

1 November 2022

appropriations@ea.govt.nz

Submission on Electricity Authority's Consultation Paper – 2022/23 and 2023/24 Appropriations

Introduction

Utilities Disputes Limited | Tautohetohe Whaipanga (UDL) welcomes the opportunity to comment on the Electricity Authority's (EA) proposal for funding for the Electricity Industry Governance and Market Operations appropriation for the current 2022/23 financial year

Summary of submission

We strongly support the EA's proposed levy funded appropriations. We believe the EA needs to be appropriately resourced to manage the significant changes that have occurred and are upcoming in the electricity sector particularly its role in supporting Government and the electricity sector in their journey towards domestic emission reduction targets up to the year 2050.

Our submission focuses on the funding for the EA proposed in consultation questions 6.2, 6.3 and in particular for the workstreams under the Government's Emissions Reduction Plan under 6.4. We also comment on consultation question 6.5, the funding model for Powerswitch.

UDL

UDL is an independent, not-for-profit company that provides fair and independent resolution of complaints and disputes between utilities companies and their customers when they are unable to be resolved between the parties. We also resolve indemnity disputes between scheme members.

We currently operate three dispute resolution schemes: The Government approved Electricity and Gas Complaints Scheme, Broadband Shared Property Access Disputes Scheme, and a voluntary Water Complaints Scheme.

We facilitate a strong relationship of trust between consumers and utilities organisations and focus on three aspects - Prevent, Educate and Resolve.

We support the EA's Levy Funded Appropriation that allows it to keep up with a quickly changing environment

The Consultation Paper notes *when the EA was established in 2010 electricity demand was relatively constant. New technology was expensive, and its uptake was low. The electricity system was simpler and both the rate of change and the likelihood of risks occurring was lower. In that environment the Authority was only funded for smaller incremental changes rather than the required transformational changes needed to support particularly the transition to a net zero emissions economy by 2050.*

UDL recognises the significant role the EA has to play to ensure the transition is efficient and that security of supply is maintained as Aotearoa New Zealand's energy system evolves and the benefits that will bring.

UDL has followed a similar journey and faces similar challenges and change. UDL was confirmed as the approved scheme for electricity and gas complaints in 2009 and UDL's jurisdiction comes from the Electricity Industry Act 2010 (EIA). Since then, we have seen a significant increase in the:

- number of retailers in the market (including secondary networks)
- range of product offerings we hear complaints about
- number of complaints we receive about companies offering disruptive technology, often as substitutes to traditional, distributor-fed energy supply - for example rooftop solar, electric vehicles and associated infrastructure, battery storage and other DER. In many cases UDL does not currently have jurisdiction to consider complaints about these companies as the EIA does not require their membership, meaning consumers of new energy sources, such as solar, do not have access to free independent dispute resolution services.

The Consultation Paper notes the work the EA is doing is *complementary to the initiatives the Ministry of Business, Innovation and Employment is working on.* We believe the work is also complementary to UDL expanding its jurisdiction to ensure all consumers in an evolving and contemporary electricity market have access to a free independent dispute resolution service.

The Consultation Paper notes *the electricity system is on the verge of a once-in-a-generation transformation. This transformation is being driven by:*

- *The decarbonisation of New Zealand's electricity industry and the wider economy as New Zealand transitions to a net zero emissions economy*
- *Increased adoption of DER*
- *Increased digitisation of data and use of digital technology*

We believe the EA must be adequately funded in order to be well equipped to manage this change and we support the Levy Appropriation presented that provides for this.

Resource will be required for the EA's additional objective *to protect small consumers' interests in relation to their electricity supply* that comes into force on 31 December 2022. While UDL can impact the market through the investigation of individual complaints and systemic issues, we do not have the whole of market enforcement powers of the EA. We welcome further discussions with the EA on how we can work together to address this objective.

We note that building trust and confidence and consumer centricity in regulation are two of the strategic goals of the EA. We believe investment is necessary to develop capability in these areas and support the appropriation proposed. We understand the EA is reviewing its consultation charter and welcome the work the EA has done in producing Consumer Care Guidelines. We support additional funding to ensure the EA can build on this work, and is funded sufficiently to engage with consumers to meet the aims of the amendments.

Powerswitch

The Consultation Paper asks for feedback on the current funding model for Powerswitch, noting that around 70% of Powerswitch's funding is levy funded through the EA and there is no proposal to increase this.

Powerswitch is an important comparative tool for consumers and together with other electricity comparative sites promotes competition in the electricity retail market. While the current funding model should remain under regular review assessing the level of use and the benefit provided to retailers, we agree the current funding model is appropriate for now.

Ngā mihi nui



Mary Ollivier

Commissioner: Komihana

Utilities Disputes Limited:Tautohetohe

Whaipainga