

24 August 2021

Submissions
Electricity Authority
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Via email: infoframework@ea.govt.nz

Submission on 'Improving the framework for the Authority's information gathering'

The Electricity Retailers Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Electricity Authority's discussion document 'Improving the framework for the Authority's information gathering' of July 2021.

ERANZ is the industry association representing companies that sell electricity to kiwi households and businesses. Our members supply over 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

ERANZ agrees with the goals the Authority is trying to achieve in this consultation. The electricity industry's increasing complexity and technological innovation requires the Authority constantly to review and analyse whether its regulations remain fit-for-purpose. Having comprehensive information to perform this task is supported by our retailers.

ERANZ's three priority areas are efficient energy markets, addressing consumer hardship, and implementing a low-carbon energy future. These priority areas align well with the Authority's objectives to better understand and analyse the performance of our electricity market. Timely access to data is a core part of the Authority performing this function well.

As well as improving the Authority's decision-making process, we expect that access to additional data will better allow the Authority to communicate the performance of the market to political leaders and key stakeholders.

The Authority has existing information gathering powers under section 46 of the Electricity Industry Act 2010. We believe the proposals to streamline and improve information gathering under the Authority's "preferred amendment" are laudable. However, it does not necessarily follow that such improvements require establishing a new information gathering framework to realise them. For example, the Authority can improve its information gathering powers with more precise notices, constructive industry consultation, and clearer guidance.

Therefore, ERANZ supports the Authority using more data in its decision-making by looking to its “Option 2” and optimising section 46 notices to achieve its objectives.

We are available to discuss our submission further if required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Burrows', with a long horizontal flourish extending to the right.

Cameron Burrows
Chief Executive

ERANZ submission points

Summary

ERANZ's three priority areas are efficient energy markets, addressing consumer hardship, and implementing a low-carbon energy future. These priority areas align well with the Authority's objectives to better understand and analyse the performance of our electricity market. Timely access to data is a core part of the Authority performing this function well.

Our members support the objectives set by the Authority in paragraph 1.4, to improve, standardise, and simplify information requests.

ERANZ supports and encourages the Authority's self-reflection on the compliance costs it is imposing on the entities it regulates. There is always a trade-off between the costs imposed on participants against the benefits experienced by the wider industry and consumers. In this case, we expect the Authority improving and standardising its notices will benefit both participants and consumers.

The Authority's desire to better signal in advance the information it requires will allow our members to build their systems around these requests. In addition, the Authority's commitment to consult on information requests allows for practical feedback from industry.

Do you agree the issue identified by the Authority is worthy of attention?

Yes. The electricity industry's increasing complexity and technological innovation requires the Authority constantly to review and analyse whether its regulations remain fit-for-purpose. Having comprehensive information to perform this task is supported by our retailers.

For example, ERANZ currently collects and publishes a range of disconnection data from its members. This data is wider in scope than published by the Authority (covering disconnection notices and durations as well as number of disconnections) and is typically timelier. We consider there is merit in the Authority collecting and publishing this wider set of disconnection data to ensure all retailers are releasing such information, as well as other metrics around how the electricity system is supporting customers, such as debt rates and levels.

Rising stakeholder expectations for data-driven analysis means the Authority must lift its performance in order to satisfy stakeholders they understand the market well enough to regulate it adequately.

The Authority's current arrangements for collecting information for monitoring can be improved, as identified in this discussion document. However, our members do not consider the drawbacks of section 46 information requests identified in paragraph 2.23 require the establishment of a new, additional method for gathering information. Improvements, such as proactive engagement with industry and undertaking cost-benefit analysis, can be implemented currently if the Authority chooses.

Do you agree with the objective of the proposed amendment? If not, why not?

Yes. ERANZ agrees with improving the Authority's decision-making through better information, and the Authority engaging with participants over the most effective way of collecting information.

Our members value their conversations with the Authority through consultation processes. Incorporating a consultation step in the development of information requests is important and will build support from participants to supply additional information. ERANZ agrees with and supports the consultation benefits laid out in paragraph 3.7, this should improve the information requests for all involved regardless of the mechanism the Authority uses to request this information. For clarification, in paragraph 3.5 we note the assessment of “net benefit” undertaken by the Authority should include the benefits to everyone in the industry, not just the benefit to the Authority.

Do you agree the benefits of the proposed amendment outweigh its costs?

ERANZ has not undertaken an exercise to quantify the relative costs and benefits of the proposed Code amendments. Our members consider the supply of quality information to the Authority is as much about being good industry participants who want to contribute to better-informed regulator, decision-makers, and stakeholders.

As participants, there will be efficiency gains from receiving regular, standardised and predictable requests for information.

Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority’s statutory objective in section 15 of the Electricity Industry Act 2010.

No. The proposed amendment is not our preferred option out of the options presented because the Authority can achieve its objectives using its current information gathering powers.

The Authority’s statutory powers for information gathering are provided by Parliament through section 46 of the Act. It is unclear how this aligns with the proposal to amend the Code to provide the Authority with new additional information gathering powers that were not foreseen or considered by Parliament. For example, the proposed amendment dilutes protections given to industry participants under the Act, such as legal professional privilege under section 48.

ERANZ’s supports “Option 2” in the discussion document. We prefer the Authority continue to use its existing tools. Still, we note the Authority’s desire to improve its information gathering by consulting with industry participants beforehand and assessing the costs and benefits before making ongoing or complex information requests.

Do you agree the Authority’s proposed amendment complies with section 32(1) of the Act?

It appears the proposed amendment duplicates the information gathering powers already provided under section 46 of the Act.

Do you have any comments on the drafting of the proposed amendment?

No further comments.