

Options to support consumer plan comparison and switching

Consultation paper

1 February 2024

Executive summary

The Electricity Authority Te Mana Hiko (Authority) seeks your feedback on options to support residential consumers to compare and easily switch between electricity retailers and plans.

Consumers are at the heart of everything the Authority does. Electricity is a crucial service in our everyday lives and one that is helping us innovate for future generations.

Consumers can and should:

- benefit from a secure and reliable power system
- have more control over their energy use
- receive a standard and consistent level of care from their electricity provider
- have confidence that regulatory and policy decisions are informed by accurate and up-to-date data.

Encouraging consumers to compare and switch electricity retailers provides consumers with greater agency over how they use their power and what it costs them. It also has other widespread benefits such as strengthening retail competition (which can reduce electricity prices and lower the cost of living) and encouraging retailers to develop innovative products and services to gain more customers. However, residential switching rates in New Zealand remain low.

The retail electricity market is rapidly adapting to meet consumer demand for greater choice and flexibility. This is emerging from:

- advancing technology
- more diverse retailer plan offerings
- growing electrification.

This complexity and availability of choice means that for consumers to get the most benefit from the competitive electricity market, it is increasingly important that:

- accurate information supporting consumers to compare retailers and plans is available and accessible
- processes to switch electricity retailers and plans are easy
- consumers are well supported to compare and switch.

Since the Authority was established in 2010, we have worked to promote retail market competition and protect consumer interests by supporting information, comparison, and switching initiatives.

However, acknowledging the above challenges, the Authority considers it timely and beneficial to reassess how we can best support and promote consumer comparison and switching services.

Options for consideration

To inform our decision making, we are seeking feedback on eight options. This includes five website-related options and three consumer choice support options, one of which requires retailers to proactively advise consumers whether they are on the 'best plan'.

We consider a broad range of support options to suit different consumer needs will be most effective to encourage consumers to compare and switch.

Website-related options

- Option 1: No Authority/government supported or endorsed website.
- Option 2: Retailer-run collective website.
- Option 3: Authority accredited, externally run, websites.
- Option 4: Authority-supported existing or new, externally run, websites.
- Option 5: Expanded government utility comparison website.

Consumer choice support options

Our current view is that a comparison website (or equivalent technology) alone is unlikely to best support consumers to compare electricity retailers' plans and switch. Therefore, we have also identified a range of consumer choice support options:

- Option A: Retailers provide their existing consumers with best plan information.
- Option B: Community advisers to support comparison and switching.
- Option C: Promotional activity and campaigns for comparison and switching services.

Our initial proposed approach

We have assessed the options above, and our preferred approach at this stage is website Option 4 and consumer choice support options A, B and C. We consider that this approach would provide a holistic comparison and switching support package to consumers.

Options B and C are complementary to website options, while Option A is a proactive, stand-alone approach to support consumers, irrespective of their use of any other comparison and switching services. It would ensure customers are aware of a more cost-effective plan available within their retailer's existing offerings.

We are interested in your views on these options and our proposed approach, the best ways to address or take advantage of them, and any other matters you wish to raise on this topic.

Ultimately, our objective is that all New Zealand residential consumers can easily access dependable, trustworthy, and authoritative electricity comparison services. This is to help consumers make informed comparisons between all electricity plans offered by retailers, and easily switch to whichever plan best suits their household's needs.

Determining the best options to support consumers to compare and switch is a foundational part of our wider consumer-focussed work programme. We aim to ensure consumers are well informed, supported, and can take advantage of opportunities in a rapidly evolving electricity market.

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1. What you need to know to make a submission

What this consultation is about

- 1.1. This paper's purpose is to seek a wide range of views on options to support and promote consumer comparison and switching, where appropriate, between electricity retailers and plans.
- 1.2. To help us achieve the best outcomes for consumers, we welcome your feedback on the issues and opportunities identified in this paper to support consumers to make the best electricity-related choices for their needs.
- 1.3. We want to understand:
 - (a) whether we have identified the right issues and opportunities
 - (b) what issues and opportunities we should prioritise
 - (c) whether there is more evidence on the issues and opportunities to be considered
 - (d) whether we have identified the right range of options
 - (e) your views on our assessment of the options.

How to make a submission

We will accept both written and verbal submissions and conduct webinars

- 1.4. We invite both written and verbal submissions for this consultation. We want to ensure all stakeholders have an opportunity to share their views on options to support consumer plan comparison and switching.
- 1.5. Written submissions can be submitted electronically (eg, in a word document, PDF, or email). We prefer to receive submissions in the format shown at Appendix D 'Format for submissions', addressing the questions we have posed. However, please feel free to also submit a 'free-form' written submission.
- 1.6. Please email submissions to: switchingconsultation@ea.govt.nz with 'Consultation paper - *Options to support consumer plan comparison and switching*', in the subject line. If you cannot send your submission electronically, please contact us (switchingconsultation@ea.govt.nz or 04 460 8860) to discuss other arrangements.
- 1.7. We will be running webinars providing information on the options under consideration, and the consultation process, including how to arrange a verbal submission if you prefer. We will handle verbal submissions on an individual basis.
- 1.8. We will provide the relevant information on how to participate in the webinars with the release of this consultation paper. Details will be provided via our website and email.
- 1.9. To find out more or indicate you would like to make a verbal submission, please contact us at switchingconsultation@ea.govt.nz with the subject line: *Options to support consumer plan comparison and switching*.

We normally publish all submissions unless we agree otherwise with you

- 1.10. The Authority intends to publish all submissions it receives. For verbal submissions this will include a record of what was discussed. However, we will protect personal details of lived experience should these be shared. We will also check with you during the conversation as to what details you would like to keep private.
- 1.11. If you consider that the Authority should not publish your submission, or any part of it, please:
 - (a) indicate which part(s) should not be published
 - (b) explain why you consider we should not publish all or any part
 - (c) provide a version of your submission that the Authority can publish (if we agree not to publish your full submission).
- 1.12. If you indicate that all or part of your submission should not be published, we will discuss this with you before deciding whether or not publish.
- 1.13. However, please note that all submissions we receive, including parts that the Authority does not publish, can be requested under the Official Information Act 1982 (OIA). This means the Authority would be required to release material not published unless good reason exists under the OIA to withhold it. The Authority would normally consult with you before releasing any material that you advised us should not be published.

When to make a submission

- 1.14. Please deliver your submission to us by 5pm on Friday 8 March 2024.
- 1.15. Authority staff will acknowledge receipt of all written submissions electronically. Please contact the Authority by emailing switchingconsultation@ea.govt.nz or phoning 04 460 8860 if you do not receive electronic acknowledgement of your submission within two business days of sending it.

2. Introduction

- 2.1. The ability to compare and easily switch between electricity retailers and plans is an important factor in supporting consumers to be on the right energy plan for their needs and to save money. It is also a powerful tool to encourage competition in the electricity retail market and drive innovation in the services retailers provide.
- 2.2. Current cost of living pressures and ever-increasing and diverse energy plans offered by retailers, also make consumers' ability to access accurate comparative information important. This information can help consumers:
 - (a) seek out the best value electricity or energy plans
 - (b) more easily switch (change) plans where appropriate
 - (c) make 'smart' energy choices (such as moving to plans that incentivise electricity use at cheaper off-peak times).
- 2.3. It is therefore important that the support we provide to those comparing and switching between electricity retailers and plans maximises the desired outcomes

for consumers. In this paper we present five website-related and three consumer choice support options to encourage and help residential electricity consumers (ie, not small business or commercial consumers) to compare and switch. We are interested in your feedback on these options.

The Authority regulates consumer switching requests

- 2.4. There are some rules in the Electricity Industry Participation Code 2010 (Code) which regulate switching. Each time a consumer requests a switch, the ‘winning’ and ‘losing’ electricity suppliers must action this change within five to ten business days.¹ The Registry Manager records the switches made in the Authority’s Registry and publishes this data in an anonymised form on its Electricity Market Information (EMI) website.²
- 2.5. We categorise domestic switches into two main types:
- (a) **‘Move-in’ switches** — These generally happen when a consumer moves from one residential property to another (eg, when buying or selling a home or moving between rental properties). While move-in switches comprise most residential switching of retail providers, not all moves result in a switch. For convenience, many consumers keep the same retailer when moving house and may only change if their existing retailer cannot supply their new property.
 - (b) **‘Trader’ switches** — By contrast, trader switches occur when a consumer changes from one retailer to another while remaining at the same property. Trader switches are more likely to reflect consumers who are proactively changing retailers to get an energy plan that is better value for their needs.³ Trader switches exclude switching between plans where the consumer remains with the same retailer.

Energy plan comparison websites support informed consumer choice

- 2.6. Websites specialising in comparing domestic energy plans are an important focus in the options proposed in this paper. Price and plan comparison websites promote switching by encouraging consumers to consider which energy plans are the best value for their needs. They also help make the switching process easier for consumers.
- 2.7. Energy plan comparison websites help inform consumers of their options in comparing retailers and plans. They encourage consumers to take advantage of similar but lower priced plans to their existing one, better value time conditional plans⁴ or plans ‘bundled’ with other utility services, such as internet or mobile phones.

¹ See Schedule 11.3 ‘Switching’ of the Code, clauses 2 and 3. <https://www.ea.govt.nz/documents/984/Code-Part-11-Registry-information-management-1-March-2022.pdf>

² “Switching trends,” EMI, Electricity Authority, accessed 1 December 2023, www.emi.ea.govt.nz/r/yzgnz.

³ There are other reasons why this type of switch may occur, such as debt management or changing household circumstances.

⁴ Electricity plans offering cheaper electricity at certain times of the day when overall electricity demand is likely to be lower.

- 2.8. Greater retailer transparency around ‘bundled’ plans is also needed. The Consumer Advocacy Council⁵ and Commerce Commission⁶ are each working on separate initiatives to enhance consumer protections around ‘bundling’, but this issue is not a focus of this paper.
- 2.9. Several energy plan comparison websites are active in the New Zealand market. One of the most prominent and long-standing is the Powerswitch website, operated by Consumer NZ and part-funded by the Authority.
- 2.10. Powerswitch is a free service for residential consumers to identify the lowest cost supply of electricity and gas specific to their location, household size, and electricity use patterns. It aims to provide consumers with independent and accessible electricity price-comparison information.
- 2.11. Powerswitch is delivered through Consumer NZ’s public website that ranks eligible retail offers by annual cost, based on a consumer’s location and annual electricity use. Consumers can use this information to identify the best value-for-money plan and retailer for their needs. The website also allows consumers to initiate a switch to their chosen plan and retailer. Once agreed, the retailer then has 10 business days to action the switch.

By supporting Powerswitch, the Authority carries out one of its statutory functions

- 2.12. The Authority has statutory objectives that include promoting competition for consumers’ long-term benefit.⁷ It also has a statutory function to promote the benefits of comparing and switching retailers to consumers.⁸
- 2.13. As part of its function to promote comparing and switching, and in line with its statutory objectives, the Authority has contributed financially to Powerswitch and collaborated with Consumer NZ since 2010.
- 2.14. In 2011 the Authority created the ‘What’s My Number’ website in collaboration with Consumer NZ. What’s My Number was a simple savings calculator website to help consumers quickly check how much they could save on their energy bills. Powerswitch provided the website’s switching initiation mechanism. A 2018 report estimated What’s My Number provided \$17 million of benefits to consumers each year.⁹

⁵ The Consumer Advocacy Council is looking to remove potential confusion over bundling through their model electricity bill proposal (2023): <https://www.cac.org.nz/our-work/our-areas-of-focus/electricity-billing/model-electricity-bill/>

⁶ The Commerce Commission released its new *Product Disclosure – Retail Service Bundling Guidelines* for energy and telecommunications bundles in 22 November 2023: [Improving-RSQ-Product-Disclosure-Retail-Service-Bundling-Guidelines-Energy-and-Telecommunications-Bundles-22-November-2023.pdf](https://www.comcom.govt.nz/assets/Uploads/Product-Disclosure-Retail-Service-Bundling-Guidelines-Energy-and-Telecommunications-Bundles-22-November-2023.pdf)

⁷ Electricity Industry Act 2010 – section 15(1).

⁸ Electricity Industry Act 2010 – section 16(1)(i).

⁹ Sense Partners, *Renewing What’s My Number? A reassessment of the Electricity Authority’s consumer information initiative*, October 2018, 2.

- 2.15. What's My Number was discontinued in late 2019 following a recommendation in the government's *Electricity Price Review*¹⁰ that the Authority consolidate its spending on both What's My Number and Powerswitch, '... to create a new and improved website that makes it easier for electricity consumers to shop around.'¹¹
- 2.16. In 2020, the Authority signed a three-year contract with Consumer NZ to provide the majority of funding to Powerswitch. This contract was renewed in July 2023 for two years, putting current Authority funding for Powerswitch at just under \$1.4 million per annum.
- 2.17. Consumer NZ operates Powerswitch on a not-for-profit basis. Additional funds come largely from fees charged to retailers for each successful switch they achieve through the website.¹² The Gas Industry Co. also makes a contribution to Powerswitch.

Structure of this paper

- 2.18. This paper covers six areas:
- (a) Policy objectives
 - (b) Issues and opportunities
 - (c) Website-related options
 - (d) Consumer choice support options
 - (e) Criteria to assess options
 - (f) The Authority's proposed approach.

Next steps following consultation

- 2.19. Once we have received submissions on the consultation paper, we will analyse these to determine the level and nature of feedback on the issues raised. We will then decide on the best option(s) to support and promote consumer switching.
- 2.20. If we decide to pursue a website-based option, we will then conduct an open procurement process for this option.¹³ We would aim for this, or another website option, to be in place for 1 July 2025, immediately after our current Powerswitch contract expires. We would also conduct procurement processes for other services as/if necessary.
- 2.21. Throughout our procurement, we would assess the relative merits of a website (eg, the best functionality), service providers, and other services. This includes

¹⁰ Electricity Price Review Expert Panel, *Electricity Price Review. Hikohiko Te Uira*, 21 May 2019, 32-34.

¹¹ The *Electricity price review* also made various other recommendations relating to Powerswitch. These included improving consumer access to use data; showing potential savings from solar panels and EV charging; providing data on renewable energy supply and advice to reduce seasonal bill fluctuations; and language translation. Some recommendations, such as call centre help, better analysing how visitors use the website, and including Powerswitch (and Utilities Disputes) on bills, have been implemented.

¹² The current success fee rate charged to retailers is \$61 per switch. This fee increased from \$50 in August 2023. Prior to this, the standard fee had not been adjusted since 2017.

¹³ There is a possibility that Option 5 may also require an open procurement process to establish, depending on Authority/government decision-making on how such as website would operate.

assessing the likelihood that certain options or approaches will address general barriers to comparison and switching and reach groups for whom barriers are most prevalent.

- 2.22. We would also consider the regulatory context in which the options will operate, including the Code, and whether changes are needed so they function most effectively. This includes, for example, considering whether the necessary consumer and retailer data and information (eg, on tariff pricing and plans) can be obtained for accurate comparison.
- 2.23. Our consideration could also include what funding models for services are most appropriate.

3. Policy objectives

Maximise the benefits of competition in electricity supply for consumers

- 3.1. The Authority's main statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers.¹⁴
- 3.2. The Authority's additional objective is to protect the interests of domestic consumers and small business consumers¹⁵ in relation to the supply of electricity to those consumers.¹⁶ The additional objective applies only to the Authority's activities in relation to the dealings of industry participants with domestic and small business consumers.¹⁷
- 3.3. The Authority's statutory functions include:
 - (a) promoting to consumers the benefits of comparing and switching retailers
 - (b) undertaking measures aimed at protecting the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.¹⁸
- 3.4. Meeting the Authority's statutory objectives and functions is fundamental to our approach to considering the best options to supporting consumers to compare and switch. Our preliminary view is that all the options we propose in this consultation paper are consistent with the Authority's main statutory objective, and where applicable, the additional objective too. This is providing we continue to promote the benefits of comparing and switching retailers to consumers by at least one of the various means.

¹⁴ Electricity Industry Act 2010 – section 15(1).

¹⁵ A small business consumer is defined as anyone that is not a domestic consumer and consumes less than 40MWh of electricity per year.

¹⁶ Electricity Industry Act 2010 – section 15(2).

¹⁷ Electricity Industry Act 2010 section 15(3).

¹⁸ Electricity Industry Act 2010 –section 16(1)(i) and (ia).

- 3.5. We want to ensure consumers can take advantage of New Zealand’s competitive energy retail sector, currently comprising more than 40 major retailers, to obtain electricity at the lowest cost relative to their needs.

Reduce barriers to consumer switching

- 3.6. Powerswitch, with the Authority’s support, provides a useful service to a broad range of engaged consumers. However, barriers remain to encourage a certain proportion of consumers to compare and switch.
- 3.7. Raising awareness of how easy and quick it can often be to switch retail provider, along with potential cost savings achieved by doing so, can help reduce one of the main perceived barriers facing consumers: that switching retailers is difficult and time consuming. Better awareness can encourage more consumers to actively consider comparing, and if appropriate, switching.

Support consumers to make ‘smart’ electricity choices to meet their needs

- 3.8. The Authority wants consumers to have the necessary information to take advantage of the wide range of innovative electricity plans now offered by many retailers. These plans provide more choice to meet consumer needs.
- 3.9. This could mean more consumers moving to time conditional plans, for example, to access cheaper electricity at off-peak times. These types of plans can also allow consumers to benefit from the emergence of more ‘smart’ appliances, such as those that can be programmed to operate when electricity is cheapest.

Support the Authority’s wider consumer-focussed work programme

- 3.10. Determining the best options to support consumers to compare and switch is a foundational initial part of our wider consumer-focussed work programme. Our wider work programme includes, for example, mandating our Consumer Care Guidelines to better support consumer protection. This longer-term work aims to ensure consumers are well informed, supported, and can take advantage of opportunities from a rapidly evolving electricity market.

4. Issues and opportunities for consumer comparison and switching

- 4.1. This section outlines the problems the Authority is seeking to address through its proposed options. We have identified the following key issues affecting consumer switching rates:
- (a) Encouraging comparing and switching remains a challenge.
 - (b) Data shows low switching rates, with many consumers choosing to stay with their current provider for between five to 20 years. This means consumers are sharing unequally in the benefits of increased retail competition.
 - (c) Assessing price comparison websites impact on switching is complex.

- (d) It is challenging for price comparison websites to represent recent market innovations.
- (e) It is difficult for some consumers to use price comparison websites.
- (f) Monetary savings alone are unlikely to ensure widespread switching.

4.2. These issues are balanced by potential opportunities:

- (a) An option to re-evaluate how we support plan comparison and switching activity, with the Authority's current Powerswitch contract expiring in mid-2025.
- (b) The ability to reduce electricity costs for consumers through competition and innovation.
- (c) The growing range of plans and incorporation of distributed electricity resources¹⁹ in the market.

