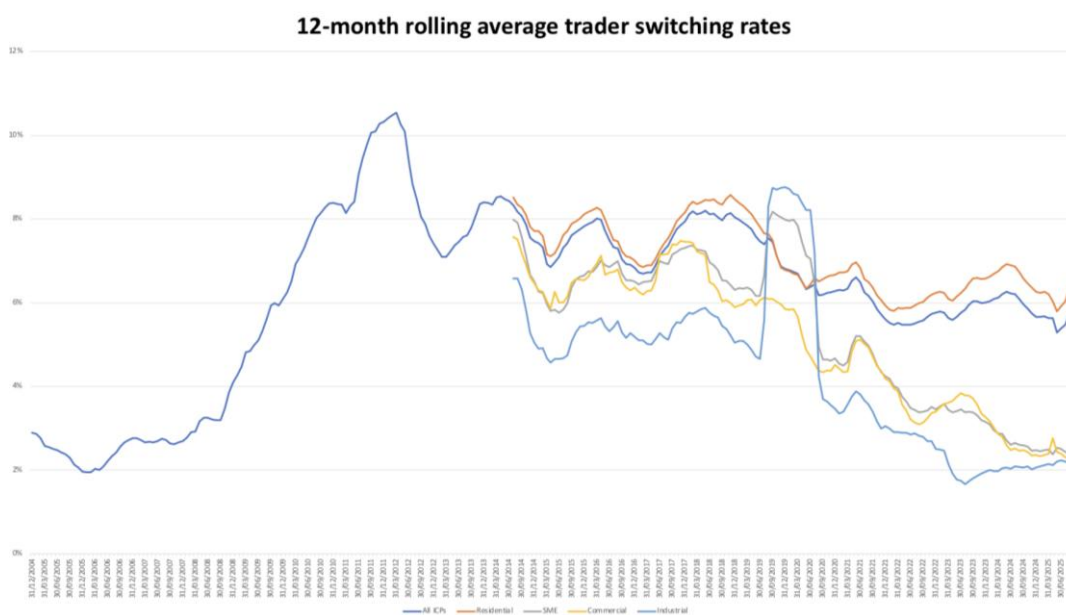
Good regulation directly targets the underlying market failure

The issues the Authority has identified (e.g. low switching rates and consumers paying more than they should/not being on the best plan or with the best retailer) are principally a consequence of weak and stalling/declining retail competition. They are a symptom of the wider competition problems in the electricity market not the problem itself. Low switching rates should be addressed directly by initiatives to remove barriers to competition/promote stronger and workable competition i.e. market solutions NOT administrative (regulated) solutions. The solutions to low switching rates sit within the domain of the ECTF level playing field work rather than retail billing regulation.

Care is needed to ensure the solution is appropriately targeted at the correct problem.

While issues of “Poor comparability and visibility of options”, difficulties making comparisons of pricing plans etc may contribute to low switching rates³ and may impact on consumer engagement they don’t explain why residential switching rates are currently around 6%.

The issues with the low rate of switching are not specific to residential or small consumers (switching rates are much lower for commercial, SME and industrial consumers at around 3%) and are not specific to billing complexity and comparing plans (which could not explain the downwards trajectory since 2018/the Pohokura outages).



This does not mean there aren’t challenges with pricing plan comparisons; particularly as tariff options become more complex and extensive. Pulse has submitted, for example, in support of reforms to make Powerswitch (or its replacement) more accurate and to make it easier for actual individual household data to be used to compare pricing plans.

³ Issues with the accuracy of Powerswitch also contribute to these issues e.g. we are aware of examples of consumers checking the results of Powerswitch against actual retailer tariff plans and their actual consumption and finding the results highly inaccurate.

The proposed billing regulation could make billing more complex

Pulse does not support Proposal A and does not support it being mandated. We do not believe that regulating retail billing would help improve competition (quite the opposite).

If Proposal A is adopted it should be pared back and provide retailers more flexibility to different. The focus should be on minimum information requirements (e.g. there isn't good justification for requiring industry levies to be unbundled in retail bills) rather than standardisation.

