



ENERGY TRUSTS OF NEW ZEALAND INC.

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Submission on Consultation Paper—Improving the framework for the Authority's information gathering

ETNZ - The Energy Trusts Association - represents the trust owners of electricity distribution businesses throughout New Zealand.

As the organisation representing consumer and community owners of EDBs, ETNZ has both an asset owner and a consumer perspective in making this submission.

Our address for service is

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Q1. Do you agree the issue identified by the Authority is worthy of attention?

ETNZ agrees that the inadequacies of the EA's current information gathering processes need to be considered and addressed.

We note the contrast between the loose and frequently voluntary disclosure requirements applying to the electricity market, and the stringent and detailed compulsory disclosure rules applying even to 'unregulated' electricity distributors (i.e. the trust-owned companies that are exempt from price/quality regulation) under Part 4 of the Commerce Act. The latter rules have been in place for many years and are regarded as a key element in an effective, consumer-focussed oversight regime. Given the market dominance enjoyed by a very small number of integrated generator-retailers, the

development and application of similarly exacting disclosure requirements for the electricity markets is long overdue.

Q2. Do you agree with the objective of the proposed amendment? If not, why not?

While we agree with the two elements of the objective described in the consultation paper (the Authority better fulfilling its monitoring functions, and the requirement for consultation) we consider that a third and more important objective relating to consumer benefit is required in order to fully comply with the EA's statutory objective. We suggest the addition of:

(c) to promote common understanding of critical market information among consumers, the Authority and Market Participants.

Implicit in this would be the delivery of standardised retailing and pricing information that makes direct comparisons of prices, packages and other price-related matters clear and timely.

We also suggest that consideration be given to a further objective aimed at reinforcing the integrity of information provided to consumers. This could take the following form:

(d) to ensure that marketing claims that may have a material impact on consumer choices can be investigated and validated by the Authority.

For example, we are aware of the concerns in the UK, and elsewhere, about so-called *green-washing* by some energy marketers. We are also conscious of past invalid claims by some retailers that some price increases are attributable to changes in distribution costs.

Q3. Do you agree the benefits of the proposed amendment outweigh its costs?

Especially if the above recommendations to include better informing consumers are taken into account, we are confident that the benefits of amending the information disclosure requirements far outweigh the costs. The consumer benefits of being able to directly compare pricing and associated arrangements through standardised disclosures, supported by informed oversight by the Authority, would be immensely beneficial and would contribute to market efficiency.

Q4. 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.

We support the Authority's views on this.

Q5. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?

Yes, provided that our suggested additions to the objective aimed at promoting consumer interests are included.

Q6. Do you have any comments on the drafting of the proposed amendment?

We would like to see a number of additions aimed at ensuring that (a) information disclosed will be in a standardised form that promotes consumer understanding; (b) the information is reviewed and publicised by the Authority in a form that assists consumers to make efficient and informed decisions; and (c) is generally made publicly available unless there are clear, specific and reasonable reasons for it not to be made public.

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Chair, ETNZ