Issues

Encouraging comparing and switching remains a challenge

4.3. Powerswitch is a widely recognised and used website amongst New Zealand consumers. Consumer NZ's Energy Survey 2023²⁰ indicated that 40% of households that had switched retailers in the past year had visited Powerswitch.²¹ Powerswitch users²² totalled 566,260 in 2020/21, 574,370 in 2021/22, and 662,742 in 2022/23. This represented an increase in users of 17% over the recent three-year contract period²³ for Consumer NZ to deliver Powerswitch.

¹⁹ Distributed energy resources are smaller-scale devices used to generate, store, or manage energy, that form a part of the local distribution system primarily serving homes and businesses. Distributed energy resources can include renewable generation such as solar panels, batteries, and electric vehicles (EVs). Distributed energy resources can supply all or a portion of customers' electrical load and may also supply power into the network or provide a load management service for customers.

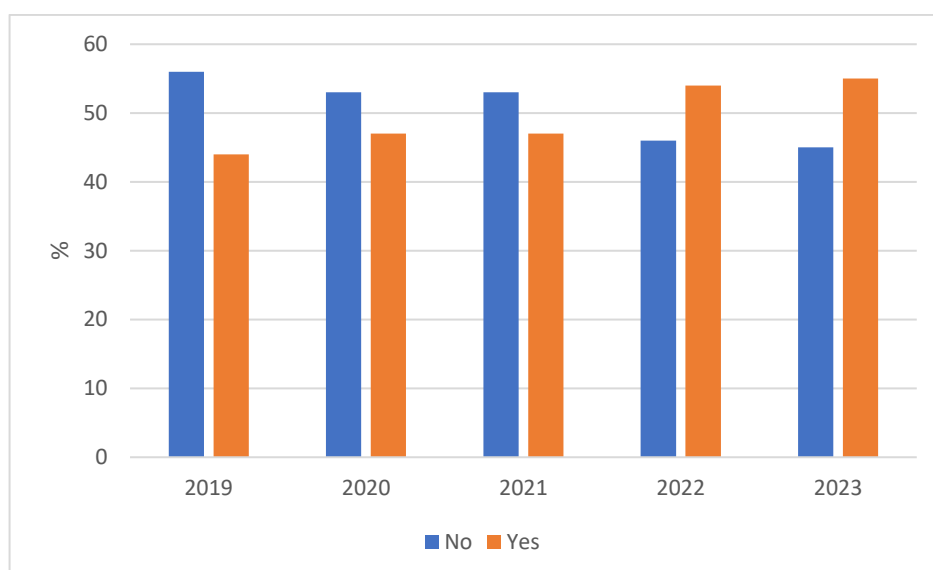
²⁰ Consumer NZ, *Consumer NZ Retailers Energy Survey 2023*.

²¹ This figure relates to consumers visiting Powerswitch and subsequently switching, either both via the Powerswitch site or by another means such as directly contacting the retailer.

²² Total number of unique, individual users who interacted with the site.

²³ Contract years run from July to June each year.

Figure 1: Percentage of consumers who had heard of Powerswitch



Source: Consumer NZ Energy Retailers Survey 2023

- 4.4. Consumer NZ's surveying indicates that around half of electricity consumers are aware of Powerswitch. This awareness has grown 25% between 2019 and 2023, as shown in Figure 1 above.
- 4.5. The Authority-commissioned 2023 consumer survey found a slightly higher awareness of Powerswitch, with 61% of respondents saying they had heard of the website. Of those aware of Powerswitch, 44% of respondents said they had used it, unchanged from the previous 2021/22 survey.²⁴
- 4.6. The 2023 Consumer NZ *Energy retailer satisfaction survey* suggests that those over 30 years of age were much more likely to have heard of Powerswitch.²⁵
- 4.7. When we look at Powerswitch website users in the last 12 months, the under 40 age group were more likely to have visited Powerswitch and decided to switch power companies because of their search. Nearly half of those with a household income between \$100,000 and \$150,000 switched after using the website. However, only one-in-five lower income households (less than \$50,000) were likely to switch companies as a result of using Powerswitch. The decision to switch after using Powerswitch was similar for both renters (28%) and homeowners (33%).²⁶
- 4.8. The decision to switch made by those surveyed aligns with Authority switching data, which shows that in 2023, residential 'trader' switching rates ranged between 6% and 6.59%. As explained in Appendix B, consumer switching rates New Zealand have remained consistently below 10% for the past ten years.²⁷

²⁴ AK Research and Consulting, *Survey of residential electricity consumer perceptions*, July 2023, 28, 30.

²⁵ Consumer NZ. *Energy Retailer Satisfaction Survey: Consumer NZ Awareness & Powerswitch*, 2023.

²⁶ Consumer NZ. *Energy Retailer Satisfaction Survey*, 2023.

²⁷ "Switching trends," EMI, Electricity Authority (residential trader switching trends - 1 October 2022 to 31 September 2023, October 2023), accessed 1 December 2023 www.emi.ea.govt.nz/r/yzqgz.

- 4.9. A 2018 UMR survey²⁸ of consumer decision-making regarding electricity showed that consumers who chose not to switch fell into two major categories:
- (a) Those that were happy with their current plan or retailer.
 - (b) Those who thought switching was too much hassle or were too busy to consider switching.²⁹
- 4.10. While there are indications that a large proportion of New Zealanders currently consider switching, a significant proportion find the process difficult. The 2023 Consumer Advocacy Council *Electricity consumer sentiment survey*³⁰ found that in the past 12 months:
- (a) 45% of New Zealanders considered different electricity providers or plans but decided not to switch
 - (b) 36% of those deciding not to switch did so as because it was difficult to work out whether it would be cheaper, 31% because savings were not worth it, and 24% because it would be too much hassle
 - (c) only 12% of New Zealanders had switched retail provider and 9% had switched plan (including people moving house)
 - (d) of those switching retailer, top reasons for switching included:
 - (i) 47% for better value for money
 - (ii) 33% because they searched online
 - (iii) 24% because they used the Powerswitch comparison site
 - (iv) 21% because they moved house.
- 4.11. The survey also found that groups more likely than average (43%) to have been with their provider for five or more years included:
- (a) aged 50+ (64% vs. 28% aged under 50)
 - (b) Māori (51%)
 - (c) Pacific peoples (59%)
 - (d) homeowners (50% vs. 30% renters).
- 4.12. The Authority has run and endorsed several targeted campaigns to address these barriers and help encourage comparison and switching. In 2021, on the recommendation of the *Electricity Price Review*,³¹ the Authority and Consumer NZ ran a pilot programme to help non-switching and vulnerable consumers find better deals.

²⁸ UMR Research, *Electricity Authority: Electricity Consumers' Survey*, September 2018, 8, 44-48.

²⁹ This research was commissioned by the Authority as part of a series of regular consumer surveys conducted while the 'What's My Number' website was operational.

³⁰ Consumer Advocacy Council, *Electricity consumer sentiment survey – residential consumers and small businesses - 2023 results*, July 2023, <https://www.cac.org.nz/assets/Documents/New-Zealand-small-electricity-consumer-sentiment-survey-2023-Full-report.pdf>

³¹ Electricity Price Review Expert Panel, *Electricity Price Review*, 39-40.

- 4.13. The pilot focused on targeting conscious and unconscious barriers to comparison and switching behaviour by distributing two letters to geographic areas with lower-than-average rates of switching. Both letters encouraged recipients to check their plan on Powerswitch, noting the average potential savings of \$388 per year at that time from switching.
- 4.14. The first letter aimed to overcome consumer inertia by encouraging recipients to check their plans before winter. The second letter aimed to reduce perceptions of the effort required to compare and switch by emphasising that the process ‘only takes five minutes and three simple steps.’
- 4.15. Letters were distributed to 59,554 households. This resulted in a 40% increase in search behaviour in the targeted areas (up from around 10% without intervention to 14% following the letters). The letters were twice as effective at encouraging searching behaviour for those who had not switched for five years or more, compared to consumers who switched less than five years ago. The letters were also shown to encourage search behaviour among vulnerable consumer groups.³²
- 4.16. This pilot showed that barriers to engaging reluctant consumers in the comparison and switching process can be influenced by targeted intervention.
- 4.17. More recently, the Authority contributed funding to the government’s ‘Save500’ winter 2023 energy saving campaign, run jointly by the Energy Efficiency and Conservation Authority (EECA) and Consumer NZ.³³ This encouraged 1.7 million consumers to take some form of energy saving action, including using Powerswitch.
- 4.18. The Save500 energy campaign (alongside Consumer NZ marketing on Powerswitch), showed a 47% increase in Powerswitch site visitors and 27% increase in switch requests through Powerswitch over the campaign (July–August 2023), compared with the same months in 2022.³⁴
- 4.19. While these successes are positive, helping consumers navigate the switching process remains challenging.
- 4.20. Since the Authority began funding Powerswitch, there have been various developments in the electricity market that add further complexity to consumer decision-making. These include:
- (a) increasing numbers of retailers and plans, including more complex plans (eg, time conditional plans and those ‘bundled’ with other utilities, like internet or mobile plans)
 - (b) growth in installing domestic solar generation and battery storage
 - (c) growth in electric vehicle (EV) use and charging

³² Electricity Authority and Kantar Public, *Pilot Switching Scheme: Letters to Consumers Final Report*, November 2021.

³³ “Easy ways to save up to \$500 on your power bill”, Consumer NZ and Warmer Kiwi Homes, accessed 30 November 2023, <https://www.save500.org.nz/>.

³⁴ Energy Efficiency and Conservation Authority, *Post Campaign Analysis - 2023 Winter Energy Savings Campaign*, November 2023, 36.

- (d) increasing recognition of the benefit of electrification to reduce carbon emissions and reducing energy use overall.
- 4.21. Powerswitch must now function to adequately support increasingly budget-conscious consumers, by providing accurate information in this more complex environment.
- 4.22. Recognising this, we believe it is timely and prudent to consider the best approaches to support consumer comparison and switching. This includes additional services that might reach a broader range of consumers than a website.

Consumers are sharing unequally in the benefits of retail competition by not switching

- 4.23. The 2019 *Electricity Price Review* found that consumers were sharing unequally in the benefits of increased retail competition. Those who ‘shopped around’ could access more competitive deals, while those who stayed with their existing retailer missed this opportunity. The *Electricity Price Review* noted that since 2002 the average gap between the cheapest retailer’s price and the incumbent retailer’s price had risen by about 50 per cent.³⁵
- 4.24. However, the *Electricity Price Review* also estimated that since 2002, potentially up to around 40% of all consumers had not switched. Lower-income households were especially likely to be among the non-switching customers paying more than necessary – those who can least afford to be paying too much for their electricity. Further, the *Electricity Price Review* found that were consumers to move to the cheapest plan available, they would save on average \$240 each a year.³⁶
- 4.25. Estimated savings from switching are higher in 2023. Analysis from the government’s recent 2023 Save500 winter energy savings campaign found an average saving of \$358 per household from switching using Powerswitch.³⁷
- 4.26. However, Authority monitoring of switching by domestic consumers indicates that most New Zealanders still switch retailers infrequently. Authority data on switching rates (as at 31 December 2023) show that approximately 44% of New Zealand consumers stay with the same retailer for more than five years (see Figure 10).
- 4.27. Further, as a percentage of the total residential properties (measured as installation control points) in New Zealand that could switch, ‘trader’ switching rates (excluding ‘move-in’ switches associated with moving house) have remained consistently below 10% for the past ten years.³⁸
- 4.28. We provide more detail on consumer switching rates at Appendix B.

³⁵ Electricity Price Review Expert Panel, *Electricity Price Review*, 31.

³⁶ Electricity Price Review Expert Panel, *Electricity Price Review*, 32.

³⁷ Energy Efficiency and Conservation Authority, *Post Campaign Analysis - 2023 Winter Energy Savings Campaign*, 5.

³⁸ EMI, ‘Switching trends’, <https://www.emi.ea.govt.nz/r/fuq43>.

Assessing price comparison websites impact on switching behaviour is complex

- 4.29. It is complex to assess the impact that price comparison websites like Powerswitch may have on overall levels of household consumer switching. For example, we know that consumers use various methods in addition to Powerswitch to find a new electricity supplier and may also initiate a switch outside Powerswitch, despite visiting the site.
- 4.30. The Consumer NZ *Energy Retailer Satisfaction Survey* shows that most respondents visited Powerswitch to compare their current deal (55% in 2023 and 53% in 2022) or to check current deals available in the market (41% in 2023 and 44% in 2022).³⁹ Some Powerswitch users use information gained to negotiate a better deal with their existing retailer. Alternatively, they may use Powerswitch but do not switch because the information showed they were already on a cost-effective plan. These are both positive results. Other consumers may not switch immediately because they are on fixed term contracts.
- 4.31. Consumer NZ advises that a consumer’s switching journey can be complex. In general, consumers are cautious around switching. Some consumers will seek and confirm information from multiple sources before making a final decision. Some will visit Powerswitch in addition to retailers’ websites, and sometimes also other comparison sites.
- 4.32. For consumers who had switched retailers in the last 12 months, Consumer NZ’s 2023 surveying indicated the following responses to the question “How did you go about finding a new electricity supplier?”⁴⁰ (see Table 1 below).

Table 1: Ways consumers find a new electricity supplier

Q: How did you go about finding a new electricity supplier?	%
Visited the electricity provider’s website	53%
Visited Consumer NZ’s Powerswitch website	40%
Was contacted by a sales representative	15%
Rang around the electricity providers	14%
Visited a price comparison website other than Powerswitch	3%

Source: Consumer NZ Energy Retailers Survey 2023

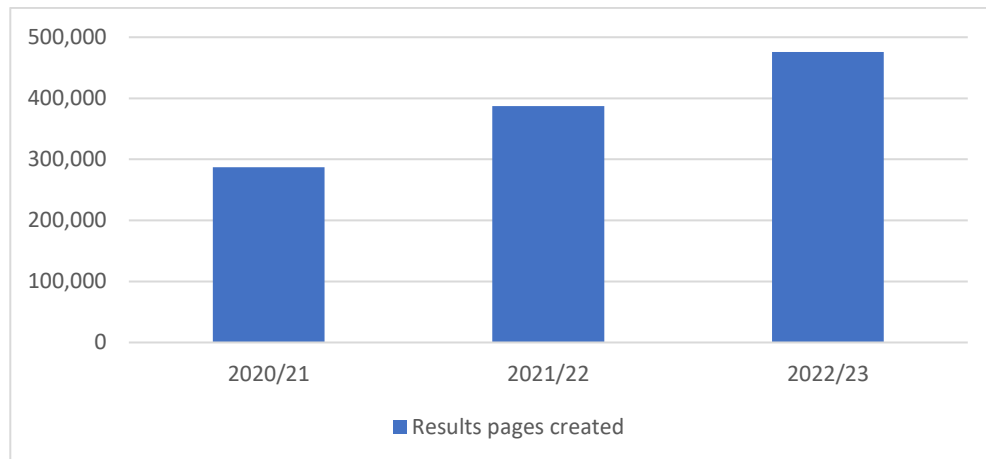
- 4.33. Table 1 indicates that while a substantial proportion of consumers visit Powerswitch, an even greater proportion visit providers’ websites directly, noting that some will do both.
- 4.34. Figures from Consumer NZ indicate that results pages⁴¹ created on Powerswitch increased significantly (66%) over 2020/21 – 2022/23, as shown in Figure 2 below.

³⁹ Consumer NZ. *Energy Retailer Satisfaction Survey: Consumer NZ Awareness & Powerswitch, 2023*.

⁴⁰ Results add to more than 100% as consumers may have used multiple approaches.

⁴¹ Pages created on Powerswitch from successful user sessions, showing comparative retailer plan costs and other details and making a recommendation.

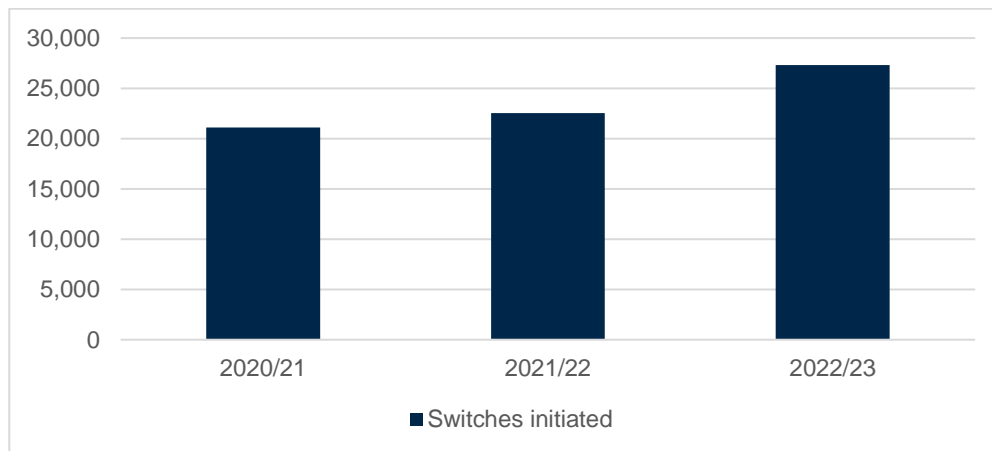
Figure 2: Powerswitch results pages created 2020/21-2022/23



Source: Consumer NZ

- 4.35. As noted above, merely undertaking a Powerswitch session that generates a results page is beneficial, irrespective of whether the consumer switches. This shows that the consumer has made a comparison, one consequence of which is that they may decide to stay with their existing retailer. Comparison is the key initial step, with switching an extra step if appropriate.

Figure 3: Number of Powerswitch switches initiated – 2020/21- 2022/23



Source: Consumer NZ

- 4.36. Figure 3 above shows that switches initiated through Powerswitch increased by 29% between 2020/21 and 2022/23 from 21,121 to 27,314. While this is positive, users who switched over these years accounted for only 4% total Powerswitch users.
- 4.37. However, Powerswitch has also likely influenced more switches outside of the website than Figure 3 indicates. As noted earlier, Consumer NZ’s ongoing surveying shows a proportion of site users switch directly with a new retailer after finding savings information through Powerswitch. Some consumers also use the information found on Powerswitch to negotiate a better deal with their existing retailer.

- 4.38. Consumer NZ's 2023 survey data indicates that of those consumers who generate a Powerswitch savings results page, 11% then switch offsite up to three months later.