Invoices include valuable 'real estate' for marketing and promotional activity. The proposed regulation would interfere with our competitive market activity, if we were excluded from including promotional or advertising material or if it is required to be relegated below Tier 1 and Tier 2 information.

Our 'front page' invoice includes various information that would be prohibited under the Authority proposals which in no way interfere with the simplicity or clarity of our invoices.

We are concerned the Authority proposals could have the opposite impact to that intended and would increase the amount of information required to be on invoices and its complexity. We are also concerned about the Authority imposing its own view on what is most important on bills, which would result in information individual retailers consider important being relegated to the 'back of the queue' being lost behind mandated Tier 1 and 2 information.

For example, it is not obvious why the Authority considers that retailers should be required to provide a breakdown of industry levies. Information on agencies to contact if you are experiencing hardship is not relevant to the vast majority of consumers and is most appropriately be provided separately from bills and/or as part of communication with customers having difficulty paying their bills (as per the existing Consumer Care Obligations).

The Authority should also be cautious about a 'one size fits all' approach. Pulse currently has two plan and bill displays; one offers a transparent bill and the second offers rolled up pricing. The Authority should not determine what can and cannot be displayed as different customers love both options for different reasons. Some like a detailed breakdown to understand where the charges come from, whilst others prefer a summary of charges. Proposal A takes this choice away from customers.

We also do not consider that the Authority has accounted for the implementation costs and the time that would be required to implement the proposed changes. In order to re-create invoice templates to meet the requirements set out in Tier 1 and Tier 2 would require a large change to systems and re-testing of billing formats which is a large amount of work for retailers to complete. All plans and brands would need to be re-tested and large changes needed to bill creation processes. This needs to be taken into account as part of the Authority's assessment of the costs and benefits, and in relation to implementation timeframes. The Authority timelines incorrectly indicate the Authority considers that the changes could be rolled out quickly.

“Best plan” regulation is not straightforward and could have unintended consequences

Pulse does not support proposal B. We consider that Proposal B creates a risk of unintended consequences/harm to competition. The best way to ensure consumers are on the right or best plan – which importantly won’t necessarily be with their existing retailer – is through initiatives attached to the replacement of Powerswitch, encouraging greater switching and improving competition. The Authority could (and should) readily test this by quantifying the extent to which consumers are paying too much because they are on the ‘wrong plan’ versus being with the ‘wrong retailer’.

Pulse is concerned that “best plan” regulation could give consumers a false reassurance they are on the best plan and don’t need to look elsewhere even though the biggest price reductions could be from switching retailers rather than changing plans with the existing retailer. This would have a dampening effect on competition and already low switching rates. Incumbent retailers charging their customers too much or putting them on the wrong plan creates opportunities for new and independent retailers like Pulse.

The more retailers try to target different customers and different customer needs and preferences with different retail tariff options the higher the complexity and compliance costs with the “better plan” regulation.⁴ We do not consider that the Authority has adequately taken the potentially substantial compliance costs into account in its consideration of the proposal. An unintended consequence, is that Proposal B would be likely to result in a decrease in tariff options for customers. If retailers are required to analyse best plans every 6 months, retailers are likely to decrease product offerings to minimise the load and cost of the 6-monthly review process. We believe this will be detrimental to competition and is a step backward in future offerings for customers.

Care would also be needed because changes in circumstances can mean that what would be the “best plan” based on historic information will not necessarily be the best plan looking forward or if the consumer is willing and able to change their consumption patterns.

As with Proposal A, the Authority needs to consider the implementation and ongoing operational costs associated with Proposal B. The technology stack, analytics requirements as well as the need to store all best plan proposal data for multiple years would be a large cost for the business and would be a big project for some retailers to undertake. This needs to be considered along with implementation timelines.

