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Glimp Limited welcomes the opportunity to submit on the Electricity Authority's consultation paper *Raising consumer awareness of Utilities Disputes and Powerswitch services*.

Glimp Limited owns and operates the Glimp utility plan comparison website ([www.glimp.co.nz](http://www.glimp.co.nz)) and its sister website, CompareBear ([www.comparebear.co.nz](http://www.comparebear.co.nz)). Our websites allow consumers to compare electricity and other utility plans offered by various suppliers and find the best deal for them.

We attach our submission on the Electricity Price Review (EPR) Options Paper, which contains more background information about us and our service.

#### **Powerswitch should not be further advantaged in a competitive market**

As we submitted to the EPR, while we strongly support initiatives to encourage competition in the electricity retail market, it is not appropriate or fair for the Authority to effectively choose Powerswitch as the "winning" electricity plan comparison service.

Already Powerswitch is the sole recipient of public funding for electricity plan comparison services (without a competitive procurement process). The Authority's proposal now is to exacerbate that unfairness by requiring retailers to provide free, saturation level advertising for Powerswitch, and only Powerswitch, on their websites, bills and other consumer communications.

If the Authority goes forward with this proposal it could literally end our service, which we have built up since 2016 with no reliance on public funding. Driving competition from the utility plan comparison services market will stifle innovation and could make it less likely consumers will find the best deal (especially on their overall household utilities bill).

For this reason we do not see how the Authority's proposal can be consistent with its statutory objective to promote competition in, and the efficient operation of, the electricity industry for the long-term benefit of consumers. In fact, the Authority's proposal is more likely to have the opposite effect. As the Authority's Chief Executive is quoted as saying on the Authority's website:

With more information, consumers are better equipped to make choices and with more choice comes increasing pressure on retailers to improve their products, services and pricing.

It appears from the Authority's submission on the EPR Options Paper that its rationale for favouring Powerswitch is a concern about the impartiality of commercially operated utility plan comparison services overseas. As we submitted to the EPR, the independence of Glimp and the impartiality of our service mean that this concern should not be applied to Glimp (or, necessarily, to other commercial services operating in New Zealand).

#### **The Authority should modify its proposal**

In our submission to the EPR we supported the option to include information on electricity bills about how to switch retailers (Option C2). However, that information should not just be about Powerswitch when there are other equally legitimate electricity plan comparison services available.

We note that, in places, the Authority's consultation paper talks about the benefits of electricity plan comparison services generally. For example (emphasis added):

- 2.13 *Plan comparison services, such as Powerswitch, are important to consumers as they are a tool to help make a more informed decision on what power plan is best for their circumstances. ...*
- 2.16 *Analysing the 2018 Electricity Authority Electricity Consumers' Survey, of the respondents that indicated interest in a plan comparison website (section 9.1), 27% indicated they do not use a price comparison website as a preferred source of information when switching. This indicates there is an unmet need for plan comparison websites that could be resolved by improving consumer awareness of the services.*

However, when it comes to its proposal, the Authority's focus narrows to just Powerswitch. The consultation paper does not explain why that is. The consumer survey on with the Authority's proposal is based asked questions about electricity plan comparison services generally, not about Powerswitch specifically.

The Authority should modify its proposal so that the information on retailer websites, bills and other consumer communications is about switching generally and directs consumers to a page of the Authority's website where all electricity plan comparison services are listed. This list could distinguish those services, such as ours, that are "commercial" (i.e. operated on a for-profit basis). We would be happy for the Authority to have reasonable criteria for a service being included on the list as we are confident our service would satisfy any such criteria.

This could be achieved with these changes to proposed clause 11.30A of the Code:

**11.30A Promotion of dispute resolution scheme and electricity plan comparison website**

- (1) Each **retailer** must provide clear and prominent information about the dispute resolution scheme identified under clause 3 of Schedule 4 of the Electricity Industry Act 2010 and the **plan comparison service list** ~~Authority prescribed electricity plan comparison website~~
  - (a) on a website maintained by, or on behalf of the **retailer**; and
  - (b) in all **consumer** communications (including every invoice or associated document relating to the sale of **electricity**).

*[New definition in Part 1]*

**plan comparison service list** means a list of **electricity** plan comparison service websites published by the **Authority**

We note that Powerswitch is described in the Authority's consultation paper, and proposed clause 11.30A, as the "prescribed electricity plan comparison website". That is not correct. Powerswitch has not been bestowed with that status and there is nothing in the Code or other legislation empowering the Authority to do so.

We would be happy to talk to Authority staff directly about the matters raised in this submission or answer any follow-up questions the Authority may have.