It is challenging for price comparison websites to represent new plans when data access is limited

- 4.39. Price comparison websites' ability to accurately represent the more sophisticated electricity plans now offered by retailers, such as time conditional plans and those 'bundled' with internet or mobile phone services, is challenging when data access is limited. These plans may also include those enabling consumers to potentially benefit from installing photovoltaic (PV) solar panels and storage batteries, and EV charging plans.
- 4.40. The challenge is due to the complexity, particularly in the absence of actual consumer consumption data, of establishing algorithms to assess the comparative ranking of such plans and make accurate assumptions about consumer energy use behaviours. This includes assessing, for example, to what extent consumers will, or can, take full advantage of time conditional plans. Consumer NZ has made, and continues to make, ongoing improvements to Powerswitch's functionality to manage such challenges.
- 4.41. However, increased availability of consumer electricity consumption data for use in comparison websites is likely to help. Being able to incorporate this into comparison algorithms will lead to more accurate comparisons, particularly regarding more complex plans.
- 4.42. The Authority has work underway to improve its collection of retail market data. Our consultation proposes⁴² the collection of more granular consumer data including household consumption and billing data. We intend to publish insights from this data in our quarterly monitoring reports to help improve visibility of the retail market for the benefit of industry and consumers.

It is difficult for some consumers to use price comparison websites

- 4.43. Accessing price comparison websites and entering the necessary information to generate accurate results can be a barrier for a proportion of the population. Firstly, consumers need internet access, a level of computer competency, and basic understanding of their electricity plan.
- 4.44. The Authority recognises, for example, that some users struggle even to identify their current pricing plan. This may be because their plan is not easily identifiable on their bill or does not match what is shown on a website. Not all users are able to answer all parts of questionnaires confidently, which may result in users making guesses or abandoning the comparison process.
- 4.45. The Authority is considering the best ways to address this issue, including through improved access to consumer data and billing information. We note that the Australian government's Retail Pricing Information Guidelines regulate how retailers

⁴² "Improving retail market monitoring", Electricity Authority, accessed 20 December 2023, <https://www.ea.govt.nz/projects/all/improving-retail-market-monitoring/>.

must interact with its Energy Made Easy price comparison website, by regularly providing up-to-date plan and pricing information to help consumers assess their options.⁴³

- 4.46. Another issue creating difficulty for consumers is noted in the Energy Hardship Expert's Panel report to the Minister, *Te Kore, Te Pō, Te Ao Marama – Energy Hardship: the challenges and the way forward* (July 2023). This relates to the challenge for comparison sites needing to show every residential energy plan available in the market to help guide consumer switching decision-making.⁴⁴
- 4.47. In terms of coverage, Consumer NZ estimates that the retailers on Powerswitch cover 97% of the residential installation control points (eg, households) in New Zealand. However, it recognises that there can be significant discrepancies in the plan names retailers provide on their bills and those they provide to Powerswitch.
- 4.48. The Expert Panel's report cites Consumer NZ 2022 analysis found that only 40% of electricity bills included the consumer's pricing plan name and of these, 80% used a different plan name than that given to Powerswitch by the retailer.⁴⁵ This has the potential to create further barriers to switching by limiting the accuracy of consumer decision-making when attempting to compare their plan with others available in their local area.
- 4.49. Consumer NZ notes this also creates confusion and errors when some users then attempt to guess their pricing plan name. A lack of information on bills means 32% of site users abandon Powerswitch when asked to enter billing information. Around 15% of Powerswitch call centre enquires are from users unable to find their plan name.

Monetary savings alone may not ensure widespread switching

- 4.50. International studies show that while anticipated monetary gains from switching are a key driver of consumer pricing plan searches and switching, factors beyond monetary savings also influence switching likelihood. This means that price competition may have less impact on decision-making than is often assumed.⁴⁶
- 4.51. Research conducted by the Centre for Competition Policy, University of East Anglia (UK) in 2017⁴⁷ studied consumer switching behaviour related to The Big Switch. When The Big Switch occurred in 2012, it was the UK's largest collective energy switching exercise. The Big Switch involved participants providing energy

⁴³ "About Energy Made Easy," Australian Government, updated 25 October 2023.
<https://www.energymadeeasy.gov.au/article/about-us?id=electricity-tariffs>

⁴⁴ New Zealand Government, *Te Kore, Te Pō, Te Ao Marama – Energy Hardship: the challenges and the way forward: Energy Hardship Expert Panel Report to the Minister*, July 2023, 52, 115-17.
<https://www.mbie.govt.nz/dmsdocument/27802-request-for-energy-hardship-the-challenges-and-a-way-forward-oiaresponse-pdf>

⁴⁵ New Zealand Government, *Energy Hardship: the challenges and the way forward*, July 2023, 115-17.

⁴⁶ David Deller, Monica Giulietti, Graham Loomes, Catherine Waddams Price, Ana Bermejo Moniche, Joo Young Jeon, "Switching Energy Suppliers: It's Not All About The Money", Centre for Competition Policy, University of East Anglia, 21 August 2017, 1-3, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3024534.

⁴⁷ Deller et al., "Switching Energy Suppliers", 1-2.

consumption information, which was passed to energy companies bidding in an auction to provide the cheapest deals.

- 4.52. After the auction, each participating consumer got a personalised offer from the winning company, and was invited to accept it, with no obligation. However, although participating consumers needed to make little further effort to accept the offer for a significant saving, only just over one quarter did.
- 4.53. Even for savings of over £300 per year (around a third of the average bill), fewer than half switched. This was despite these participants often having characteristics usually associated with retail energy market engagement (eg, higher incomes, educational qualifications, owning their homes, or being under 65 years of age).⁴⁸
- 4.54. The Big Switch results also align with a later Collective Switch trial run in 2018 by the UK energy regulator, the Office of Gas and Electricity Markets (Ofgem). In that trial 50,000 consumers, who had not switched for at least three years, were sent three letters offering a bulk electricity switching deal promising to save them almost £300 a year. However, only 22% took up the offer.⁴⁹
- 4.55. Assuming NZ consumers may have some similar behavioural characteristics to UK consumers, the Collective Switch and the Big Switch findings are likely to have some relevance here. However, as noted earlier, both the Authority's trial involving letters to consumers and the recent Save500 winter energy savings campaign did show success in engaging consumers and encouraging switching.
- 4.56. The 2017 Centre for Competition Policy (UK) research found that a wide range of factors, aside from momentary savings, influence a consumer's decision on switching. Other factors included uncertainty about various aspects of the offer(s) (eg, accuracy concerns), preferences over non-price characteristics (eg, preferring a particular supplier tariff type, ethical/environmental stance of supplier), concerns about the switching process (eg, something may go wrong) and time pressures in engaging with switching.⁵⁰
- 4.57. The researchers noted that many of the factors align with a rational decision-making framework, meaning that the perceived net benefit from switching may be much less than that suggested by considering monetary savings alone. Consequently, they argued switching rates are likely to be substantially lower than we might initially expect, even in favourable conditions. Therefore, an important policy implication was that energy markets need to be designed with such barriers in mind and recognise that switching rates may be difficult to raise above modest levels.⁵¹

Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?

⁴⁸ Competition and Markets Authority (UK), Energy market investigation: Final report, 24 June 2016, 33, <https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf>.

⁴⁹ Ofgem Behavioural Insights Unit, *Ofgem's collective switch trials*, 27 September 2019.

⁵⁰ Deller et al., "Switching Energy Suppliers", 2, 12.

⁵¹ Deller et al., "Switching Energy Suppliers", 2.

Opportunities

- 4.58. There are also various circumstances that present opportunities to review the approach to supporting consumer plan comparison and switching.

The Authority's contract to fund Powerswitch expires in mid-2025

- 4.59. The Authority's current contract with Consumer NZ to operate Powerswitch expires in June 2025. If the Authority decides to continue to fund Powerswitch or a similar website, the Authority will conduct an open procurement round prior to the Powerswitch contract expiry.
- 4.60. This is to ensure the best outcome for consumers by taking advantage of market competition and innovation. This could mean choosing a new approach and provider or staying with the status quo; whichever is best. The procurement process is likely to occur in two-stages, involving an initial expression of interest phase, followed by a request for proposals.
- 4.61. It is therefore prudent to consider alternative approaches to supporting consumer plan comparison and switching prior to the expiration of the Powerswitch contract.

Ability to reduce electricity costs for consumers

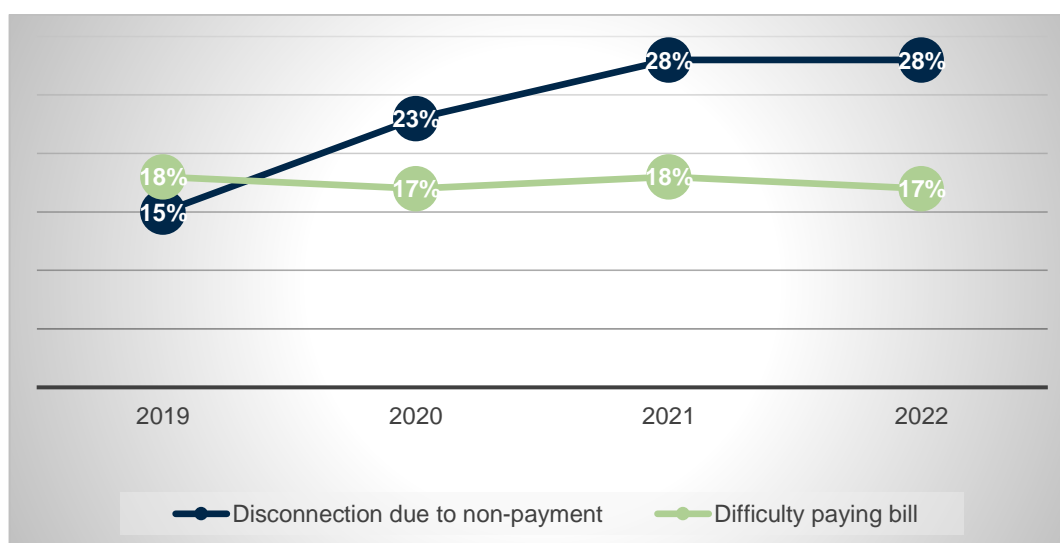
- 4.62. Concern about electricity costs has risen recently, and a significant proportion of households currently indicate they are struggling with electricity costs along with other cost of living issues.
- 4.63. The 2023 Consumer Advocacy Council sentiment survey found that for residential consumers:⁵²
- (a) concern about electricity costs rose from 58% in 2022 to 65% in 2023
 - (b) 43% considered electricity bills put a lot of pressure on household finances
 - (c) 42% found it harder to pay electricity bills now than they did in 2022
 - (d) 29% received an electricity bill which was much larger than expected
 - (e) 10% faced payment pressures requiring them to take action including making special arrangements with the retailer, borrowing money, or changing to a prepay plan.
- 4.64. Consumer NZ's annual 2022 energy survey also indicated increasing pressure on some households to maintain their power supply. As shown in Figure 4 below, while the percentage of people struggling to pay their electricity bills remained relatively static over 2019–2022 (it rose slightly to 19% in 2023⁵³), of those struggling to pay their bills the number who had been disconnected almost doubled over those years.⁵⁴

⁵² Consumer Advocacy Council, *Electricity consumer sentiment survey* <https://www.cac.org.nz/assets/Documents/New-Zealand-small-electricity-consumer-sentiment-survey-2023-Full-report.pdf>, 8, 24.

⁵³ Consumer NZ, *Consumer NZ Retailers Energy Survey 2023*.

⁵⁴ Consumer NZ, "Prepay pain: struggling customers resort to prepaid power", 8 August 2022, <https://www.consumer.org.nz/articles/prepay-pain-struggling-customers-resort-to-prepaid-power>

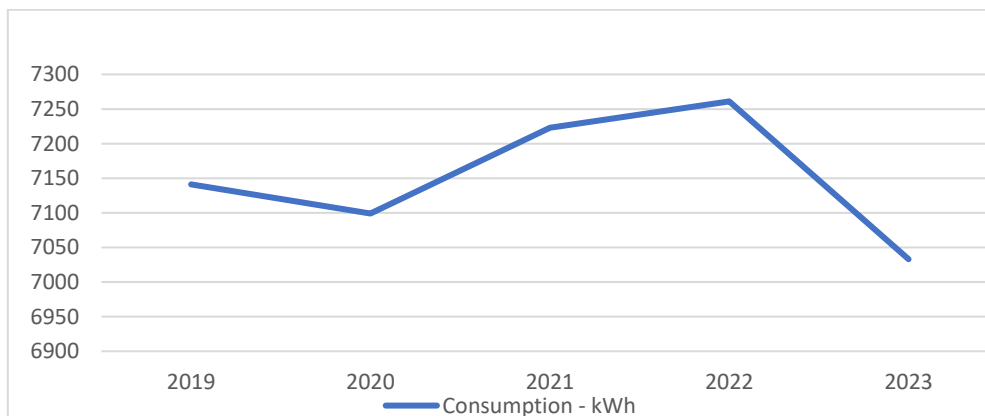
Figure 4: Disconnections and difficulty paying energy bills⁵⁵



Source: Consumer NZ

4.65. The Ministry of Business, Innovation and Employment’s (MBIE) household sales-based electricity cost data⁵⁶ shows that over 2019–2023 (March year) annual national average household electricity consumption, cost (c/kWh),⁵⁷ and expenditure reduced somewhat in real terms. As shown in Figures 5 to 7 below, consumption reduced by 1.5%, real⁵⁸ cost by 7%, and real expenditure by 8.6%.

Figure 5: Annual average electricity consumption per household (kWh)



Source: MBIE Household sales-based electricity cost data

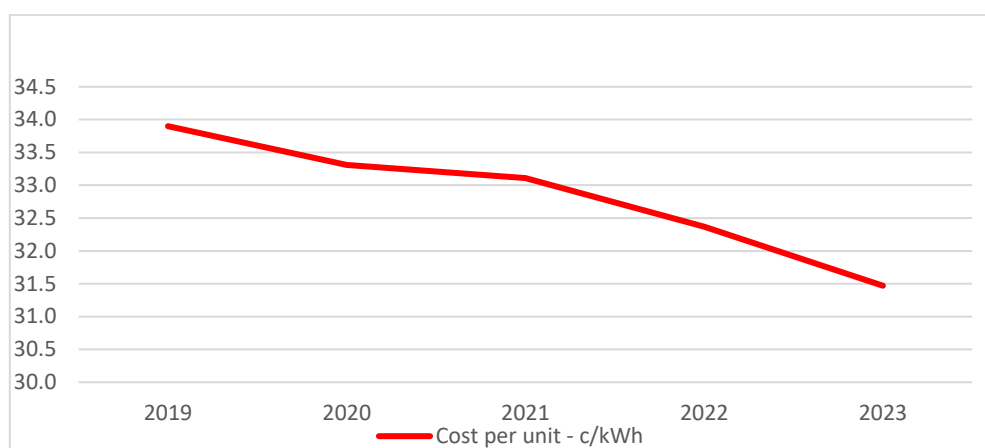
⁵⁵ Consumer NZ, “Prepay pain: struggling customers resort to prepaid power”, 2022.

⁵⁶ “Electricity cost and price monitoring: Household sales-based electricity cost data”, MBIE, 8 June 2023, <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.mbie.govt.nz%2Fassets%2FData-Files%2FEnergy%2Fnz-energy-quarterly-and-energy-in-nz%2Fqrss-march-2023.xlsx&wdOrigin=BROWSELINK>

⁵⁷ Cents per kilowatt-hour.

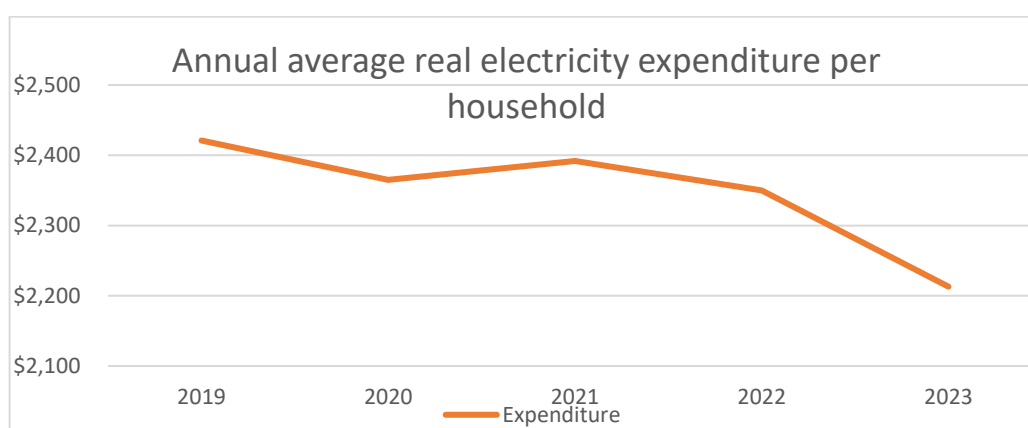
⁵⁸ Costs adjusted to remove the effect of inflation - March year 2022 New Zealand c/kWh based on the Statistics New Zealand, Consumer Price Index.

Figure 6: Real residential electricity cost per unit (c/kWh) - including GST⁵⁹



Source: MBIE Household sales-based electricity cost data

Figure 7: Annual average real electricity expenditure per household⁶⁰



Source: MBIE Household sales-based electricity cost data

- 4.66. However, electricity cost has a bigger impact on some communities due to the variable prices regionally across the country. For example, as at 15 May 2023, MBIE’s *Quarterly Survey of Domestic Electricity Prices* (QSDEP)⁶¹ indicated that the average retail cost (c/kWh)⁶² in Kerikeri was 42.6 (the country’s highest) and 29.8 in Christchurch (the country’s lowest). That is, electricity was 43% more expensive in Kerikeri than in Christchurch.
- 4.67. Consumer NZ notes that regions with higher power prices tend to have a lower population density, are far away from power stations, or have few large commercial and industrial electricity users.⁶³

⁵⁹ Costs adjusted to March year 2022 New Zealand.

⁶⁰ Expenditure adjusted to March year 2023 New Zealand.

⁶¹ “Quarterly Survey of Domestic Electricity Prices – 15 May 2023”, MBIE, <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.mbie.govt.nz%2Fassets%2FData-Files%2Fenergy%2Fnz-energy-quarterly-and-energy-in-nz%2Fquarterly-survey-of-domestic-electricity-prices-15-may-2023.xlsx&wdOrigin=BROWSELINK>

⁶² Cents per kilowatt-hour of electricity.