We are worried about the administrative and cost to serve increases the 6-monthly review process would cause. More customers would query the best plan provided which would require more resource and support from care teams for customers. We also believe that customers would hold retailers responsible if they switch to the recommended best plan and don't see anticipated savings once moved. This would cause an increase in complaints/credits required when the best plan doesn't meet customer expectations as well as having an impact on brand reputation.

⁴ At the extreme, a retailer that only offered one retail tariff option would have no compliance costs.

Decisions should be strongly evidence-based

While the Authority has not undertaken a CBA, Pulse welcomes the references the Authority has provided to international experience as evidence in support of aspects of the proposals; for example, the commentary that the Australian Energy Regulator's 'The Better Bills Impact Report' found that post-implementation bills rated higher on clarity, language and ease of knowing how much, when and how to pay.

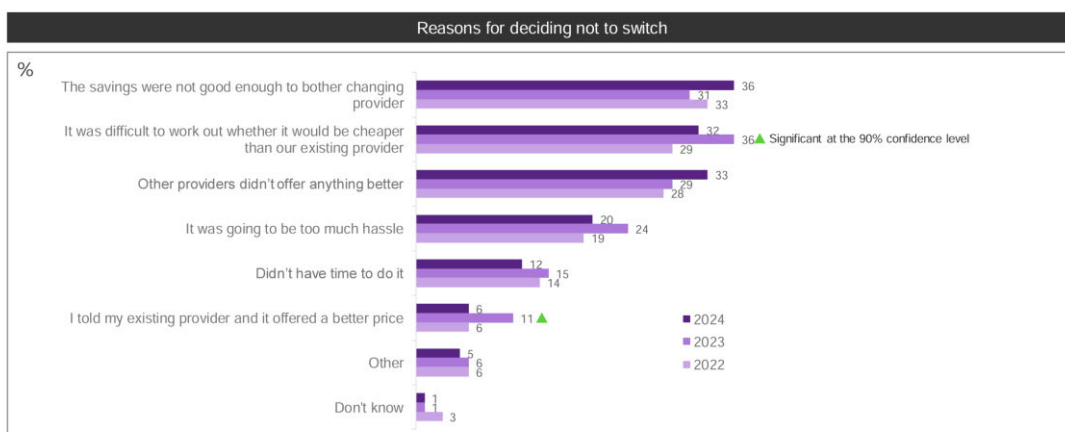
Just because there can be practical issues with undertaking quantitative CBA does not mean the Authority should rely solely on qualitative analysis and subjective judgement or that decisions can't be evidence-based.

There are material gaps in the evidence provided in the consultation which it would be useful to address before finalising the Authority's proposals or making decisions. There are a number of claims and assumptions in the consultation which could be readily tested e.g.:

- The consultation makes a number of assumptions about consumer preferences and problems consumers have without explaining what precisely these are. It is not obvious why the Authority considers "too many consumers are missing out" due to power bills being "inconsistent" or switching difficulties etc.

The Consumer Advocacy Council surveys, for example, detail: (i) "The savings were not good enough to bother changing provider"; (ii) "It was difficult to work out whether it would be cheaper than our existing provider"; (iii) Other providers didn't offer anything better; and (iv) "It was going to be too much hassle" as similarly significant reasons for consumers not switching.⁵

Insufficient savings continues to be the key reason for the 37% of New Zealanders who decided not to switch providers.



