

3 December 2019

Electricity Authority
PO Box 10041
WELLINGTON 6143

By email: winbacks.submission@ea.govt.nz

SUBMISSION ON CONSULTATION PAPER – SAVES AND WINBACKS

OurPower appreciates the opportunity to make a submission to the Electricity Authority (the Authority) regarding the consultation paper: **Saves and Winbacks Code Amendment**.

OurPower support in principle the addition to the code of a 180 day prohibition period for winbacks, in order to promote competition. Our responses to the Authority’s questions are included below.

Submitter	OurPower
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Question		Comment
Q1	Do you agree the issues identified by the Authority are worthy of attention?	Agree. Win-back deals reduce the transparency of the market to customers and contribute to a 2-tier market. Our experience is that joining the save-protection scheme had no impact on the number of customers who return to the losing retailer for a better deal.
Q2	Do you agree that prohibiting win-backs for a period of time will foster competition? How long should any win-back prohibition period be?	Agree. OurPower believe that this will create value for all customers by encouraging retailers to offer competitive prices to all customers, rather than holding them back for only those customers who have been given a better offer by a competitor. OurPower believe that a 180 day prohibition period will be suitable incentive to promote competition.
Q3	Do you agree that losing retailers should be prohibited from passing information to third parties? Why or why not?	Agree – retailers winning back under different brands are still able to take advantage of information asymmetry to circumvent competition. This will ensure that even if third parties are provided untargeted marketing (i.e. door to door sales), any deal offered is not biased by this information.
Q4	Do you agree that good conduct obligations are required? Why or why not?	Yes, in principle
Q5	Do you agree that the win-backs prohibition should apply to retailers? Why or why not?	Yes – in order for this to be effective it should apply to all retailers.
Q6	Do you agree that a win-back prohibition period should only terminate after a given period of time (eg, 180 days)? Why or why not?	Yes - fewer exceptions to the time period will make the scheme easy to administer and more durable.
Q7	Do you agree that a losing retailer’s win-back prohibition period should not be terminated if the departing customer subsequently shifts to a new ICP? Why or why not?	Yes - fewer exceptions to the time period will make the scheme easy to administer and more durable.
Q8	Should the save/win-back protection scheme apply to all consumers? If not, which consumers should the scheme	We believe this should apply to residential and small businesses as many of these customers are likely to be less informed, and historically disengaged.

	apply to? And how should such customers be identified (eg, by the meter category at their ICP or by their ANZSIC code)?	
Q9	What changes to the registry should be made to facilitate monitoring and enforcement of the proposed amendment?	We do not believe that self regulation in this area would be sufficient to manage the issue. Option (B) or (C) would involve minimal system updates, allowing more focus on ensuring that retailers are compliant with the changes. OurPower would prefer one of these options.
Q10	Do you agree with the objectives of the proposed amendment? If not, why not?	Yes, the objectives if correctly implemented are likely to result in more competition and better value plans being offered to all customers, rather than just those who are price shopping. This should offer particular value to customers who experience energy hardship.
Q11	Do you agree the benefits of the proposed amendment would outweigh its costs?	Yes, we believe the benefits of more transparent prices and increased competition will far outweigh the costs of the scheme.
Q12	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.	Yes
Q13	Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	No comment
Q14	Do you have any comments on the drafting of the proposed amendment?	No

If you would like to discuss any of the points raised in this submission. Please contact either of the writers.

Yours sincerely

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