⁶³ “The shocking difference in electricity prices across New Zealand”, Consumer NZ, 16 September 2021, <https://www.consumer.org.nz/articles/the-shocking-difference-in-electricity-prices-across-new-zealand>

- 4.68. Consumer NZ analysis has found that the regions with the highest plan prices align with areas where consumers are much less likely to switch. These regions are more likely to have an incumbent electricity retailer that has a higher regional market share than the national average. This lessens the competitive pressure to keep prices down.⁶⁴
- 4.69. These pressures on consumers provide an opportunity to investigate the best methods to help them decrease their electricity expenditure. This includes ensuring consumers can easily access the most cost-effective plans for their needs.
- 4.70. The Energy Hardship Expert's Panel's July 2023 report recognises the importance of comparison sites in provoking switching behaviour and encouraging retail market competition. Both can help reduce the price of consumer energy bills, particularly for those facing energy hardship.⁶⁵ This builds on the statement in the Expert Panel's discussion paper (March 2023), which notes that there is scope to improve and expand consumer use of these platforms to help better serve those in energy hardship.⁶⁶

Growing range of plans and incorporation of distributed energy resources

- 4.71. Growth in retailers and introducing smart metering has also been accompanied by a growth in diverse and innovative plans. The electricity retail market in New Zealand is comparatively dynamic, with new plans being introduced regularly.
- 4.72. Some of these plans are suited to potential distributed energy resources such as EVs, (which typically involve time conditional plans) and home solar generation. These types of plans can reduce consumer cost and consumption load on the electricity network and provide income. Other plans 'bundle' electricity with non-energy services (eg, internet and mobile plans). Comparison information available to consumers needs to accurately reflect these new plans, so consumers can take advantage of their benefits and savings.

Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?

5. Options to support consumer plan comparison and switching

- 5.1. In this paper we present two sets of options to support consumer plan comparison and switching. Options 1–5 are website-related, and Options A, B, and C are consumer choice support options (see Sections 6 and 7). These options are not

⁶⁴ "The shocking difference in electricity prices across New Zealand", Consumer NZ.

⁶⁵ New Zealand Government, *Energy Hardship: the challenges and the way forward*, July 2023, 52, 94-95, 115-17.

⁶⁶ New Zealand Government, *Te Kore, Te Pō, Te Ao Marama – Energy Hardship: the challenges and the way forward: Energy Hardship Expert Panel Discussion Paper*, March 2023, 44.
<https://www.mbie.govt.nz/dmsdocument/26271-te-kore-te-po-te-ao-marama-energy-hardship-the-challenges-and-a-way-forward>

exhaustive. We welcome your views on whether there are other viable options to consider.

- 5.2. Our preliminary view is that a broad range of support, including both price comparison and switching tools (eg, a website(s) or equivalent technology) and options to target specific consumer needs, is required. This is because consumer needs are diverse and a website alone, for example, will not be accessible to, or effective for, certain population groups.
- 5.3. Option 1 is to not support or endorse any website option. Options 2–5 are possible alternative approaches to energy plan comparison and switching websites.
- 5.4. However, we are also open to these websites including other linked functionality, such as application-based ('app') technology, or to be other technology solutions. Option 4 includes the status-quo option of the Authority funding an externally run price comparison website.
- 5.5. To support consumers who may experience barriers to accessing or using a website (eg, those in hardship, without internet access, or having difficulty understanding a website due to language barriers or digital literacy), we have identified other consumer choice support options for consideration.
- 5.6. Options B and C are complementary to website options, while Option A is a unique proactive approach that stands on its own to support consumers, irrespective of their use of any website or other comparison and switching service. It would ensure retailers were making their existing customers aware of whether there was a more cost-effective plan available that they could switch to, within the retailer's existing offerings.
- 5.7. While not dependent on a website or similar 'app', Options B and C have potential to help any website be more accessible and effective for a wider range of consumers.
- 5.8. Our preliminary view is that any, or all, of the consumer choice support options could be implemented together with any of the four comparison and switching website options (excluding Option 1).
- 5.9. Our website options are also presented using a framework based on the level of Authority and/or wider government involvement we currently expect will be needed to provide each option. The framework moves from website options needing the lowest to highest levels of involvement, as presented in Figure 8 below..

Figure 8: Level of Authority and/or government involvement required for each option



International practices inform the options presented

- 5.10. The plan comparison and switching options presented below take account of domestic electricity switching approaches internationally. We reviewed consumer switching practices in comparable jurisdictions internationally, including Great Britain, Australia, Canada, the United States of America, and Ireland. We outline a summary of this international research in Appendix C.
- 5.11. Only those practices that could transition into the existing parameters of the New Zealand electricity market were considered in the final list of options.

6. Website-related options

- 6.1. The following outlines our preliminary views on the advantages and disadvantages of each website-related option. We are interested in your feedback on this.
- 6.2. We recognise that a key to the effectiveness of any website-related comparison and switching tool will be accessing accurate and current consumer consumption data. The Authority is currently considering how best to support access to consumer consumption data, as well as more broadly the role consumer data can play to support an electrified economy.

Option 1: No Authority/government supported or endorsed website(s)

- 6.3. This option would involve not funding any Authority/government supported switching/information comparison website; nor endorsing other commercial sites through accreditation. Funding would instead be used to support other comparison and switching-related activity.

Advantages

- (a) Frees-up Authority/government resources to be used to promote comparison and switching in other ways. For example, for promotional campaigns

encouraging consumers to research their pricing plans and switching options themselves.

- (b) Mitigates the problem of the Authority/government needing to use resources to manage and respond to retailer issues (eg, with the way electricity plans are reflected in comparison/switching services or ensuring all plans are reflected).
- (c) Allows the market free scope to offer a wide range of comparison/switching services, unhampered by regulation. This may facilitate innovation and provide a wide range of services to meet consumer needs.

Disadvantages

- (a) Relies completely on the market (likely predominantly commercial participants) to supply comparison/switching services. This risks growth in services that are influenced by more aggressive sales-type approaches, encouraging consumers to switch for commercial gain. Without further regulation, this could result in worse outcomes for consumers if they are being pressured to sign up for pricing plans that may not be the best for their circumstances, for example by services funded through retailer referrals.
- (b) Lacking government endorsement, and with multiple websites available in the market, this option is likely to create confusion for consumers about whether a particular service is reputable, or which service to choose.
- (c) Weakens the effectiveness of consumer choice support Options B and C as proposed as options in this paper, as these would have no endorsed website(s) to use, point consumers to, or promote.
- (d) May open the Authority to criticism that it is not doing enough to support consumers to compare and switch. Many consumers and organisations are likely to see a comparison and switching website(s) as a fundamental supporting element.

Option 2: Retailer-run collective website

- 6.4. Under this option, a Code change would make it mandatory for all retailers to collectively run a comparison/switching website themselves. The Authority's current view is that this change would be consistent with section 32 of the Act governing content of the Code, and we would consider this further if this option is progressed.
- 6.5. The Authority would set minimum standards for the site, but it would be up to retailers to agree on the finer details. The Authority's current funding for Powerswitch would instead be used to support this new retailer website.

Advantages

- (a) Retailers themselves (rather than a central Authority-supported provider), multiple commercial providers, or the Authority, would be responsible for working through disputes around fair representation of plans or other issues.
- (b) The option places responsibility for operating the site close to the retail market, taking advantage of joint retailer resource and expertise.

- (c) This may lead to a more effective and comprehensive site, given retailers are arguably best placed to accurately assess plans and have a strong incentive to ensure all plans are included. This may also support equity and efficiency for retailers.

Disadvantages

- (a) Likely to be very challenging for all retailers (which are diverse in size, resources, and business objectives, and in active competition with one-another), to agree on the right way to reflect and assess plans for value. Such a site would also require consensus on other complex issues, such as site development and operational management. This risks the ability to provide an effective, coherent, comprehensive site, where all plans are fairly represented. Such challenges may impact the overall trustworthiness of the website.
- (b) There is a risk that retailers with more resources could have more influence on decisions than smaller retailers, resulting in the site not reflecting the right diversity in information and range of options for consumers.
- (c) There may be potentially complex competition law issues with this option that collaborating retailers will need to carefully navigate. These include not engaging in cartel conduct (price fixing, market allocation, output restriction) or agreements that substantially lessen competition.
- (d) One site (rather than multiple to choose from) may limit the way information is presented, limiting the ability of the market to provide a wide range of approaches to suit different consumer preferences.
- (e) Being a retailer-run model may cause its trustworthiness to be questioned. This may be mitigated given it would technically represent all retailers, and if it included widespread retailer participation.

Option 3: Authority accredited, externally run, websites

- 6.6. This option would involve the Authority accrediting non-government or commercial comparison and switching websites that meet certain functionality and quality standards. This would operate similarly to the UK Ofgem model, where a comparison/switching service provider meeting Ofgem's Confidence Code receives Ofgem accreditation. The Authority's current funding for Powerswitch would instead be used to support this new accreditation model.
- 6.7. Ofgem currently identifies nine price-comparison accredited websites on its own website under 'Information for consumers.'⁶⁷ Ofgem considers that its Confidence Code gives customers assurance that accredited sites are independent from energy suppliers, carry every tariff (pricing plan) available in the market, make any commission arrangements transparent, and meet high standards of accuracy and reliability when showing tariff information.⁶⁸

⁶⁷ "Information for consumers – Switch supplier or energy tariff", Ofgem, accessed 8 June 2023, <https://www.ofgem.gov.uk/switch-supplier-or-energy-tariff>

⁶⁸ "Ofgem strengthens Confidence Code for price comparison websites", Ofgem, accessed 19 June 2023, <https://www.ofgem.gov.uk/cy/publications/ofgem-strengthens-confidence-code-price-comparison-websites>

- 6.8. In terms of multiple commercial sites being available, the UK Competition and Markets Authority (CMA) has found,⁶⁹ for the most part, that competition between what it called ‘digital comparison tools’ was a good way of increasing competitive pressure on energy suppliers. However, it also acknowledged that if competition between these tools did not work well (eg, due to low consumer trust in the tools and uninformed consumer choice between the tools and energy suppliers), people may not feel the benefits.⁷⁰
- 6.9. Ofgem’s accreditation system is designed to help address these issues. However, a CMA survey also found that overall, only 12% of recent digital comparison tool users could recall seeing evidence of accreditation on their last visit, and consumers had relatively low awareness of the Ofgem accreditation scheme.⁷¹
- 6.10. One UK-based study of energy price comparison websites argues that a competitive market of energy price comparison websites, irrespective of an accreditation system, reduces consumer welfare.⁷²
- 6.11. The study notes that a key factor is that the business model of commercial energy price comparison websites is problematic. This is because it encourages consumers to make potentially less than optimal choices as the sites are trying to increase the chances of consumers switching to commission-paying suppliers.⁷³
- 6.12. It holds that a single non-commercial price comparison website is best, overseen by the regulator. The study finds:

“Neither general economic theory, nor specific models of supplier switching in energy retail markets suggest that a competitive market of energy [price comparison websites] increases consumer welfare... In comparison with a single non-commercial [price comparison website], a competitive market of energy [price comparison websites] reduces the number of people who are on good tariffs and has high transaction costs.”⁷⁴

Advantages

- (a) This model allows for multiple providers to offer (or compete to offer) different comparison/switching websites, which could facilitate innovation for better, and more variety in, comparison and switching services.
- (b) This will give consumers more choice in where and in what form to obtain switching information/services, including potential services catering to specific consumer needs.

⁶⁹ Competition and Markets Authority (CMA), *Digital comparison tools market study: Final report*, 26 September 2017, 8.

⁷⁰ CMA, *Digital comparison tools market study*, 8.

⁷¹ CMA, *Digital comparison tools market study*, 37.

⁷² Miklós Antal, “A parasite market”: A competitive market of energy price comparison websites reduces consumer welfare,” *Energy Policy* 138, no. 111228 (2020): 10. <https://doi.org/10.1016/j.enpol.2019.111228>

⁷³ Miklós Antal, “A parasite market”: 9.

⁷⁴ Miklós Antal, “A parasite market”: 10.

- (c) If the accreditation guidelines are well drafted and function effectively, this would allow a more 'hands-off' approach for the Authority and government, essentially allowing the market to provide the services (but with wider quality regulation).

Disadvantages

- (a) It may be challenging to formulate strong, comprehensive guidelines to determine accreditation. Consequently, there are risks that loopholes will exist, which could result in undesirable outcomes to the detriment of consumers and the sector.
- (b) Strong, comprehensive guidelines may hamper service providers being willing to provide services, due to compliance hurdles impacting viability.
- (c) Facilitating private commercial services to operate risks more opportunity for comparison services (websites) that may employ aggressive 'sales-like' approaches to get switches.
- (d) If a proliferation of multiple sites occurs, it is likely to be resource intensive to monitor these for compliance, should issues or complaints occur.
- (e) It may not be commercially achievable for multiple websites to reach the required quality without considerable extra government funding. New Zealand's much lower population than the UK (NZ approx. 5 million vs. UK approx. 68 million) means significantly lower potential returns per website. The Authority's current Powerswitch funding would only spread thinly across multiple websites.
- (f) Multiple websites make it more complex for consumers to choose which service to use, with different services likely to produce different, potentially confusing, results.

Option 4: Authority supported existing or new, externally run, website

- 6.13. This option would involve the Authority running an open procurement process to fund and work with an already established, or newly developed, switching and comparison website.
- 6.14. This could be Powerswitch, run by Consumer NZ, or any existing commercial or privately-run website that wished to collaborate with the Authority. Alternatively, this could involve an existing or new provider designing a new website. Any website the Authority supported would be run externally to the Authority.
- 6.15. The Authority would work with the provider under a continuous improvement model to ensure the service was evolving to meet market developments and deliver the best functionality to consumers. This could include Code changes to ensure the provider has the necessary data from retailers to make accurate comparisons.

Advantages

- (a) Allows the Authority to consider a wide range of potential providers and website types, providing different and potentially greater functionality than

what is currently available to consumers. This option promotes market competition for the benefit of consumers.

- (b) Allows the Authority to maintain strong quality control over the website to support and protect consumer benefits and interests.
- (c) Potentially uses the existing resources of an already developed service. This includes its profile, established functionality, provider expertise, and consumer trust and awareness of the service. The website could also be enhanced for improved functionality.
- (d) Alternatively, allows development of a new website. This could be purpose-built from 'scratch' to handle the increasingly complex range of current and emerging electricity plans and circumstances (eg, time conditional plans, consumer energy generation, and the 'bundling' of multiple utilities).
- (e) Leaves open the ability to consider other technological approaches in addition to a website (eg, application-based approaches) if offered by providers. These may provide more functionality or user 'friendliness'.
- (f) Allows commercial providers a potential opportunity to collaborate with the Authority and receive a proportion of funding.
- (g) One Authority-supported site makes it clear and easy for consumers about where to access trustworthy switching information and services.
- (h) Maximises the use of limited funding on one website, compared to a multiple-provider model.

Disadvantages

- (a) Limits Authority support to one website, where support across several different websites may offer scope for greater ability to respond to differing consumer needs. This also continues to leave the site open to criticism by various participants with different interests and views for how plans are presented and assessed.
- (b) Should a new website be preferred, this may require extra funding for establishment and design. Further effort to publicise the site and build consumer trust and profile would also be needed, which is likely to take time.

Option 5: Expanded government utility comparison website

- 6.16. This option would involve the Authority and other government agencies collaborating to establish a new comparison and switching website that could cover a wider range of utilities, including energy and telecommunications. From such a service consumers could, for example, compare electricity, gas, mobile phone, landline, and internet plans (including plans 'bundling' these utilities), at one dedicated, government-supported site. This could be a cross-government platform, serving the mandates of various ministries and crown agencies.
- 6.17. Like Option 4, this could include Authority Code and other regulatory changes to ensure the website had the necessary data from retailers.

- 6.18. This option aligns somewhat with the Energy Hardship Expert Panel's recommendation CE3⁷⁵ that the '... government should fund an online energy wellbeing platform to make energy savings, efficiency, and wellbeing information more widely available and accessible.'⁷⁶ However, the Expert Panel's intention is focused on helping those in energy hardship, while Option 4 has broader scope in the population it would serve and goes beyond energy issues.

Advantages

- (a) Given the growth in 'bundled' utility plans (eg, electricity, gas, telecommunications, and internet), this option may lead to better representation and assessment of these plans. This would be from a service with wider utility responsibility (and likely expertise) than one predominantly dedicated to comparing electricity plans (with 'bundled' plans considered as a sub-set). Ultimately this could lead to a better service for consumers.
- (b) A more comprehensive website for consumers to compare utility plans would provide a service closer to a 'one-stop-shop', meaning a more convenient and integrated service. For example, consumers reviewing their internet service could be directed to plans that save them money across their other utilities, including electricity.
- (c) A more substantial government-developed comprehensive website is likely to gain a higher profile than an energy-focused site, encouraging more use and potentially being seen as more credible by consumers.

Disadvantages

- (a) The option's complexity (covering multiple utilities) means it would require significant government resources to establish and operate. It would also need cross government agreement (noting the different agencies and portfolios involved), including an appropriate agency to host the website.
- (b) There is a substantial challenge in developing an accurate and credible service of this complexity. If not successful, this would limit site use, which may lead to consumers not benefitting, to the fullest extent possible, in accessing the best utility plans for their needs.
- (c) Consumers may find this approach too complex and overwhelming, perhaps feeling compelled to review their broader utility plans rather than predominantly focusing on their energy plan. This may lead to consumers not accessing the service or persevering to get comparison results and switch.

Q3. Do you consider it is important for the Authority to fund and support a comparison and switching website or websites? Why?

⁷⁵ New Zealand Government, *Energy Hardship: The challenges and a way forward*, July 2023, 125.

Q4. What do you think are the most important features a comparison and switching website should have to make it the most accessible and effective for users?

Q5. What problems, if any, do you see with current comparison and switching websites?

Q6. What else should we consider when assessing the relative advantages and disadvantages of the five website-related options?

Q7. Of the website-related options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?

Q8. What other types of website-related options, if any, should we consider to support comparison and switching and why?

Q9. Are there other types of technology in addition to, or alternative to, websites that we should consider?

7. Consumer choice support options

7.1. The following outlines our preliminary views on the advantages and disadvantages of each consumer choice support option. We are interested in your feedback on these.

Option A: Retailers provide their existing consumers with best plan information

7.2. This option would involve a Code change requiring all retailers to regularly review their customers' accounts to identify the most cost-effective and appropriate plan for each customer, based on individual consumption data and needs. This is likely to involve retailers periodically reviewing (for example, every 6–12 months) consumers' recent consumption and assessing the most cost-effective plan available from their range. The Authority would monitor the review process.

7.3. The retailer would then engage with their customers as necessary and alert them to the opportunity to move to new plans. Our current view is that this change would be consistent with section 32 of the Act governing content of the Code and we could consider this further if this option was progressed.