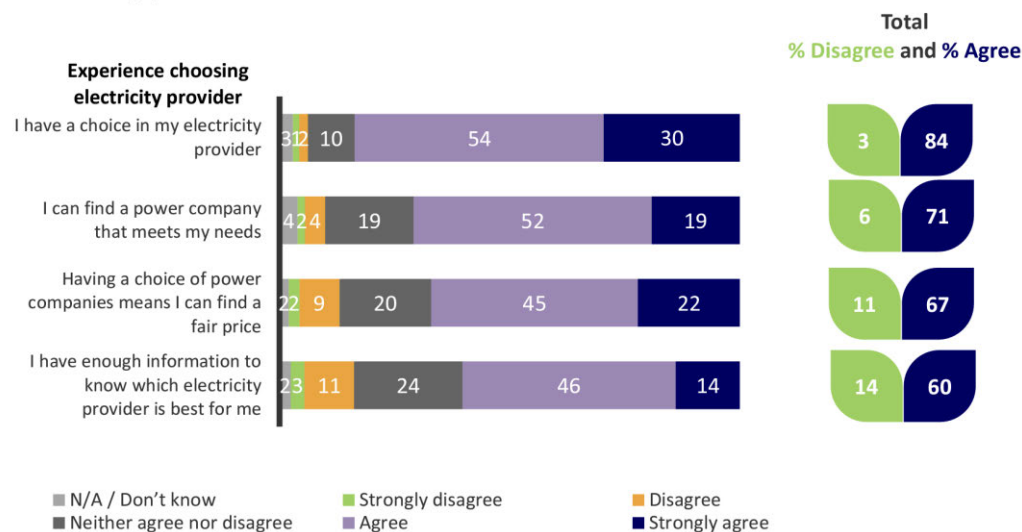
⁵ Verian, Electricity consumer sentiment survey – residential consumers and small businesses, June 2024.

- The consultation states that “While some [bills] provide clear summaries and clear information upfront, others use technical jargon, inconsistent terminology and cluttered layouts” and that “Billing information in New Zealand is ... incomplete” but provides no examples of any of these issues or of their prevalence.

The Authority does not provide any actual details of billing complexity, “significant variation in billing information” or “the absence of critical information in some bills” which “leaves many customers confused and unable to make effective choices about their electricity use.” It would be useful to document these and to undertake consumer surveys to quantifiably test the assumptions that consumers find retail bills complicated (and what specifically they include to be complicated (if applicable)) and find it difficult to compare plans (including specifically what specifically they include makes it difficult to compare plans) etc.

The Electricity Authority’s [residential consumer survey](#) indicates 60% of consumers agree they have enough information to know which electricity provider is best for them. It is unclear why these survey results aren’t referenced in the consultation given they are directly relevant.⁶

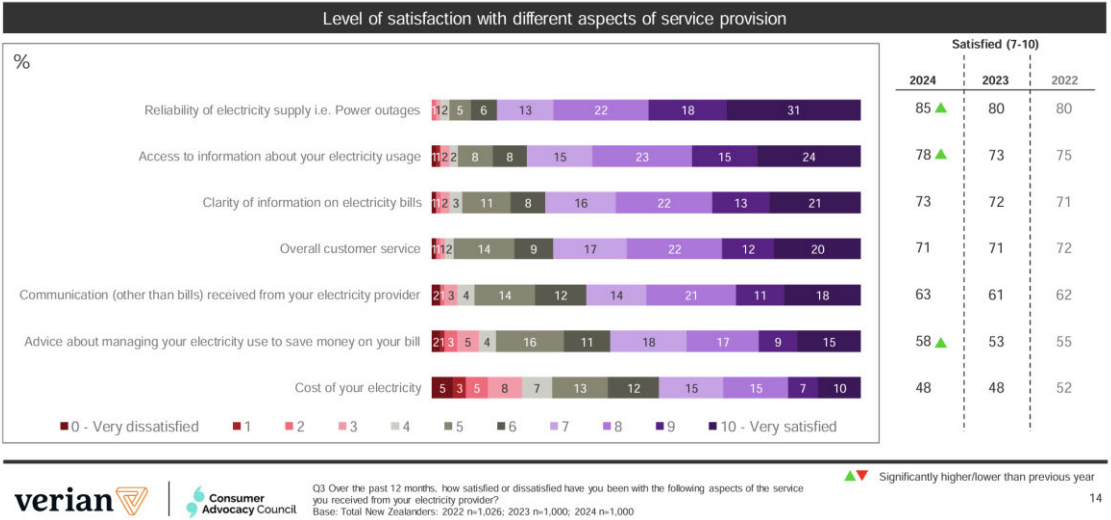
Q: Please rate the following statements about your experience of choosing your electricity provider in New Zealand (%)



Base: All respondents (n=1033).