Our responses to the Authority's specific questions are attached, in the Authority's preferred format. Those responses should be read in the context of the whole of this submission.

Nothing in this submission is confidential.

## Appendix C Format for submissions

<b>Question 1: Do you agree the issues identified by the Authority are worthy of attention?</b>
Yes, in relation to consumers' awareness of electricity plan comparison services generally.
<b>Question 2: Do you agree with the objectives of the proposed amendment? If not, why not?</b>
We agree it is important to raise consumer awareness of electricity plan comparison services. We do not agree Powerswitch should be the only service promoted when there are other equally legitimate services available.
<b>Question 3: Do you agree the benefits of the proposed amendment outweigh its costs?</b>
No. As it stands, the proposed amendment could drive competition from the utility comparison services market which will stifle innovation and could mean consumers are less likely to find the best deal.
<b>Question 4: 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.</b>
We disagree with the Authority's proposed amendment. The Authority has failed to consider the best option, which is amend the Code to require retailer websites, bills and other consumer communications to direct consumers to a page on the Authority's website where all electricity plan comparison services are listed. The Authority's options analysis is inadequate.
<b>Question 5: Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?</b>
No. The proposed amendment does not promote competition or efficiency in the electricity industry or any of the other objectives listed in section 32(1) of the Act.

**Question 6: Do you have any comments on the drafting of the proposed amendment?**

PowerSwitch is described in the consultation paper and proposed clause 11.30A as the "prescribed electricity plan comparison website". That is not correct. Powerswitch has not been bestowed with that status and there is nothing in the Code or other legislation empowering the Authority to do so.

**Question 7: Do you have any comments on the proposed principles?**

**From:** energymarkets@mbie.govt.nz  
**To:** [Energy Markets](#)  
**Subject:** Electricity Price Review submission  
**Date:** Monday, 18 March 2019 10:43:04 a.m.

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**Name (full)**

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**Contact number**

9(2)(a)

**Region**

Wellington

**Category**

Other Industry Groups, Advocates, Service Providers, Technology Companies

**Do you accept these terms & conditions?**

Yes

**A1. Establish a consumer advisory council**

**A2. Ensure regulators listen to consumers**

**B1. Establish a cross-sector energy hardship group**

**B2. Define energy hardship**

**B3. Establish a network of community-level support services to help consumers in energy hardship**

**B4. Set up a fund to help households in energy hardship become more energy efficient**

**B5. Offer extra financial support for households in energy hardship**

**B6. Set mandatory minimum standards to protect vulnerable and medically dependent consumers**

**B7. Prohibit prompt payment discounts but allow reasonable late payment fees**

**B8. Seek bulk deals for social housing and/or Work and Income clients**

**C1. Make it easier for consumers to shop around**

Glimp Limited does not support option C1.

About Glimp

Glimp Limited is a New Zealand owned and registered private company. Glimp Limited owns and operates the Glimp price comparison website ([www.glimp.co.nz](http://www.glimp.co.nz)) and its sister website, CompareBear ([www.comparebear.co.nz](http://www.comparebear.co.nz)). In this submission we refer to these websites as a single website and service.

Our website allows consumers to compare electricity prices offered by various suppliers and find the best deal for them. We also do this for gas, broadband, mobile plans, car insurance, mortgages, personal loans, credit cards and travel insurance. We have plans to expand into other products in the future.

We provide a for-profit service. We receive a conversion fee from the relevant supplier when a consumer signs up for one of the supplier's products through our website, as does Consumer NZ for sign-ups through its Powerswitch website.

Unlike Powerswitch, we do not currently receive any public funding.

Glimp is independent of the suppliers whose products are offered on the website. The algorithms behind our website sort suppliers' offers according to price (best to worst) and present them to consumers in that order. We do not offer "featured power supplier" status based on anything but best price, and we do not sell advertising on our website outside of the core price-comparison functionality.

We started the Glimp website in January 2016 and have offered a power (electricity and gas) price comparison service since June 2016. In 2018, 69,783 unique users came to the Glimp website to compare power prices. Around 5,000 unique users came to the CompareBear website. Our service is rated 4.7 out of 5 from more than 220 reviews on Google.

Glimp supports increased retail competition

Competition at the electricity retailer level is vitally important to ensuring retail electricity prices are fair and affordable. We strongly support initiatives aimed at encouraging retailer competition for all utilities.

We agree with the Panel's support for:

- Including information on electricity bills about how to switch retailers (option C2)
- Making it easier to access electricity usage data (option C3)
- Prohibiting win-backs (option C5)
- Helping non-switching consumers find better deals (option C6).