7.4. A similar requirement currently exists under Part 6, paragraph 43(g) of the Authority's Consumer Care Guidelines (Guidelines), which recommends that for those customers facing financial difficulty:

“... where a retailer has a pricing plan or plans available that would provide a lower delivered cost of electricity or distribution services to a customer based on the customer’s average consumption over the past 12 months and taking into account seasonal variations in the customer’s consumption, advise the customer of that plan or those plans (provided that the retailer does not need to advise the customer of more than three relevant pricing plans) stating clearly (where there is more than one alternative plan) which is the lowest cost option for the customer taking into consideration the customer’s circumstances (eg, the customer may not be in a position to receive a discount from paying online).”⁷⁷

- 7.5. The Guidelines were developed in collaboration with retailers, consumer advocates and wider industry to support innovation in retail supply and create safeguards for consumers.⁷⁸ However, they are currently voluntary, meaning some retailers may choose not to align with the Guidelines.
- 7.6. A report summarising retailer self-assessed statements alignment with the Guidelines for the 2021/22 financial year, was published in June 2023.⁷⁹ This showed variable alignment across the 29 retail brands that provided a statement, with nine not being fully aligned, covering 27% of domestic installation control points (520,644 at the time of report). The Authority released the second Alignment report, for the 2022/23 financial year, on 1 February 2024. This showed significant improvement, with retail brands reporting full alignment representing about 95% of all domestic installation control points.
- 7.7. In late 2023, the Authority consulted on options to update and strengthen the Guidelines and subsequently decided to mandate the Guidelines.⁸⁰ However, Part 6 (from which the above extract is taken) notably only applies to those consumers facing difficulty in paying their electricity bills, rather than all consumers, as proposed in Option A.
- 7.8. A requirement aligned with Option A recently became mandatory in Australia. From 30 September 2023, Australian electricity retailers have had to include a ‘better

⁷⁷ Electricity Authority, *Consumer Care Guidelines*, 2021. <https://www.ea.govt.nz/documents/2093/Consumer-Care-Guidelines.pdf>

⁷⁸ Electricity Authority, *Consumer Care Guidelines*, 2021, 3-4.

⁷⁹ Electricity Authority, *Summary of Retail Brands’ self-assessments of alignment with the Consumer Care Guidelines*, June 2023. https://www.ea.govt.nz/documents/3127/Summary_of_retail_brands_self_assessments_with_consumer_care_guidelines.pdf

⁸⁰ Electricity Authority, *Options to Update and Strengthen the Consumer Care Guidelines: Consultation paper*, September 2023. https://www.ea.govt.nz/documents/3666/Consumer_Care_Guidelines_consultation_paper.pdf

Electricity Authority, *Updating and strengthening the Consumer Care Guidelines: Decision paper*, February 2024.

offer' statement on the front page of bills, informing the customer if a better deal is available through the same retailer.⁸¹

- 7.9. The Australian Energy Regulator's November 2023 *Game changer* report⁸² recommends taking this a step further by requiring retailers to automatically place consumers in hardship programmes on a 'better offer'. There would be options for consumers to reverse an 'auto-switch' if they wished. However, the report also acknowledges that informed consent obligations need consideration and recommends more research to understand any potential negative impacts.
- 7.10. Should we decide to progress Option A, we currently consider that consumers should be offered the choice to switch. However, there are various ways consumer consent could be achieved. We would also need to consider the best ways to implement the option more generally, including how the information would be presented or targeted. We would be open to considering an automated switching process, perhaps in certain circumstances, if there were strong consumer protections around this.
- 7.11. Option A also aligns with the Energy Hardship Expert Panel Report's recommendation CP6 that the Authority should require retailers to notify their residential customers of the most affordable plan available to them annually.⁸³ This responds to concerns, described earlier in this paper, that a lack of retailer billing regulation can make consumer plan comparison difficult.⁸⁴
- 7.12. The Expert Panel consider such a change would help reduce current consumer barriers to switching and has a precedent in the Low Fixed Charge regulation. That regulation has required retailers to notify customers of 'best plans' since 2004.⁸⁵
- 7.13. The Consumer Advocacy Council has also argued that a 'best plan notice' should be provided by retailers to their consumers every three months, letting them know how much they could save by switching. This aligns with the Council's campaign for more simplified, user-friendly, energy bills.⁸⁶
- 7.14. A Consumer NZ review also recently found that three 'pay monthly' mobile providers had failed, for the second year in row, to provide clear usage and spend information to their customers. This requirement aimed to help customers easily

⁸¹ "Why do Aussie power companies have to be more upfront with customers?", Business, Stuff, October 9, 2023, accessed 7 December 2023, <https://www.stuff.co.nz/business/133070888/why-do-aussie-power-companies-have-to-be-more-upfront-with-customers>

⁸² Australian Energy Regulator, *Game changer – A package of reforms to improve outcomes for consumers in energy hardship*, November 2023, accessed 10 December 2023, <https://www.aer.gov.au/system/files/2023-11/Game%20Changer%20Report%20-%20November%202023.pdf>, 21-22.

⁸³ New Zealand Government, *Energy Hardship: The challenges and a way forward*, July 2023, 115-17.

⁸⁴ Consumer NZ 2022 Analysis, referenced by the Energy Hardship report (p.115), states 'that 40% of electricity bills had a pricing plan named and only 47% of bills contained historic consumption data.'

⁸⁵ See Section 12 of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations, 2004. <https://www.legislation.govt.nz/regulation/public/2004/0272/latest/whole.html#DLM283673>

⁸⁶ Esther Taunton, "Why do Aussie power companies have to be more upfront with customers?", 9 October 2023. <https://www.stuff.co.nz/business/133070888/why-do-aussie-power-companies-have-to-be-more-upfront-with-customers#:~:text=A%20rule%20change%20in%20Australia,t%20getting%20the%20same%20treatment>.

Consumer Advocacy Council, *Developing a model electricity bill*, 2023. <https://www.cac.org.nz/our-work/our-areas-of-focus/electricity-billing/model-electricity-bill/>

compare their plans with other options.⁸⁷ This led the Telecommunications Commissioner to state that the Commerce Commission ‘... now sees a case for considering whether further measures are required such as a ‘right plan’ obligation that would require providers to tell their customers when there is a better plan based on their usage and spend.’⁸⁸

Advantages

- (a) Very easy option for consumers to engage with as they only need to agree to the retailer’s switch offer. Would likely save a proportion of consumers money, particularly those who are not motivated or incentivised to review their electricity plans themselves.
- (b) Likely to particularly benefit consumers in hardship and those who may benefit from moving to a more appropriate time conditional plan (where their current retailer offers these plans), such as those with EVs or solar panels.
- (c) Retailers have accurate information on their customers’ electricity consumption, current plan, and alternative plans, and thus are well placed to assess the most cost-effective plan for their customers. A recognised problem is that many consumers lack the information/data to enable accurate plan comparisons (eg, when entering household energy consumption data on Powerswitch) or are unable/unmotivated to find it.
- (d) Few Authority/government resources needed to encourage comparison/switching. Responsibility rests with retailers under this model, with only government audits to monitor compliance. Some consumer awareness activity may also be necessary.

Disadvantages

- (a) Only gives consumers a limited scope to access the most cost effective or appropriate plans. This is because this option only involves people switching between their existing retailer’s plans, rather than having access to an overview of the best pricing plan options across all retailers.
- (b) May give rise to consumer complacency, in that they are being offered the best deal by their retailer and therefore there is less need to seek out even better deals from other retailers. This could lessen positive influence on retail competition from switching.
- (c) Given retailers would be recommending plan switching to consumers, there may be some scepticism about whether retailers are truly offering the best deals.

⁸⁷ Consumer NZ, *Mobile plans: Which mobile provider is most consumer-friendly?* 25 October 2023. <https://www.consumer.org.nz/articles/mobile-plans-which-mobile-provider-is-most-consumer-friendly>

⁸⁸ Commerce Commission, *Mobile providers fail to improve their billing apps for the second year in a row*, 26 October 2023. <https://comcom.govt.nz/news-and-media/media-releases/2023/mobile-providers-fail-to-improve-their-billing-apps-for-the-second-year-in-a-row>

Q10. What are your views on how retailers providing 'best plan' information could work? For example, how should they assess the 'best plan' and present/target information to consumers, and how often? What do you think of the Australian 'automated-switch' idea?

Option B: Community advisers to support comparison and switching

- 7.15. This option would involve the Authority and/or wider government funding community advisers. The advisers would provide in person and broader support to consumers to identify the best value electricity plan for their needs and help them switch. Community advisers could operate in addition to any of the other options outlined above, offering independent advice and support.
- 7.16. This option aligns, to an extent, with 2019 *Electricity Price Review* recommendation C6 that the Authority should '... establish a pilot scheme to help non-switching consumers find better deals.'⁸⁹ The *Electricity Price Review* intention was to target specific distribution network areas identified as having low switching statistics.
- 7.17. By contrast, the option proposed by the Authority would aim to support a wide range of communities nationally. How this process would work in practice, such as how consumers would be identified or referred for support, would need careful consideration. However, it could also include the *Electricity Price Review's* proposed distribution network approach.
- 7.18. These advisers would be additional, for example, to those currently operating as part of the Powerswitch contact centre. They would also operate in alignment with any website the Authority chooses to support (if any of Options 2–5 are progressed). The advisers could provide a combination of broad community-based support (eg, group workshops) and targeted support to individuals.
- 7.19. There are various ways the advisers could operate. The Authority and/or other government agencies could fund existing NGOs to offer this service (eg, Sustainability Trust, Citizens Advice Bureau, budgeting services, church-based charities), establish a new stand-alone service, or support government programmes. The EnergyMate programme⁹⁰ led by the Electricity Retailers' Association of New Zealand (ERANZ), for example, provides in-home coaching and community hui by EnergyMate coaches for those struggling with their bills.
- 7.20. Aligned with supporting community advisers, the Authority could proactively produce its own educational materials to assist consumers compare and switch (eg, outlining the recommended process steps consumers should take). This could include material designed for community advisers to use, as well as putting relevant information on our website. The Australian government's Energy Made Easy⁹¹ price

⁸⁹ New Zealand Government, *Electricity Price Review*, 2019, 39-40.

⁹⁰ "Our Story", EnergyMate, Electricity Retailers Association of New Zealand, accessed 4 December 2023, <https://www.energymate.nz/our-story/>.

⁹¹ "Energy Made Easy," Australian Government, accessed November 2023. <https://www.energymadeeasy.gov.au/>.

comparison website provides a model for this approach (more detail provided in Appendix C).

- 7.21. The community adviser approach also aligns with work carried out through MBIE's Support for Energy Education in Communities Programme (SEEC). SEEC funds community-level groups, organisations, and businesses that provide personalised energy education and advice to households, focussed on helping those in energy hardship. Alongside offering energy savings devices to these consumers, SEEC funded activities often include working with households to check their potential energy bill savings using comparison services such as Powerswitch.⁹²
- 7.22. A similar programme was started in Victoria, Australia in August 2020,⁹³ which technically ran for a year until August 2021. This involved webinars delivered by the Consumer Policy Research Centre and a tailored Energy Assistance and Brokerage Program to help people get the best value energy deal, run by a consortium which included the Brotherhood of St Laurence, the Australian Energy Foundation and Uniting Vic. The Victorian Government also launched an advertising campaign encouraging customers 'doing it tough' to reach out to their energy company and know their rights.
- 7.23. The Energy Assistance and Brokerage Program was designed to help 3,000 eligible Victorians in energy poverty following the Victorian COVID-19-related lock-down. This included help with difficulty paying and understanding energy bills and providing general help with financial hardship. The programme offered personalised phone or video service to help households take steps towards lowering their bills.
- 7.24. The Victorian support programme addressed the fact that the State's energy comparison website, Victoria Energy Compare (a similar service to Powerswitch), may not be accessible for everyone. The programme was welcomed by the Consumer Action Law Centre (CALC),⁹⁴ which noted that using Victoria Energy Compare required, for example, a level of computer literacy, time, and an ability to decipher complex information contained in an energy bill.
- 7.25. CALC argued that 'finding time to set aside and engage with different energy offers is out of the question for many people contacting the National Debt Helpline given the range of other things going on in their lives.'
- 7.26. CALC also noted that initiatives like Victorian Energy Compare could be confusing given the range of additional different commercial comparison websites available.⁹⁵ These same issues exist for a proportion of the New Zealand population in using Powerswitch, including having other comparison sites available.

⁹² "Support for Energy Education in Communities Programme", MBIE, updated 31 October 2023. <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-hardship/support-for-energy-education-in-communities-programme/>

⁹³ "New Help For Victorians With Their Energy Bills", State Government of Victoria, 24 August 2020, <https://www.premier.vic.gov.au/new-help-victorians-their-energy-bills>.

⁹⁴ "Bills Here Bills There – The Lived Experience of Victorian Energy Reform", Consumer Action Law Centre (Melbourne), December 2020, 21, <https://consumeraction.org.au/wp-content/uploads/2020/12/2012-Bills-Here-Bills-There-Report-FINAL.pdf>.

⁹⁵ Consumer Action Law Centre, "Bills Here Bills There", 21.

7.27. The Victorian State Government continues to support an Energy Assistance Program.⁹⁶ It partners with Anglicare Victoria and Community Information & Support Victoria in providing free tailored energy affordability support for households at risk of financial hardship. The current programme provides one-on-one help for eligible⁹⁷ participants to:

- (a) find, compare, and switch energy offers
- (b) provide energy saving and efficiency advice
- (c) apply for concessions and grants
- (d) access retailer's hardship programmes
- (e) understand energy bills and address billing errors.

Advantages

- (a) Provides a service that can offer targeted advice to communities or individuals that may face extra barriers or be reluctant to switch. This includes low-income households, those with limited digital literacy and/or English as a second language, or other marginalised communities, and people with disabilities.
- (b) Could be a valuable supporting service to web-based switching services (eg, with advisers proactively targeting communities/individuals less likely to use web-based services, and being available where any consumers are having trouble using such services).
- (c) Could take advantage of the expertise/links to communities of those agencies already acting in advisory capacities (eg, around sustainability, budgeting, pastoral care).

Disadvantages

- (a) Funding advisers is likely to be expensive in relation to the number of communities/individuals they can serve. Extra funding, aside from that currently used to support Powerswitch, would be needed.
- (b) The advisers' capacity will be limited. This may cause frustration for consumers and possibly put pressure on government for not being able to fully meet community need.

Q11. In what form do you think the community advisers service would function best? For example, what agencies might we collaborate with? What are the best approaches?

Q12. What conditions or supports would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?

⁹⁶ "Energy Assistance Program", Victoria State Government, accessed February 28, 2023, <https://www.energy.vic.gov.au/for-households/help-paying-your-bills/energy-assistance-program>

⁹⁷ To access the programme, people should hold a Commonwealth Government Concession card, or be struggling or expecting to struggle to pay their energy bill.

Option C: Promotional activity and campaigns for comparison and switching services

- 7.28. This option would involve a range of Authority and wider government-funded promotional activities to ensure consumers were aware of the comparison and switching services available in the market and the benefits of switching. This could address known switching barriers and target those groups known to be less inclined to switch.
- 7.29. Such activities would be additional, for example, to those Consumer NZ currently conducts to promote Powerswitch. They could be similar to those undertaken as part of the Save500 winter 2023 energy saving campaign, like TV advertisements, social media content, brochures, and articles. Some of these approaches could explicitly direct consumers to a government-supported service (like Powerswitch or any of the other website service options proposed above).

Advantages

- (a) Strongly promotes the benefits of comparing and switching retailers to consumers.
- (b) Activity could be run in conjunction with any of the comparison/switching service options detailed above.
- (c) Likely to increase the numbers of consumers accessing comparison/switching services, identifying better plans, and switching, by increasing consumer awareness.
- (d) Such activity has shown success in a New Zealand context – including the Authority’s 2021 pilot involving letters to consumers advising of savings from comparison/switching, and the 2023 Save500 winter energy savings campaign.

Disadvantages

- (a) Extra funding, aside from that currently used to support Powerswitch, would be needed for the Authority to undertake this promotional activity.
- (b) In the case of promoting profit-motivated commercial services (for example, under the accredited websites option) it may be difficult to argue the rationale for government support.

Q13. What else should we consider when assessing the relative advantages and disadvantages of the three consumer choice support options?

Q14. Of the consumer choice support options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?

Q15. What other types of consumer choice support options, if any, should we consider to support comparison and switching and why?

Options considered but not progressed

7.30. We have considered, but ruled out as inappropriate, lacking efficacy, or impractical, the following two options relating to comparison and switching services. Therefore, these options do not appear in the options assessment presented in this paper.

Not supporting any comparison/switching services

7.31. We consider that the Authority not supporting any comparison/switching services (eg, any form of website or supporting services) is inappropriate. This is primarily because this would mean not carrying out the Authority's statutory function to promote the benefits of comparing and switching retailers to consumers.⁹⁸

An Authority funded, and run 'in-house', comparison/switching website

7.32. We do not consider it is appropriate or practical for the Authority to run its own 'in-house' comparison and switching website. This position is informed by our previous experience managing the 'in-house' comparison website What's My Number.

7.33. Our position also aligns with recommendations of the 2019 *Electricity Price Review* to merge What's My Number and Powerswitch. We consider that the Authority operating its own 'in house' comparison/switching website would be unlikely to result in the best consumer outcomes.

7.34. Delivering the service in this way would not align well with the Authority's current core expertise. Our expertise does not currently encompass providing direct services to consumers. Taking on the management of another What's My Number-type website would be a significant policy reversal and require significant extra resource and internal reorganisation to accomplish.

7.35. Our view is that a comparison and switching website will be more effectively and efficiently delivered by an external provider, with more compatible operational objectives and expertise.

Q16. What are your thoughts on ruling out these options? If you disagree, why should they still be considered?

8. Criteria to assess options

8.1. As set out in section three, the Authority's main objective is to promote competition, efficiency, and reliability in the electricity industry for the long-term benefit of consumers. The additional objective of protecting the interests of domestic or small business consumers in relation to their supply of electricity also applies, where the

⁹⁸ Electricity Industry Act 2010 – section 16(1)(i).

Authority's activities relate to the dealings of industry participants with domestic or small business consumers.

- 8.2. The Authority's statutory functions include:
- (a) promoting to consumers the benefits of comparing and switching retailers
 - (b) undertaking measures aimed at protecting the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.
- 8.3. Our current view is that the options proposed are in line with our main statutory objective, the additional objective where applicable, and the above relevant statutory functions. However, each option has its different merits.
- 8.4. Therefore, with this statutory framework in mind, we propose the following criteria to assess the relative merits of the above options.