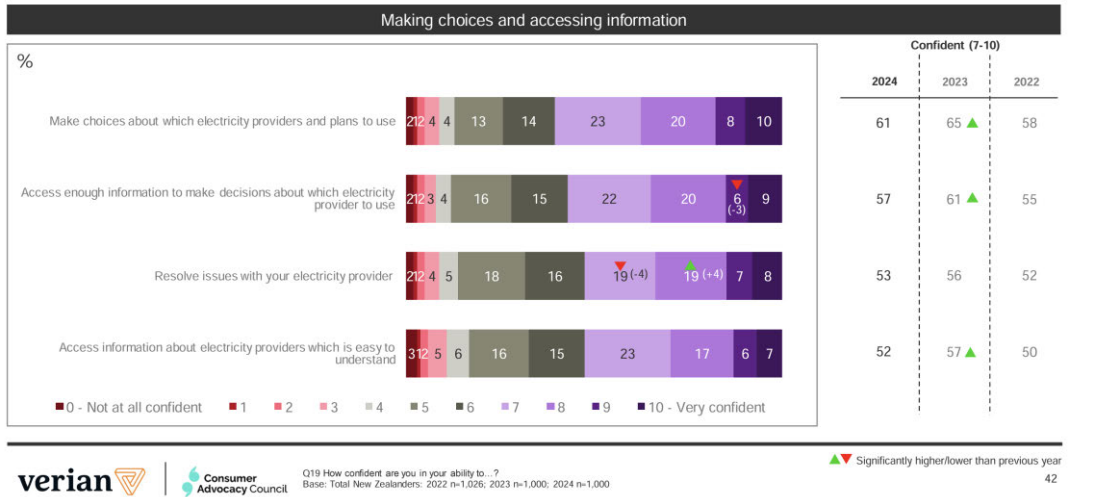
⁶ The support for the Authority’s consultation propositions was more in the anecdotal verbatim feedback rather than from the actual survey questions.

The Authority’s assumptions about billing complexity also don’t appear to fully marry up with the Consumer Advocacy Council survey results which show that 71% of residential respondents were satisfied or very satisfied with the clarity of information on consumer bills, and 78% were satisfied with their access to information about electricity usage.⁷



The Consumer Advocacy Council survey results also suggest the majority of consumers feel confident in their ability to make choices about providers and access the information they need.

The majority of New Zealanders feel confident in their ability to make choices about providers, resolve issues and access the information they need. Between 52% and 61% are confident with each statement.



- The Authority should similarly use consumer surveys to test what information consumers would like to see/do not want to see on their retail bills and specifically test the Authority’s proposed mandatory billing content/including the two tiers of mandatory requirements). Absent this, there is a material risk the proposals could be counterproductive and make bills less readable.

⁷ Verian, Electricity consumer sentiment survey – residential consumers and small businesses, June 2024.

- A key proposition in the consultation is that ‘sticky’ consumers are paying “loyalty penalties” (otherwise known as “loyalty taxes”). It would be useful to include evidence on the size and incidence (variation around New Zealand) of the taxes, as well as trends overtime (are they getting bigger or smaller).⁸ It would also be useful to provide of how long consumers are staying with their retailers (how sticky consumers are) and how this is changing over-time.⁹
- The consultation also suggests loyalty taxes/payments could be stopped “by requiring retailers to conduct regular better plan reviews, to proactively alert customers if they could be on a more suitable plan etc”. It could be useful for the Authority to provide quantified evidence of the extent to which loyalty taxes are a consequence of being on the wrong plan with the incumbent retailer (as this statement suggests) versus being a consequence of staying with the wrong retailer (as is the more common understanding of loyalty taxes).

What consumers want on their bills should be tested

It could be useful for the Authority to test with consumers what information they would like to see/do not want to see on their retail bills and specifically test the Authority’s proposed mandatory billing content/including the two tiers of mandatory requirements). Absent this, there is a material risk the proposals could be counterproductive and make bills less readable.