Glimp does not support option C1

Option C1 is titled "Make it easier for consumers to shop around", but that is not what the option is about. The option is about subsidising Consumer NZ's Powerswitch website with \$2.5m per year of public money on an exclusive basis.

We do not support that proposal for the following reasons:

- Contrary to what the Options Paper says, Powerswitch is not the only power price comparison service. Obviously there is Glimp as well, and in future there may be other new entrants. Option C1 picks Powerswitch as the winner in this emerging market. That will stifle innovation and could make it less likely consumers will find the best deal. Glimp has shown there is room in the market for more than one power price comparison service.
- \$2.5m is far in excess of the \$100k threshold that triggers the requirement for a contestable process under the Government Rules of Sourcing (current and proposed). The Electricity Authority is required to comply with those Rules. We expect the Electricity Authority relies on the unconditional or conditional grant exception in the Rules so that it is not required to run a contestable process for the funding paid to Powerswitch. In our view the Electricity Authority should not continue to rely on those exceptions, especially if the amount of funding is increased. The Electricity Authority should put the over-riding Government

Procurement Principles into practice by being fair to all suppliers, including by giving New Zealand suppliers a full and fair opportunity to compete.

- Option C1 refers to “periodic retendering” but does not say how periodic such retendering might be. In any event, any period of exclusive public funding to the level contemplated will entrench Powerswitch as the market leader, stifle innovation, and make it much harder for other services to compete. There is no reason why the funding should not, and could not, be made contestable immediately.

- If the funding were made contestable Glimp would have the opportunity to present the features and benefits of its service to the Electricity Authority. For example, unlike Powerswitch, we offer an integrated price comparison service for both power and telecommunications (broadband and mobile plans). With increasing bundling of power and telecommunications offerings in New Zealand, this is an important point of difference because the best deal on power may not be the best deal overall for the household. We would not have to use public funds to establish this integrated functionality because we already have it.

In its submission on the Panel’s first report the Electricity Authority referred to concerns about the impartiality of commercially operated price comparison services overseas. The Electricity Authority did not provide any particulars for those concerns so we are unable to fully respond to them. However, we do reiterate what we have said above about the independence of Glimp and the impartiality of its service. The Panel should not foreclose the potential for effective, commercially operated power price comparison services to exist in New Zealand on the basis of an anecdotal observation in a submission.

Comment on option C2

For the same reasons, we would not support any proposal to include information about Powerswitch on electricity bills and not information about other power price comparison services, including ours.

Thank you for the opportunity to comment on the Options Paper. We would be happy to talk to Panel members directly about the matters raised in this submission or answer any follow-up questions the Panel may have.

**C2. Include information on power bills to help consumers switch retailer or resolve billing disputes**

Glimp Limited supports the inclusion of switching information on bills, but not if the information relates to only one switching service (Powerswitch).

See our response to option C1.

**C3. Make it easier to access electricity usage data**

Glimp Limited supports option C3.

**C4. Make distributors offer retailers standard terms for network access**

**C5. Prohibit win-backs**

Glimp Limited supports option C5.

**C6. Help non-switching consumers find better deals**

Glimp Limited supports option C6.



- C7. Introduce retail price caps**
- D1. Toughen rules on disclosing wholesale market information**
- D2. Introduce mandatory market-making obligations**
- D3. Make generator-retailers release information about the profitability of their retailing activities**
- D4. Monitor contract prices and generation costs more closely**
- D5. Prohibit vertically integrated companies**
- E1. Issue a government policy statement on transmission pricing**
- E2. Issue a government policy statement on distribution pricing**
- E3. Regulate distribution cost allocation principles**
- E4. Limit price shocks from distribution price increases**
- E5. Phase out low fixed charge tariff regulations**
- E6. Ensure access to smart meter data on reasonable terms**
- E7. Strengthen the Commerce Commission's powers to regulate distributors' performance**
- E8. Require smaller distributors to amalgamate**
- E9. Lower Transpower and distributors' asset values and rates of return**
- F1. Give the Electricity Authority clearer, more flexible powers to regulate network access for distributed energy services**
- F2. Transfer the Electricity Authority's transmission and distribution-related regulatory functions to the Commerce Commission**
- F3. Give regulators environmental and fairness goals**
- F4. Allow Electricity Authority decisions to be appealed on their merits**
- F5. Update the Electricity Authority's compliance framework and strengthen its information-gathering powers**
- F6. Establish an electricity and gas regulator**
- G1. Set up a fund to encourage more innovation**
- G2. Examine security and resilience of electricity supply**
- G3. Encourage more co-ordination among agencies**
- G4. Improve the energy efficiency of new and existing buildings**