Primary criteria	Description	Sub-criteria	Guidance
Promotes market competition	Level to which the option is likely to support electricity industry competition among retailers and website providers for consumers' long-term benefit.		
Protects consumer interests	Level to which the option protects consumer interests regarding their supply of electricity, in relation to their interaction with retailers.		
Promotes the benefits of comparing and switching retailers	Level to which the option is likely to support, particularly directly by the Authority, promoting the benefits of consumers comparing and switching retailers.		
Consumer benefit	Level to which the option will benefit consumer financial or other outcomes.	Financial	Monetary benefits such as lower cost/better value plans or higher electricity generation recompense (eg, buy-back rates).
		Non-financial	Non-financial benefits such as better retailer customer service, more diverse or innovative plans, more socially responsible (eg, 'greener') retailer credentials.
Ease of consumer use	How easy and accessible the option is for consumers to use for successful results.		

Primary criteria	Description	Sub-criteria	Guidance
Efficiency of design and build	Likelihood the option can be designed/built at reasonable cost, and time to be implemented.	Cost	Financial cost of resources to design and build the service.
		Time to implement	Time needed to design/build the service and get it operational.
Ease of implementation	Ease of the option for government, retailers, or other involved parties to put into operation.	Authority/wider government	
		Retailers	
		Service provider/s	Refers to existing comparison website service providers or community advisory/support services.
Operating cost	Extent to which the option can be run for reasonable cost.	Authority/wider government	
		Retailers	
		Service provider/s	Refers to existing comparison website service providers or community advisory/support services.

Q17. What are your views on the criteria we've proposed to assess options. Do you think some criteria should be weighted more than others as they are more important?

Q18. Are there other criteria you think are important to help decide on the best options?

8.5. See Appendix D for our preliminary assessment of options against the above criteria and how we have currently scored the options.

9. The Authority's proposed approach from the options assessment

Our assessment currently supports funding a website, best plan information, community advisers, and promotional activity

- 9.1. Our options assessment (see Appendix D) currently highlights four options as receiving the strongest positive scores according to our proposed assessment criteria. These included:
- (a) Option 4: Authority funded and supported existing or new (externally run) comparison and switching website
 - (b) Option A: Retailers provide their existing consumers with best plan information
 - (c) Option B: Community advisers to support comparison and switching
 - (d) Option C: Promotional activity and campaigns for comparison and switching services

Option 4: Authority funded and supported existing or new (externally run) comparison and switching website

- 9.2. Of the website-related options (1–5), Option 4 scored highest across our proposed criteria. This included strongly protecting consumer interests and promoting the benefits of comparing and switching, good consumer benefit, and ease of use.
- 9.3. We assessed some criteria for Option 4 as neutral, as they 'hinge' on whether a new or existing website is procured. However, this option allows the Authority a wide range of website and provider options to choose from. Should the Authority decide to progress Option 4, we will use the procurement process to assess the relative merits of either existing websites and providers (including Powerswitch) and new providers and websites.
- 9.4. We consider this option strongly supports consumer benefit. It allows consideration of both potential new, innovative services and providers, or existing services, acknowledging current expertise, functionality, and profile.

Option A: Retailers provide their existing consumers with best plan information

- 9.5. Option A scored lower than the other consumer choice support options but still positive against our proposed assessment criteria, and we currently consider it has merit to support. The option's lower score relates to the fact that its benefit to consumers for plan choice is limited to that from the consumers' existing retailer.
- 9.6. Thus, the consumer may not benefit to the extent they might from considering plans across other retailers. However, Option A is very strong on ease of consumer use (consumers merely need to accept a retailers' better offer), will highly likely lead to savings, and has low risk of negative outcomes in its operation. Option A also 'stands alone' in that it proactively supports consumers irrespective of them using any other comparison and switching services.

Option B: Community Advisers to support switching

- 9.7. Option B scored highest of the three consumer choice support options. We consider this option has strong potential consumer benefit as it can be used to tailor and target support to consumers for whom a website-based approach is, for whatever reason, not accessible. This is likely to include groups such as elderly and lower socio-economic groups, including those in energy hardship.
- 9.8. The Energy Assistance and Brokerage Program in Australia (Victoria), which ran over 2020–21, is an example of a successful programme of this type. This option may be relatively expensive in comparison to the consumer reach it can achieve. However, that depends on how it is run. Collaborating with NGOs or other government agencies to use synergies with their existing community work and capacity may mitigate costs.

Option C: Promotional activity and campaigns for comparison and switching services

- 9.9. Option C scored second highest of the three consumer choice support options. This option has the benefit of being able to raise consumers' awareness of whatever switching services are available, highlight switching benefits and thereby encourage consumers to switch. Promotions and campaigns can also be both broad and targeted to population groups, such as those in energy hardship.
- 9.10. The positive impacts on awareness of potential savings and switching from the What's My Number campaign over 2011–2019, and increased Powerswitch use and switching from the Save500 winter energy campaign 2023, show that this activity has benefit.

The Authority therefore proposes a 'four-pronged' approach to supporting consumer comparison and switching

- 9.11. Aligned with our current assessment of options, and subject to submissions, the Authority proposes supporting website Option 4 and consumer choice support options A, B and C. Our current view is that this approach would provide a holistic support package.
- 9.12. First, Option 4 provides consumers with an effective comparison and switching service through an existing or new website. This service is likely to effectively serve a large proportion of consumers, as Powerswitch does currently.
- 9.13. Second, the option to require retailers to provide their existing consumers with best plan information is a safeguard for consumers who have not, for whatever reason, compared plans across retailers. This option should help those consumers who are least likely to be on the best plan for their needs with their existing retailer.
- 9.14. Third, the new or existing website option would be complemented by advisers that could provide targeted and/or personalised help to consumers. These are the proportion of consumers who may find a comparison website inaccessible or difficult to navigate and would not successfully compare or switch without this additional help.

- 9.15. Fourth, the comparison and switching website, retailer best plan requirement, and community adviser service would be promoted. This would achieve a high level of public knowledge about these services, encouraging higher consumer engagement with comparison and switching activity. It would be particularly useful to raise awareness of the adviser service to communities or consumer groups, for example, that would most benefit from this support.

Supporting community advisers and promotional activity would need extra funding

- 9.16. The Authority's support for the community adviser service and promotional activity/campaigns (above current Powerswitch funding) would be conditional on the Authority securing funding and capacity to support these new services. This could be through various means including collaboration with other government agencies, NGOs, and the commercial sector, or an increase or reallocation of funding for the Authority.

Q19. What's your opinion on the Authority's proposed 'four-pronged' approach to supporting consumer comparison and switching? What alternative approach might you support?

Q20. What thoughts do you have on our current assessment of the options against the proposed criteria in Appendix D and their scores? How might your assessment differ?

Q21. Are there any other issues concerning supporting consumers to compare and switch that you would like to comment on, whether raised in this paper or not?

Appendix A Format for written submissions

Submitter	
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Question	Comment
Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?	
Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?	
Q3. Do you consider it is important for the Authority to fund and support a comparison and switching website or websites? Why?	
Q4. What do you think are the most important features a comparison and switching website should have to make it the most accessible and effective for users?	
Q5. What problems, if any, do you see with current comparison and switching websites?	
Q6. What else should we consider when assessing the relative advantages and disadvantages of the five website-related options?	
Q7. Of the website-related options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?	

Question	Comment
Q8. What other types of website-related options, if any, should we consider to support comparison and switching and why?	
Q9. Are there other types of technology in addition to, or alternative to, websites that we should consider?	
Q10. What are your views on how retailers providing 'best plan' information could work? For example, how should they assess the 'best plan' and present/target information to consumers, and how often? What do you think of the Australian 'automated-switch' idea?	
Q11. In what form do you think the community advisers service would function best? For example, what agencies might we collaborate with? What are the best approaches?	
Q12. What conditions or support would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?	
Q13. What else should we consider when assessing the relative advantages and disadvantages of the three consumer choice support options?	
Q14. Of the consumer choice support options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?	

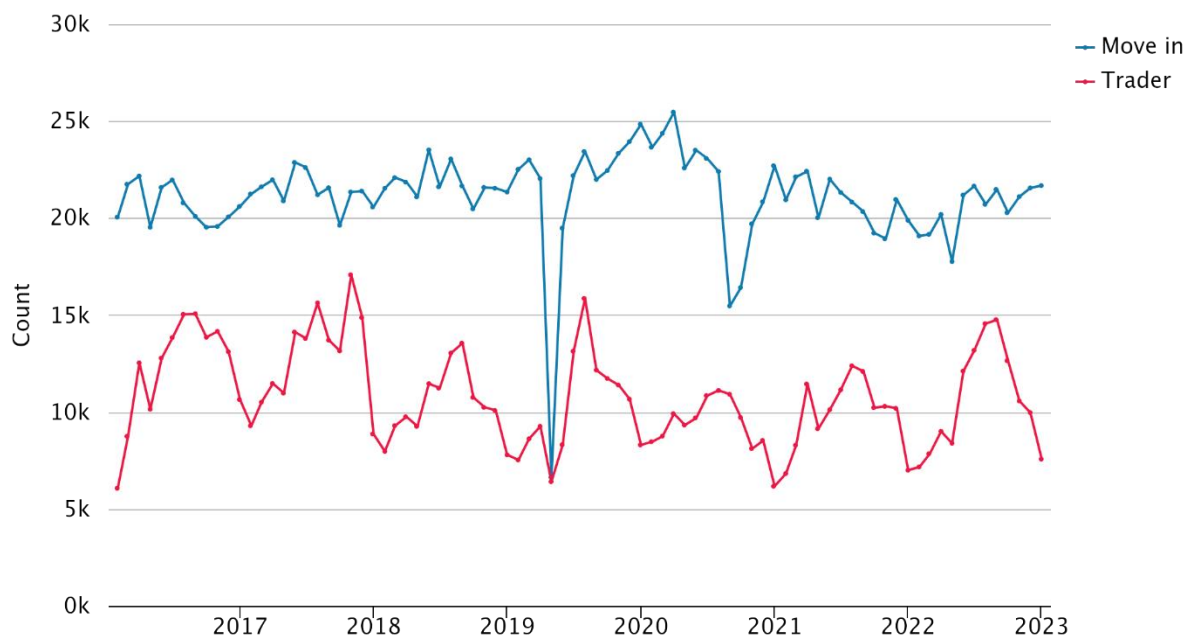
Question	Comment
Q15. What other types of consumer choice support options, if any, should we consider to support comparison and switching and why?	
Q16. What are your thoughts on ruling out these options? If you disagree, why should they still be considered?	
Q17. What are your views on the criteria we've chosen to assess options. Do you think some criteria should be weighted more than others as they are more important?	
Q18. Are there other criteria you think are important to help decide on the best options?	
Q19. What's your opinion on the Authority's proposed 'four-pronged' approach to supporting consumer comparison and switching? What alternative approach might you support?	
Q20. What thoughts do you have on our current assessment of the options against the proposed criteria in Appendix D and their scores? How might your assessment differ?	
Q21. Are there any other issues concerning supporting consumers to compare and switch that you would like to comment on, whether raised in this paper or not?	

Appendix B Consumer switching rates

10. Authority data and information on consumer switching rates

10.1. Data from Authority monitoring of switching by domestic consumers indicates that most New Zealanders switch retailers infrequently.

Figure 9: Monthly count of residential consumer switching⁹⁹



Source: Electricity Authority

10.2. Figure 9 shows total monthly residential switches by type, ‘trader’ and ‘move in’, for the period between 1 January 2017 and 31 December 2023. ‘Move-in’ switching rates have remained relatively consistent across the last five years, at around 20,000 to 25,000 switches a month. The drops in early 2020 and late 2021 reflect Covid-19 nationwide lockdowns that restricted residential consumer movement.

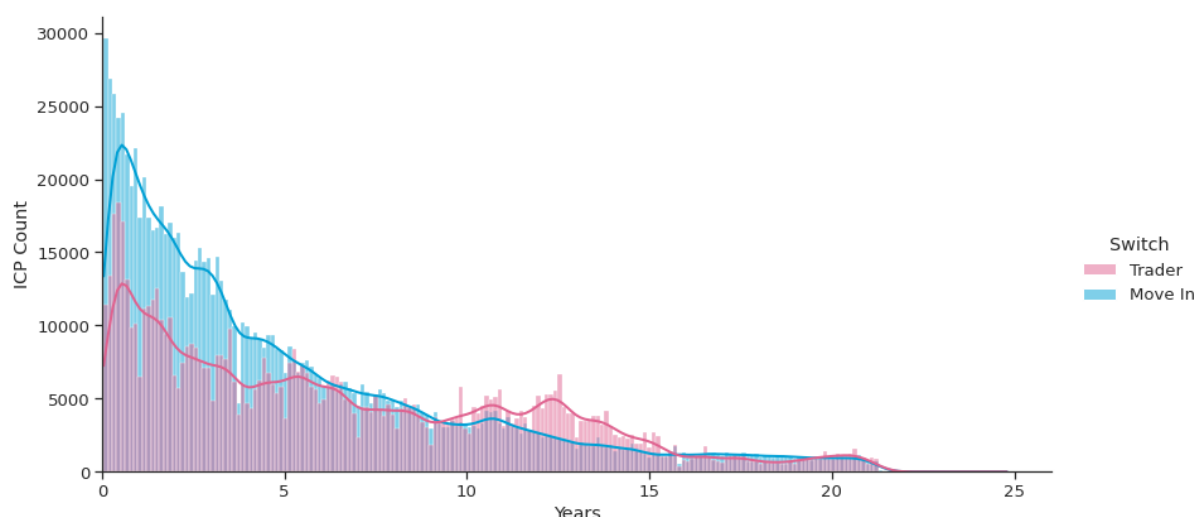
10.3. ‘Move-in’ switching statistics do not clearly indicate whether consumers are proactively switching to the best electricity plan for their needs. This is because, for example, they may switch because their previous retailer is not available in their new area.

10.4. Consumers who do take the opportunity of moving properties to investigate alternative retailers and plan offerings in the market may use a plan comparison tool like Powerswitch. Alternatively, they may contact new retailers directly to see what is available.

⁹⁹ “Switching trends,” EMI, Electricity Authority (monthly count by residential market segment between 01 January 2017 to 31 December 2023), accessed 19 January 2024, <https://www.emi.ea.govt.nz/r/oafc0>.

- 10.5. Unlike ‘move-in’ switches, ‘trader’ switches reflect a property/consumer changing from one retailer to another. This means they are more likely to reflect consumers actively seeking out a new retailer whose plans best suit their needs.
- 10.6. ‘Trader’ switching rates can be more volatile than move-in switches. Figure 9 shows fluctuations from peaks of 17,000 switches per month down to just over 6,000 switches per month over the past five years. These fluctuations are roughly seasonal, aligning with higher rates of switching typically occurring around the winter months, when energy bills are higher.
- 10.7. Those consumers who switch retailer are likely to achieve substantial savings. Results of the Consumer NZ *Energy Retailers Survey 2023*¹⁰⁰ indicated that most households are paying more than they could be, with nine out of ten Powerswitch users achieving savings of \$100 or greater. The median saving was around \$362. Those who pay the more are those that rarely or never switch.
- 10.8. Authority data on switching rates (as at 31 December 2023) show that for combined ‘trader’ and ‘move-in’ switches, approximately 56% of New Zealand consumers stay with the same retailer for up to and including five years (see Figure 10 below).

Figure 10: Length of time a residential installation control point remains with the same provider



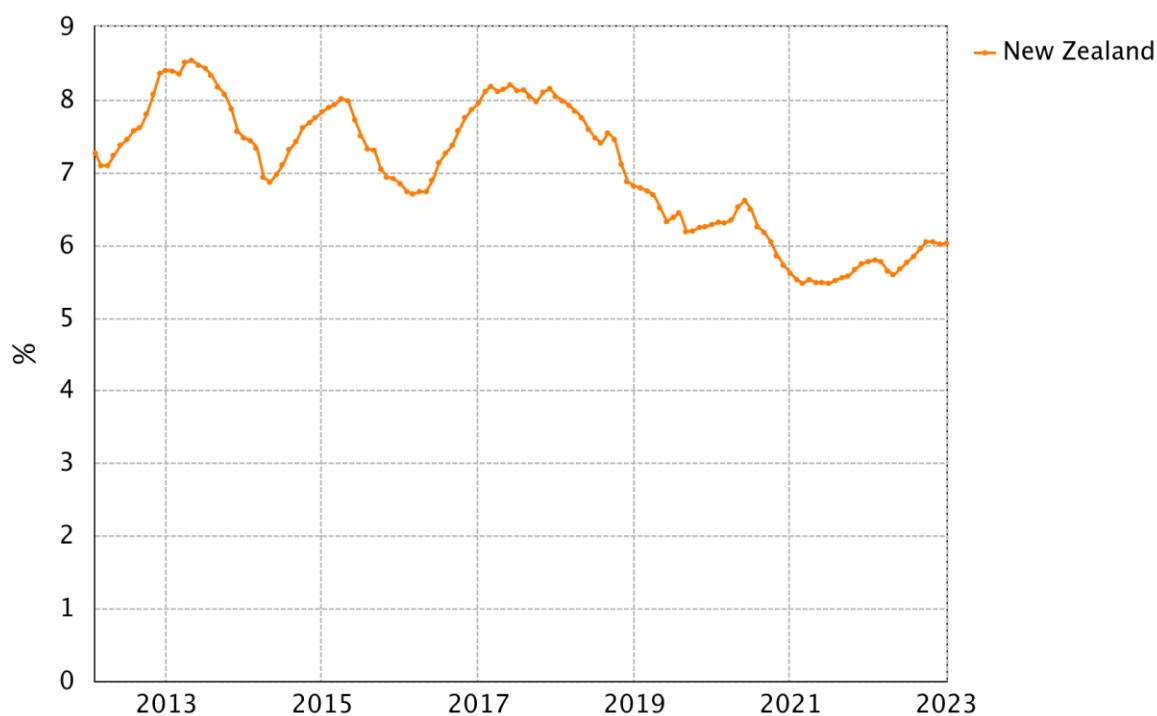
Source: Electricity Authority

- 10.9. The rate of ‘trader’ switches indicates that less than 20,000 consumers (15%) choose to switch their retail provider within one year, and up to 12,500 (11%) switch plan after one–two years with the same provider. This may align with the expiry period for many fixed-term retail contracts.
- 10.10. ‘Move-in’ switching rates are much higher in the first five years, with over 25,000 consumers (20%) switching in the first year. This may align with movement trends

¹⁰⁰ Consumer NZ, *Overview of Results from CNZ Energy Survey 2023*, 27.

in the housing and rental market.¹⁰¹ After five years, the rate of switching for both switching types plateau, with some 1000 consumers staying with their current provider for over 20 years.