Our view is that the Authority Tier 1 and 2 proposals contain some extraneous information which should not be required on retail bills. These proposed requirements would increase the likelihood that important customer information not captured by the regulation would be relegated to the back/bottom of a much longer, standardised and regulated bill and much less likely to be seen by the customer e.g. information on pricing change announcements.

The Tier 1 information also excludes standard but important (for many customers) information such as GST number and customer care contact details. The front-page of our invoices provide a graph enabling a quick and simple comparison of current electricity usage with the previous 12 months which we do not consider the Authority should prohibit/require to be relegated.

Invoices include valuable ‘real estate’ for marketing and promotional activity. Pulse would consider that the proposed regulation would interfere with our competitive market activity, if we are excluded from including promotional or advertising material (or it is required to be relegated below Tier 1 and Tier 2 information). Our ‘front page’ invoice includes various information that would be prohibited under the Authority proposals that in no way interfere with the simplicity or clarity of our invoices.

⁸ The consultation commentary is limited to a statement that around 90% of people who compare their plan on Powerswitch find they can save, with average savings of over \$400 a year. This is likely to include selection bias as customers that think they are paying too much are, presumably, more likely to look into whether there are lower cost pricing options.

⁹ The Electricity Price Review (EPR) included now out-of-date evidence on this, so there is no reason the Authority could not undertake its own quantitative analysis. The Authority used to provide information on loyalty taxes in [EMI](#) but stopped updating this since 2017, though the EPR evidence made it clear the Authority calculations understated the size of the tax.

Addressing the “two-tier” market may require bespoke intervention

Some consumers are ‘sticky’ and pay a “loyalty tax” because they don’t switch and stay with their incumbent supplier. This can be an issue even in markets more competitive than the NZ electricity market. Pulse has raised this as a concern with the Authority over a long-period of time.¹⁰

The Electricity Price Review highlighted that consumers who are least likely to switch tend to be disproportionately low income and vulnerable and have the most to gain from competition and better energy affordability. The Authority’s previous initiatives aimed targeting these consumers highlights that ensuring they access the benefits of competition isn’t easy.

Pulse considers that reforms targeted at promoting stronger and more effective competition, combined with reforms aimed at targeting ‘sticky’ customers and increasing the awareness of the benefits of competition, are the best way to address these issues.

This is most likely to require bespoke intervention based on understanding of the specific circumstances of ‘sticky’ customers. There is plenty of evidence that these customers are most likely to be lower income or disadvantaged etc.

It is not clear there is anything in the consultation proposals that would help improve outcomes for ‘sticky’ customers e.g.: (i) as discussed above, the “best plan” reforms could give a false sense of security that they are on the best option when the best plan may actually be with another retailer; and (ii) loyalty taxes are more likely a consequence of staying with the wrong retailer than being on the wrong plan.

Blanket regulation applying to all retailers to address incumbency benefits (excess revenue from loyalty taxes) would be poorly targeted. By definition, independent retailers like Pulse do not have the incumbency advantage of ‘sticky’ customers as each and every one of our customers has made a conscious choice to switch to us.

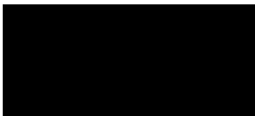
¹⁰ See, for example, the development of regulation in relation to “saves and winbacks”.

Concluding remarks

Pulse considers that the best way to improve consumer welfare and help make electricity more affordable is for the Authority to concentrate on initiatives that would promote competition, and to set itself aggressive targets for improvement in competition.

The retail billing regulation proposals represent further acknowledgement the Authority does not consider that competition is working well, and that the Authority does not have confidence competition problems will be adequately addressed in the foreseeable future. This is highly relevant to questions about whether supply of super-peak hedge products should be voluntary or mandatory and whether the scope of non-discrimination rules should be limited to super-peak hedge products, hedge products or the incumbent gentailers' entire wholesale-retail business interrelationships.

Yours sincerely,



Sharnie Warren
Chief Executive