Figure 11: Residential switching rates as a percentage of total installation control points¹⁰²



Source: Electricity Authority

10.11. Figure 11 above shows that, as a percentage of the total residential properties (shown as installation control points) in New Zealand that could switch, ‘trader’ switching rates have remained consistently below 10% for the past ten years. These declined slightly from peaks of 8.5% in 2018 to around 6 to 6.5% in 2023. This means that the vast majority of New Zealanders are choosing to remain with their existing retailer and may be missing out on the potential benefits of switching.

¹⁰¹Statistics NZ, *Housing in Aotearoa: 2020*, updated 2021, 40.

In the 2018 Census, people were asked how long they had lived at their usual residence. People living in a dwelling not owned by their household were consistently less likely to be living at the same address as the previous year, regardless of age.

¹⁰²“Switching trends,” EMI, Electricity Authority (12 month rolling rate showing only trader switch in the residential market segment between 01 January 2013 to 31 December 2023), accessed 19 January 2024, <https://www.emi.ea.govt.nz/r/gbar2>.

Appendix C International consumer switching policies

11. International jurisdiction review

- 11.1. The following provides a summary of how international jurisdictions support consumers to compare and switch. The list of jurisdictions covered is not exhaustive but focuses on a selection with comparable energy regulatory frameworks to New Zealand. Where appropriate, this review provides commentary on how these examples have influenced the options presented in this paper, and/or could be considered in a future procurement process.

Great Britain – Ofgem

- 11.2. Ofgem, the gas and electricity regulator for Great Britain,¹⁰³ provides various regulations and ongoing initiatives to support consumer switching. Its website also hosts several informative pages to help consumers looking to switch their supplier and energy tariffs.

Why do consumers in Great Britain switch?

- 11.3. Most consumers in Great Britain are charged on a standard variable tariff model or 'default tariff'. The standard variable tariff model fluctuates with the highs and lows of the energy market but cannot go above a certain level known as the 'price cap'. This cap is reviewed every three months and provides certainty to households about their bills.¹⁰⁴ However, some retailers also offer fixed rate tariffs that lock energy prices to specific rates.¹⁰⁵ Due to the price uncertainty of the standard variable tariff model, most switching information provided by Ofgem relates to consumers wanting to switch to fixed rate tariffs.¹⁰⁶

Consumer protections for switching in Great Britain

- 11.4. Ofgem's website provides links to consumer advocacy sites such as Citizens Advice, which host scoreboards of energy suppliers. These scores are ranked against metrics like the number of complaints, ease of switching, customer guarantees and bill clarity. There is also consumer help information about when a

¹⁰³ Ofgem regulates gas and electricity on the island known as Great Britain (Scotland, England and Wales). This territory of the United Kingdom works with the Republic of Ireland. Ofgem does not regulate these energy sources in Northern Ireland.

¹⁰⁴ "Energy price cap," Ofgem, accessed November 2023 <https://www.ofgem.gov.uk/energy-price-cap>

"Energy price cap (default tariff) policy," Ofgem, accessed November 2023 <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/energy-price-cap-default-tariff-policy>

¹⁰⁵ "Switch supplier or energy tariff," Ofgem, accessed November 2023. <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/switching-energy-tariff-or-supplier>

¹⁰⁶ This is quite different to the New Zealand energy market. Here, most residential consumers are charged a fixed daily rate and a fixed variable rate, with some retailers offering different variable rates at different times of the day (also known as time of use or time conditional plans). These rates are set up in consumer contracts, which typically last one year. Consequently, in New Zealand the cost of energy does not typically fluctuate depending on energy market conditions.

switch goes wrong, switching when repaying debt (with or without a prepayment meter), and when renting.

- 11.5. Ofgem's Switching Programme, introduced in 2020, aims to 'radically transform current switching arrangements and deliver faster, more reliable switching for consumers.'¹⁰⁷ For this change programme, Ofgem proposes introducing a new consistent, dual fuel Centralised Switching Service.
- 11.6. According to the business case, the prior process (implemented in the 1990s) undermined competition by being a barrier to new market entrants and was slow, inefficient, and unreliable for consumers, with 60% of households not recently, or ever, engaging in the market.¹⁰⁸ Implementation of this programme is ongoing, alongside various other interventions to improve consumers' switching experience.
- 11.7. One of these changes is updating the Guaranteed Standard of Performance (GSOP), which regulates energy supplier interactions with consumers. This includes specific improvements for how switching is conducted. Recent changes have introduced penalties on suppliers failing to meet the GSOP through errors and delayed switches and final bills, resulting in compensation for consumers.¹⁰⁹
- 11.8. Ofgem provides its consumers with a list of accredited price comparison websites, endorsed by its Confidence Code programme.¹¹⁰ This was originally a voluntary code of practice operated by residential energy price comparison services. Ofgem took responsibility for Code in 2013.
- 11.9. Its revised model requires accredited services to provide reassurance to consumers about their independence, transparency, accuracy, and reliability. It includes requirements in nine categories:
 - (a) independence and impartiality
 - (b) tariffs and price comparisons
 - (c) control and management
 - (d) payment methods

¹⁰⁷ "Switching programme," Ofgem, accessed November 2023. <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/switching-programme>

¹⁰⁸ Ofgem, *Switching Programme: Full Business Case*, 14 May 2019,3. https://www.ofgem.gov.uk/sites/default/files/docs/2019/05/switching_programme_full_business_case.pdf

¹⁰⁹ "Supplier Guaranteed Standards of Performance for Switching: Consultation on Introduction of Further Guaranteed Standards and Automatic Compensation," Ofgem, accessed November 2023. <https://www.ofgem.gov.uk/publications/supplier-guaranteed-standards-performance-switching-consultation-introduction-further-guaranteed-standards-and-automatic-compensation>

"Supplier Guaranteed Standards of Performance for Switching - Final Decision and Statutory Instrument," Ofgem, accessed November 2023. <https://www.ofgem.gov.uk/publications/supplier-guaranteed-standards-performance-switching-final-decision-and-statutory-instrument>

Ofgem, *Supplier Guaranteed Standards of Performance for Switching: Consultation on amending Guaranteed Standard 6ZA*, 2023. <https://www.ofgem.gov.uk/sites/default/files/2023-09/GSoP%20amendment%20for%20Faster%20Switching%20-%20Consultation%20document%20%281%29.pdf>

¹¹⁰ "Confidence Code - code of practice for online domestic price comparison services," Ofgem, accessed November 2023. <https://www.ofgem.gov.uk/publications/confidence-code-code-practice-online-domestic-price-comparison-services>

- (e) results and filters
 - (f) quality of service and signposting to information
 - (g) accuracy and updating tariffs
 - (h) audits and monitoring
 - (i) complaint handling.¹¹¹
- 11.10. As discussed in the options presented in this paper, this is a potential option for the New Zealand market. New Zealand has several commercial plan comparison websites operating, in addition to Powerswitch.

Other comparison and switching support services in the UK retail market

- 11.11. Ofgem's regulations work alongside an industry-led Energy Switch Guarantee. This is a voluntary set of promises developed by Energy UK (the trade association for the UK energy industry). Most of the UK's major energy suppliers have signed up to the Energy Switch Guarantee, which is recognised by Ofgem, Citizens Advice, Consumer Scotland, the Ombudsman, and the government's Department of Business, Energy, and Industrial Strategy.¹¹² Under the Energy Switch Guarantee, the new energy provider takes responsibility for the switch and offers added benefits, such as:
- (a) no interruption in energy supply
 - (b) free switching service
 - (c) switch will be completed within five working days
 - (d) energy provider does not need to visit the physical address, unless agreed otherwise
 - (e) in the event of an issue or delay, the new provider will contact the consumer as soon as possible and is responsible for addressing the matter
 - (f) 14 day right for consumer to change their mind and stay with current provider.
- 11.12. Quarterly reporting monitors the key performance indicators of the Energy Switch Guarantee, with the results published on the Energy UK website.¹¹³
- 11.13. The Energy Switch Guarantee is an example of industry collaboration to improve the consumer switching experience. While not exactly equivalent, this could provide a model for the retailer collective approach proposed in Option 2 of this paper.

Ireland and Northern Ireland

- 11.14. Energy consumers in the republic of Ireland (Ireland) and Northern Ireland can access various comparison websites displaying accreditation by the Commission for

¹¹¹ Ofgem, *Confidence Code - code of practice for online domestic price comparison Services*, 25 March 2015. https://www.ofgem.gov.uk/sites/default/files/docs/2015/03/confidence_code_-_code_of_practice_for_price_comparison_services_0.pdf

¹¹² "Energy Switch Guarantee," Energy UK, accessed November 2023. <https://www.energy-uk.org.uk/our-work/energy-switch-guarantee/>

¹¹³ "Publications/Energy Switch Guarantee," Energy UK, accessed November 2023. <https://www.energy-uk.org.uk/publications/category/energy-switch-guarantee/>

Regulation of Utilities. The Commission for Regulation of Utilities regulates the energy and water sectors in Ireland and Northern Ireland and acts like the Authority to protect the interests of energy customers. The Commission for Regulation of Utilities operates under the remit of several government legislative Acts and its jurisdiction covers the entire island of Ireland and its surrounding islands.¹¹⁴

- 11.15. Commission for Regulation of Utilities accreditation involves ongoing reviews and audits to ensure comparison websites are independent, impartial, accurate, up-to-date, and easy to use. Its aim is to assure the credibility of these services and instil consumer confidence.¹¹⁵ In 2023 the websites Switcher.ie, Bonkers.ie and PowerToSwitch.ie all had Commission for Regulation of Utilities accreditation.¹¹⁶ The clear set of principles set out for Commission for Regulation of Utilities accreditation could inform the Authority in establishing the principles of Option 3 (Authority accredited websites) alongside Ofgem’s Code of Confidence.
- 11.16. All the Irish accredited services are free for consumers. Alongside helping consumers compare energy prices, Bonkers and Switcher both offer various other comparison options including internet deals, mortgage rates, insurance, loans, and mobile plans.¹¹⁷ These operate like the commercial comparison websites in New Zealand that also offer a range of non-energy services. PowertoSwitch focuses on energy comparison only, making it like Powerswitch.¹¹⁸
- 11.17. We note that, under our Option 3 model, the Authority could only accredit electricity services (or gas, in collaboration with the Gas Industry Council). New Zealand being able to accredit comparison websites offering more comparison services than just energy, would likely require accreditation programmes being established by several other government agencies. In the Irish example, Bonkers and Switcher note that they are also regulated by the Central Bank of Ireland.
- 11.18. This complexity informed our thinking around Option 5, which proposes a government-run multi-utility comparison site. This is rather than a multi-agency accreditation programme.
- 11.19. Both PowertoSwitch and Switcher also provide energy efficiency and savings guides. For example, this includes how to service or shift away from oil boiler heating and help about energy grants such as how to claim a Fuel Allowance for consumers facing financial struggle. Requiring independent comparison services to provide such resources could be included within the accreditation standards model proposed in Option 3.

¹¹⁴ “Policy and Statutory Framework,” Commission for Regulation of Utilities, accessed November 2023. <https://www.cru.ie/about-us/what-we-do/policy-and-statutory-framework/>

¹¹⁵ Commission for Regulation of Utilities, *Commission for Regulation of Utilities 19033 Price Comparison Website Accreditation Framework*, March 2019. [https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/Commission for Regulation of Utilities19033-Price-Comparison-Website-Accreditation-Framework.pdf](https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/Commission%20for%20Regulation%20of%20Utilities19033-Price-Comparison-Website-Accreditation-Framework.pdf)

¹¹⁶ “Price Comparison Websites,” Commission for Regulation of Utilities, accessed November 2023. <https://www.cru.ie/consumer-information/switch-supplier/price-comparison-websites/>

¹¹⁷ “About Switcher.ie,” Switcher.ie, accessed November 2023. <https://switcher.ie/about-us/>

“About Bonkers.ie,” Bonkers.ie, accessed November 2023. <https://www.bonkers.ie/about/>

¹¹⁸ “About us,” PowertoSwitch, accessed November 2023. <https://powertoswitch.ie/about/>

Australia – Australian Energy Regulator

11.20. Like the Authority, the Australian Energy Regulator actively promotes consumer switching through the government-run energy comparison website Energy Made Easy¹¹⁹. The Australian Energy Regulators' main website also provides advice for consumers on how to compare prices across different energy plans according to different needs and circumstances.¹²⁰

Cautionary advice to consumers

11.21. The Australian Energy Regulator website includes advice about commercial switching sites. This advises that 'some switching services have preferred retailers and may also receive a commission from retailers for switching customers to them', and further that 'switching services do not always compare all offers from energy retailers and you may not be provided with the best offer available for you.'¹²¹

11.22. Also included on the Australian Energy Regulator website is a consumer warning about dealing with energy retailers that use salespeople to offer deals over the phone or door-to-door. This reminds consumers of their rights under law to change their minds within 10 business days of signing a new contract, add unwanted telemarketers to a government run 'do not call register', and lodge complain about sales tactics through the Australian Energy Regulator.¹²²

11.23. The Australian Energy Regulator's website also contains detailed information about energy and consumers rights, the rules retailers are bound to when dealing with consumers, and the responsibilities of the consumer when entering a contract. Further, it provides various 'fact sheets' including advice on how to 'shop around' for the best energy offers¹²³ and information on the National Energy Retail Law (2012).¹²⁴ More detailed information regarding switching is provided on the Australian Energy Regulators' Energy Made Easy website.

11.24. Such information is not currently required on New Zealand comparison websites. However, this could be considered as part of additional functionality requirements assessed during a procurement process. The Authority does currently require all retailers to place clear links to Utilities Disputes Ltd. and Powerswitch on their

¹¹⁹ "Energy Made Easy," Australian Government, accessed November 2023.
<https://www.energymadeeasy.gov.au/>

¹²⁰ "Energy Services," Australian Energy Regulator, accessed November 2023.
<https://www.aer.gov.au/consumers/understanding-energy/energy-services>

¹²¹ "Energy Services: what about other commercial switching sites," Australian Energy Regulator, accessed November 2023.
<https://www.aer.gov.au/consumers/understanding-energy/energy-services>

¹²² "Energy Services: dealing with sales people", Australian Energy Regulator, accessed November 2023.
<https://www.aer.gov.au/consumers/understanding-energy/energy-services>

¹²³ Australian Energy Regulator, *Consumer fact sheets: Shopping around and changing your electricity or gas offer*, 2015.
https://www.aer.gov.au/system/files/Shopping%20around%20and%20changing%20your%20electricity%20or%20gas%20offer_1.pdf

¹²⁴ "Your energy rights," Australian Energy Regulator, accessed November 2023.
<https://www.aer.gov.au/consumers/understanding-energy/your-energy-rights>

websites and customer bills. This aims to help consumers seeking to complain about their energy provider and promote comparison and switching.¹²⁵

- 11.25. A 2019 Australian Energy Market Commission report on Retail Energy Competition (like New Zealand's 2019 *Electricity Price Review*) also recommended that non-government, third-party comparison sites should be regulated by a mandatory code of conduct. This included disclosure around the commercial relationships between retailers and the site.¹²⁶ This aligns with the approach for our Option 3 proposal in this paper.

The Energy Made Easy government comparison site

- 11.26. The energy price comparison website, Energy Made Easy, is the Australian Government's free, independent website. The site shows all generally available offers and does not take commissions from retailers.¹²⁷ It covers all states except Victoria, where residents can use state's Energy Compare website instead (see below).
- 11.27. The aim of Energy Made Easy is "to help residential and small business energy consumers navigate the often complex electricity and gas retail markets to find a suitable energy plan."¹²⁸
- 11.28. Energy Made Easy is comparable to Powerswitch in its functionality and consumer user experience. However, unlike Powerswitch, which operates at 'arm's length' from the Authority through the administration of Consumer NZ, Energy Made Easy is operated directly by the Australian Energy Regulator. The Australian Energy Regulator must provide a price comparison website under the National Energy Retail Law (2012).
- 11.29. Further, unlike Powerswitch, which must actively seek out provision of information from retailers to update its website content, the Australian Energy Regulator's Retail Pricing Information Guidelines regulate how retailers must interact with Energy Made Easy by regularly providing information.
- 11.30. Submission of current plans and removal of expired or obsolete plans must be made within two business days of the plan becoming available/unavailable to customers. Retailers must also ensure that their own websites are accurate and up to date. Further, plan information must be clear, simple, and widely understood, and retailer websites must link to an HTML version of all plan documents on Energy Made Easy.¹²⁹

¹²⁵ See Section 11.30A and B 'Provision of information on dispute resolution scheme', 'Provision of information on electricity plan comparison site' in the Code.

¹²⁶ Australian Energy Market Commission, *2019 Retail Energy Competition Review*, June 2019, 96.

¹²⁷ Australian Government, "Energy Made Easy."

¹²⁸ "About Energy Made Easy," Australian Government, updated 25 October 2023. <https://www.energymadeeasy.gov.au/article/about-us?id=electricity-tariffs>

¹²⁹ Australian Government, "About Energy Made Easy."

- 11.31. As well as providing a comparison and switching service, Energy Made Easy also provides consumers with information to help their decision-making. The ‘Get Energy Smart’ section outlines key details on how:
- (a) energy plans, contracts, and terms and conditions operate in the market
 - (b) to save money through choosing the right plan and other tips for greener energy choices
 - (c) the switching process works for consumers in different situations (eg, tenants that purchase electricity from a building owner or landlord, or those who are moving house or business).¹³⁰
- 11.32. The ‘Control your costs’ section offers advice on choosing the best plan, understanding your bill, rebate, and concession options, and how to save money by reducing energy use.¹³¹
- 11.33. Adding a comprehensive set of consumer resources to a New Zealand comparison and switching website could be considered as part of functionality requirements for Option 5. Alternatively, it could be included in the standards for Option 3. Such resources would also be useful to support Option B and could provide a basis for the promotional activity described in Option C.

Victorian Energy Compare

- 11.34. As noted above, the Victorian Government operates its own, independent energy price comparison website, Victorian Energy Compare.¹³² This provides Victorians with state-specific information on local energy prices and plans.
- 11.35. Alongside electricity and gas, Victorian Energy Compare also can calculate how much money Victorians could save on their energy bills by installing solar panels.¹³³ Users are asked about energy usage in their household (eg, heating types) and to add in information from their current energy bill (eg, average daily usage). Alternatively, consumers can provide their National Metering Identifier, like our New Zealand installation control point number, to get more personalised, accurate results straight from their smart meter data (for electricity only).
- 11.0. The website searches for the energy offers available in the user’s area; calculates prices for use (using smart meter data) or estimated use (from questionnaire responses); and provides an estimated figure to give the best priced offer.
- 11.1. Again, this functionality is very similar to that used by Powerswitch and other New Zealand comparison websites. However, Victorian Energy Compare’s ability to

¹³⁰ “Get energy smart: About energy plans,” Australian Government, updated 25 October 2023.
<https://www.energymadeeasy.gov.au/article/about-energy-plans>

¹³¹ “Control your costs: Paying too much for energy?” Australian Government, updated 25 October 2023.
<https://www.energymadeeasy.gov.au/article/paying-too-much-for-energy>

¹³² “Victorian Energy Compare,” Victorian Government, updated 14 November 2023.
<https://compare.energy.vic.gov.au/>

¹³³ Information on retailer solar buy-back rates has recently been added to the Powerswitch website. However, the ability to directly compare these rates alongside electricity and gas plans is not yet available on the site.

“Solar buy-back rates - find the best rates in New Zealand”, Powerswitch, accessed March 2023.
<https://www.powerswitch.org.nz/solar>

directly access a user's smart meter data greatly improves the accuracy of the results provided for electricity plan comparison. Including access of this type could also be considered as a functionality requirement within a procurement process.

Canada (Alberta and Ontario)

- 11.2. Only two provinces in Canada have competitive electricity retail markets: Alberta and Ontario. The number of jurisdictions with competitive natural gas markets is much larger (Alberta, Ontario, Quebec, British Columbia, Saskatchewan, and Manitoba). This means that consumers have no choice over who provides their electricity in the vast majority of Canada.
- 11.3. Where choice is available, the website Energy Rates Canada, can help consumers to compare their current energy rates and switch. This is a private not-for-profit company, not a government-funded service, but does offer a free comparison service to consumers with no additional fees. It charges retailers to list their products on its site and requires success fees for gaining switches – operating on a similar funding model to New Zealand's independent commercial comparison websites.¹³⁴
- 11.4. Electricity in Alberta was deregulated in 1995, but independent electricity retailers did not enter the Albertian market until 2001.¹³⁵ Consumers in Alberta can choose between rates offered by independent retailers operating in a competitive retail market or a standardised rate, known as the Regulated Rate Option. With the Regulated Rate Option their electricity is set by the province's independent regulator, the Alberta Utilities Commission.¹³⁶
- 11.5. The Regulated Rate Option is designed to provide a fair price for electricity to consumers and a fair rate of compensation to Regulated Rate Option providers. Residential or business consumers that use less than 250,000kWh per year and who choose not to sign up with an independent retailer, will have their electricity supply assigned to a default provider and charged the Regulated Rate Option price. The Regulated Rate Option price is determined monthly by the Alberta Utilities Commission based on global market conditions and the cost of transmitting electricity to each part of the province. As a monthly price projection system, the Regulated Rate Option is therefore subject to a level of market volatility.
- 11.6. Ontario has a similar electricity market to Alberta. Consumers in Ontario can either choose to get their electricity from an independent provider or pay one of two provincial regulated rates (time-of-use and tiered). These rates are set quarterly by the Ontario Energy Board. About 90% of electricity consumers in Ontario are served by regulated utility companies and pay regulated rates.
- 11.7. The Canadian market's electricity pricing system is therefore largely not applicable to a New Zealand context, where both the electricity and gas markets are deregulated and fully competitive (ie, there are no government-set energy prices

¹³⁴ "About us: How we make money," Energy Rates Canada, accessed November 2023. <https://energyrates.ca/about-us/>

¹³⁵ "Alberta," Energy Rates Canada, accessed November 2023. <https://energyrates.ca/alberta/>

¹³⁶ "Regulated Rate Option (Regulated Rate Option)," Energy Rates Canada, accessed November 2023. <https://energyrates.ca/alberta/regulated-rate-option-rro/>

available to consumers). Setting such regulated rates is not within the remit of the Authority under our Act.

Weather-related consumer protections in Alberta

- 11.8. The Winter Utility Reconnection Program (WURP) protects consumers from disconnection in the harsh Canadian winter. Albertan provincial law prohibits disconnections between 15 October and 15 April or if forecast temperatures are forecast to drop below 0 degrees in the 24-hour period after a proposed date of disconnection.¹³⁷ Non-paying customers may have an electricity limiter placed on their home, which allows only a basic level of heating, lighting, and low-energy devices to continue operating during periods when disconnection restrictions apply.
- 11.9. Outside of this, a notice period applies before disconnections can occur, similar to the Authority's Consumer Care Guidelines. The Guidelines do not currently have scope to enforce weather related periods of no-disconnection. However, they provide health-related disconnection restrictions for those consumers reliant on electricity-supplied medical equipment for in-home care, such as renal dialysis machines.
- 11.10. In Alberta, decisions made by the Alberta Utilities Commission, such as setting the Regulated Rate Option price, are monitored by the Office of the Utilities Consumer Advocate. The Utilities Consumer Advocate represents the interests of residential, farm, and small business consumers of electricity, natural gas, and water in Alberta.¹³⁸ This is similar to the Consumer Advocacy Council in New Zealand, which was established in response to the 2019 *Electricity Price Review*.
- 11.11. The Utilities Consumer Advocate also run their own independent price comparison service on their website, alongside other advice about consumer rights in Alberta. This is backed by local government funding and offers comparison options for residential, small business, and farm-based consumers.¹³⁹
- 11.12. The Authority has a remit to protect both the interests of domestic and small business consumers under its additional objective. However, Powerswitch currently only provides comparisons for domestic consumer households.¹⁴⁰ Expanding the scope of an Authority-funded website to include small business consumers, could be considered within the functionality specifications in a procurement process.

¹³⁷ Set in Section 2(2) in the Distribution Tariff Regulation (part of the Alberta Electric Utilities Act 1995).

Alberta Gazette, *Alberta Regulation 162/2003, Electric Utilities Act: Distribution Tariff Regulation*, current as of 01 March 2021. https://kings-printer.alberta.ca/1266.cfm?page=2003_162.cfm&leg_type=Regs&isbncln=9780779768745&display=html

¹³⁸ The Utilities Consumer Advocate's responsibilities are outlined in the Government Organization Act, Schedule 13.1, and the Utilities Consumer Advocate Regulation.

Alberta Gazette, *Government Organisation Act, Chapter G-10, Schedule 13.1 Office of the Utilities Consumer Advocate*, current as of 01 April 2023. https://kings-printer.alberta.ca/1266.cfm?page=G10.cfm&leg_type=Acts&isbncln=9780779780303&display=html

¹³⁹ "Utilities Consumer Advocate: Cost Comparison Tool," Alberta Government, accessed November 2023. <https://ucahelpsstaging.alberta.ca/cost-comparison-tool.aspx>

¹⁴⁰ Powerswitch states on its website that 'it is not for commercial use. It is not for businesses, clubs, lodges, schools, or any other non-residential electricity applications.'

"FAQs: Using Powerswitch," Consumer NZ, accessed November 2023. <https://www.powerswitch.org.nz/about>

Appendix D Options assessment against criteria

Key: ✓✓✓ = strong xxx = weak

Website-related options

OPTIONS		1	2	3	4	5
Primary criteria	Sub-criteria	No Authority/government supported or endorsed website(s)	Retailer-run collective comparison & switching website	Authority accredited (externally run) comparison & switching websites	Authority funded & supported existing or new (externally run) comparison & switching website	Expanded govt. utility comparison & switching website
Promotes market competition		x Not actively supported, left to market provision (likely largely commercial sites).	✓ All retailers participating in one site limits market competition.	✓✓✓ Allows multiple website providers to participate.	✓✓ One Authority funded/supported website promotes competition by providing a reputable site for comparison. Although other websites remain unsupported.	✓✓ One government funded/supported website promotes competition by providing a reputable site for comparison. Although other websites remain unsupported.
Protects consumer interests		xxx Authority/government not guiding consumers to an endorsed website(s).	✓ May be limited due to conflict of interest and lack of independence given retailer control.	✓✓ Protection achieved by meeting mandatory accreditation guidelines.	✓✓✓ Strong protection expected through Authority oversight.	✓✓ Protection achieved through government support, but wide scope introduces complexity that may lessen consumer protection.
Promotes the benefits of comparing and switching retailers		xxx No supported/endorsed website to actively promote.	✓ Authority endorsement of one site promotes comparison/switching. But service delivery devolved to retailers distances Authority's involvement.	✓ Gives consumers multiple accredited switching website choices. May dilute clear promotion of switching (away from one strongly endorsed website) as service provision devolved to the market.	✓✓✓ Authority clearly endorses (promotes), funds, and supports one approved switching service and provider, maintaining a strong connection to that service.	✓✓ Authority actively promoting switching within wider utility service.
Consumer benefit	Financial	xx Commercial sites may not promote or include the most cost-effective plans.	✓ Site should include a full range of plans and encourage competitive plan options.	✓✓ Competition between service providers may drive more choice and innovation in presenting better value and diversity of plans. Choice may be limited by provider ability to meet standards.	✓✓ Authority involvement supports accuracy of comparison results for the endorsed website. But one endorsed website may limit identification of the widest range of plans and consumer service choice.	✓✓ Comprehensive utility comparison website may more accurately/easily reflect 'bundled' plans.
	Non-financial	x Commercial sites may not clearly identify non-financial benefits.	✓ Retailer incentive to distinguish their non-financial benefits.	✓ More market choice and competition increases scope for non-financial service benefits. But multiple websites increase risk of plans not being accurately represented.	✓✓ Authority involvement supports the endorsed provider's service quality. Flexibility in option to allow innovation or new providers	✓✓ Potentially more convenient 'one-stop-shop' integrated service. Able to present comprehensive multi-utility information.
Ease of consumer use		x Difficult for consumers to assess quality of commercial site results.	✓✓ One Authority endorsed site for switching. But multiple retailer involvement may complicate the service.	✓ Multiple providers to suit more diverse consumer needs. Accreditation guides consumers but multiple sites could create confusion & variable quality.	✓✓✓ Consumers directed to one Authority quality-endorsed service. Simplifies consumer choice.	✓ Integrated comparison site provides convenience. Multi-utility comparison approach potentially complex for users.

OPTIONS		1	2	3	4	5
Primary criteria	Sub-criteria	No Authority/government supported or endorsed website(s)	Retailer-run collective comparison & switching website	Authority accredited (externally run) comparison & switching websites	Authority funded & supported existing or new (externally run) comparison & switching website	Expanded govt. utility comparison & switching website
Efficiency of design/build	Cost	✓✓✓ No cost to Authority	xx Extra cost to service providers and Authority to design new site. Authority resource cost for Code change.	xxx High costs likely to service providers and/or Authority associated with needing to design or improve design of multiple services.	x Costs to Authority above current funding will depend on extent of improvements to service or new design needed.	xxx New build likely to be high cost due to complexity, even allowing for shared cost across government.
	Time to implement	✓✓✓ Left to market - existing commercial sites already available.	xxx Build time for new site. Time for Code change.	x Accreditation standards need development. Service design timing left to market. Likely to take some time for services to reach accreditation standard.	Neutral Will depend on whether an existing (less time) or new service (likely more time) is procured but project timetable is intended to allow sufficient time for new service to be developed.	xxx High complexity will create long timeframes.
Ease of implementation	Authority/govt	✓✓✓ Left to market.	x Authority support to establish standards and Code change.	✓ Authority needs to determine accreditation standards and how to monitor and/or audit service providers.	Neutral Will depend on whether a new or existing service is procured. A new service is likely to require more resource to implement. However, an existing service may also need extra implementation resource to bring it up to Authority standards.	xxx Cross government approach requires complex interagency planning.
	Retailers	Neutral - unchanged from current model	xxx Requires complex collaboration.	✓ More choice to present plans but complex to build up multiple new market relationships.	Neutral Will depend on whether retailers need to adapt to a new service.	x Retailers must adapt processes to new service.
	Service provider/s (websites, community advisers)	✓ Market drives commercial sites uptake.	n/a	x Service providers must meet and maintain accreditation standards to benefit. May require some development work to reach required standards.	✓✓ Limited change required for existing market service providers. Opens opportunity for commercial providers to get government support.	xx Wider commercial providers locked out of government endorsement/ support.
Operating cost	Authority/govt	✓✓✓ Cost covered by market.	x Moderate compliance monitoring cost.	xx Regular and complex accreditation monitoring across multiple providers may be costly and resource intensive.	xxx Requires significant on-going Authority funding.	xxx Significant government funding required to operate large, new, and complex service.
	Retailers	Neutral Unchanged from current model.	x Authority funding (at current level) would support site but complex multi-retailer involvement likely to mean high costs.	x Retailers will likely need to interact with a wider range of services involving tighter Accreditation requirements.	Neutral Assumption that existing or new service will operate on similar terms to current model.	Neutral Unchanged from current model (assuming switching fees remain).
	Service provider/s (websites, community advisers)	Neutral Market driven costs.	n/a Operated by retailers	xx Commercial service providers reaching and maintaining accreditation standards likely to require more resource.	Neutral New provider would benefit from Authority funding and likely increased switching fees. But may incur higher costs to meet Authority requirements. Neutral for existing providers.	n/a Not involved in service provision.

OPTIONS		1	2	3	4	5
Primary criteria	Sub-criteria	No Authority/government supported or endorsed website(s)	Retailer-run collective comparison & switching website	Authority accredited (externally run) comparison & switching websites	Authority funded & supported existing or new (externally run) comparison & switching website	Expanded govt. utility comparison & switching website
Summary		Low cost, no responsibility option left to market provision. Lacks Authority support and therefore has low consumer protections.	Single Authority-endorsed site means ease of consumer use. But complex collaboration needed between retailers likely to make design and operation very difficult.	Multiple accredited sites should mean strong consumer choice. But requires resource intensive ongoing Authority monitoring of multiple services – potentially resulting in high regulatory risk.	Simple, quality endorsed model to benefit consumers. Allows the Authority a wide choice of service options and providers for potential innovation. Allows the possibility for current commercial providers to collaborate with government, supporting competition. Scores against several criteria that are currently neutral would depend on whether an existing or new service is chosen.	Convenient, comprehensive utility comparison service may provide strong consumer benefit. However, model's complexity means high cost and greater interagency operational risk.
Score		13✓ 11*	7 ✓ 11 *	12 ✓ 10 *	17 ✓ 4 *	11 ✓ 15 *
FINAL SCORE		2	- 4	2	13	- 4

Consumer choice support options

OPTIONS		A	B	C
Primary criteria	Sub-criteria	Retailers provide their existing consumers with best plan information	Community advisers to support comparison & switching	Promotional activity & campaigns for comparison & switching service/s
Promotes market competition		✓ Switching only between consumers existing retailers' plans.	✓✓ Indirectly supports competition to encourage switching across all retailers.	✓✓ Promotes consumer choice across all retailers.
Protects consumer interests		✓✓ Places consumers on best plans but only with existing retailer.	✓✓✓ Provides independent, authoritative advice and support.	✓✓ Encourages and guides consumers to compare and switch for better deals.
Promotes the benefits of comparing and switching retailers		✓✓ Promotes comparison/switching but only within existing retailer's plans.	✓✓✓ Promotes comparison/switching through targeted advice to those most in need or unlikely to engage with self-service channels.	✓✓✓ Directly promoting the benefits of comparison/switching through any multi-media campaigns.
Consumer benefit	Financial	✓ Cost savings likely but limited to existing retailer's plans.	✓✓✓ Targeted, personalised advice likely to direct consumers to best value plans for their circumstances.	✓✓ Consumer awareness of switching opportunities likely to result in financial benefit.
	Non-financial	✓ Limited to benefits from existing retailer. But consumer retains relationship with existing retailer which might be more attractive to some.	✓✓✓ Model empowers consumers to participate in the switching process more effectively and achieve benefits.	✓✓ Potential for targeted marketing to consumers with diverse needs and circumstances (including vulnerable consumers).
Ease of consumer use		✓✓✓ Retailer assesses best plan so consumer merely needs to accept switch.	✓✓✓ Authority approved accessible and trusted service providers. Ability for service providers to proactively support consumers.	✓✓ Targeted information provided to consumers on various platforms.
Efficiency of design/build	Cost	✓ Limited cost for retailer system change. Some authority resource cost for Code change.	✓ Potential to use existing community service providers should lower set up costs.	✗ Extent and reach of information provision can be tailored to available funding. Multimedia campaigns can incur substantial costs.
	Time to implement	✗ Time for Code change and retailer implementation.	✓ Moderate timeframe expected to establish new service model and access providers.	✓✓ Campaigns can be delivered as needed (eg, seasonally) in relatively quick timeframes.
Ease of implementation	Authority/ govt	✗ Authority Code change	✓✓ Use of existing community providers should streamline process.	✓✓ Requires campaign planning but straightforward delivery.
	Retailers	✗ Retailer system change.	n/a	n/a
	Service provider/s (websites, community advisers)	n/a	✓ Government support could expand existing community operations but will require increased capacity.	n/a

OPTIONS		A	B	C
Primary criteria	Sub-criteria	Retailers provide their existing consumers with best plan information	Community advisers to support comparison & switching	Promotional activity & campaigns for comparison & switching service/s
Operating cost	Authority/ govt	✓ Low compliance monitoring cost but further investigation required.	xx Likely to be significant to provide to appropriately targeted level of service.	n/a
	Retailers	Neutral Monitoring costs balanced by reduced debt risk.	n/a	n/a
	Service provider/s (websites, community advisers)	n/a Not involved in service provision.	✓ Likely higher administrative costs to cover increased service but offset by Authority/govt funding.	✓ Potential for higher traffic to existing website providers.
Summary		Switching choice limited to existing retailer, but still provides strong consumer benefits.	Strong consumer benefits expected through targeted consumer support. Potential to be particularly beneficial for vulnerable consumers and/or those in energy hardship.	Strongly connected to Authority switching promotion function. Positive for consumer awareness likely leading to consumer benefits. Reasonable costs and straightforward to implement.
Score		12 ✓ 3 x	23 ✓ 2 x	18 ✓ 1 x
FINAL SCORE		9	21	17

Appendix E Glossary of terms

Term	Description
c/kWh	Cents per kilowatt hour – a measure of electricity price.
Distributed electricity resources (DERs)	Smaller-scale devices used to generate, store, or manage energy, that form a part of the local distribution system primarily serving homes and businesses. Distributed energy resources can include renewable generation such as solar panels, batteries, and electric vehicles.
Installation control point (ICP)	A point of connection at which the electrical installation for a retailer's customer is connected to an electricity network. Each installation control point (eg, household connection) is assigned a unique identifying number.
Move-in switching	Switching occurring when consumers change from one retailer to another due to moving from one residential property to another (eg, when buying or selling a home or moving between rental properties).
Switching	The process of a consumer changing from their current electricity retailer and/or electricity plan to another.
Tariff	The pricing rate at which electricity is supplied to a consumer.
Time conditional plans	Electricity plans offering cheaper electricity at certain times of the day when overall electricity demand is likely to be lower.
Trader switching	Switches occurring when a consumer changes from one retailer to another while remaining at the same property.