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To: The Electricity Authority
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Genesis supports improved data for retail monitoring

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on the Electricity Authority's (**the Authority**) consultation paper *Improving retail market monitoring: clause 2.16 information notice*.

Genesis supports the Authority's proposal to consolidate data requests into a single process, and the Authority's intention to continue increasing publication of data and insights. We applaud the Authority for its thorough and considered proposal on options to improve retail monitoring data collection and appreciate the Authority's flexibility and responsiveness during consultation (including its extension to the timeframe for submissions).

Below we have outlined our concerns with the proposal. Many of these concerns were voiced by Genesis and other ERANZ members during recent engagement facilitated by ERANZ. While we note the Authority gave answers to some of the concerns below during that discussion, we have nonetheless outlined our full set of concerns for the record and to ensure the Authority has opportunity to consider these moving forward.

We have concerns with the scope and granularity of the proposal

Our main concerns with the Authority's proposal relate to the scope and granularity proposed in the draft clause 2.16 notice. For the reasons outlined, we do not believe this will be an efficient or effective way to achieve the Authority's objectives. We have grouped our concerns regarding data quality under what we understand to be four important Authority data needs. We have also suggested some alternative methods for meeting the Authority's requirements.

Monitoring effectiveness of consumer and customer care

We believe the aggregation level and type of data supplied under current voluntary Consumer Care Guidelines requests is already sufficient to give visibility of retailer performance in this area. Bringing the level of data down to an ICP/Customer level will introduce a level of variability which will make comparison across retailers difficult. Different arrears management processes will greatly affect how retailers manage levels and ageing of arrears. As an example, Genesis has around 80,000 customers who choose to use a smooth pay

product, which, by nature, allows the customer to carry arrears across extended periods without falling into any arrears management processes. Under the proposed clause 2.16 notice, these customers would show up in reporting with varying arrears levels and ages, even though they are not in hardship, as the arrears level reflect the payment option they have chosen.

We feel data provided to the Authority under the existing reporting requests could be enhanced by retaining the same level of aggregation while also introducing dimensions such as region (we think GXP level would likely be granular enough), deprivation index, industry code for small businesses and age demographic. These dimensions could be added to the data as supplied by retailers to the Authority. Adding these dimensions would allow the Authority to identify potential at-risk clusters of customers.

Monitoring retail competition

We feel there is a very high risk of misinterpretation of pricing data at the level of granularity requested, and the variability in pricing across different retailers, particularly in the naming conventions, significantly limits the usefulness of this data set for measuring competition.

The incorporation of spot price to determine margin is also of limited usefulness for this purpose. With hedging contracts and differing internal cost allocations and accounting methods, any ICP level margin comparison across retailers would be inherently flawed.

If the aim is to understand competition, we suggest the key source data should be ICP switching data already available to the Authority, particularly transfer switching. If the published Powerswitch data is used to create a relative price index across retailers at a GXP level, this will give a good indication of switching trends relative to current price position.

Any other inferences about customer switch drivers, or intent to switch would need to incorporate qualitative research to be valid.

Understanding bundling and its impact on consumer behaviour

We feel that the inclusion of non-electricity pricing data at the level of granularity proposed is outside the statutory function of the Authority, and for the reasons outlined above does not do anything more than increase the risk of misinterpretation of data due to the lack of standardisation across retailers of how these products are structured, accounted for, and named.

We do acknowledge that there is benefit from understanding how multi-product bundling impacts switching rates, but this could be achieved through aggregation of churn/switching rates as above, with a single/multi fuel attribute as an added dimension.

Monitoring demand response/TOU plan uptake

From our experience working with this data, half-hour (HHR) consumption data by itself will lead to misinterpretation without corresponding qualitative research, particularly when looking at something like customer intent or willingness to shift load in response to price signals.

Consumption profiling can indicate the number of ICPs where usage is mainly peak/off peak/shoulder hours etc but does not indicate ability or willingness to shift load. The large

scale of this data brings into question the value of having this to meet this need, given the limitations of what conclusions can be drawn without qualitative analysis.

Having aggregated data grouped by shape profile would allow alignment of these usage profiles to the dimensions already listed in the above points; the proportion of TOU plan uptake within these aggregations could also be utilised to meet the need specific to these plans.

Other data concerns

We also have concerns about the proposal to collect unstructured data regarding contact centre interactions. Much of this data does not currently exist and could only be collected in an unstructured or free-text format that would significantly limit its usefulness.

Proposal will impose costs on retailers

The scope and level of granularity proposed in the consultation paper are significantly greater than data currently provided by retailers to the Authority. Implementing these changes will require retailers to collect and generate new data and will impose significant costs on retailers. Genesis estimates it will take around 6-12 months, at significant cost, to change our systems and processes to allow us to start collecting new data. Collecting data backdated to 2018 will also be expensive, and accuracy will be highly variable. To help the Authority assess the costs and benefits of the Authority's proposal we have provided our cost estimates (see answer to question 12). These estimates are provided in confidence, and we request that the Authority please redact them from the published version of this submission.

While we understand and support the Authority's purpose behind proposing a new clause 2.16 notice, we question whether all the data proposed is necessary or will be sufficiently beneficial or useful to justify the significant costs doing so will impose on retailers. As noted by the Authority, the extent to which these additional costs will be justified will depend on how the Authority uses the data as an input to policymaking and its published analysis to the public benefit of New Zealand.

Privacy and commercial sensitivity issues

Certain data points will contain personal information or information that is commercially sensitive. Given all information held by the Authority is 'official information' for the purposes of the Official Information Act 1982, we think it will be necessary for the Authority to establish a consistent approach to how commercially confidential information will be treated under the OIA. To ensure retailers can provide this data with confidence, we would ask that the Authority provide retailers with guidance on how it plans to interpret and manage different datapoints under the OIA and Privacy Act 2020, preferably with endorsement of the Authority's approach by the Ombudsman and Privacy Commissioner as appropriate.

However, even with the above mitigations, it may still be possible for external third-parties to merge the Authority's published information with other publicly available datasets (ie, Statistics NZ data) to re-identify private individuals or ICPs or physical addresses.

An example of commercially sensitive information would include commercial customer pricing information, which is not currently provided by any retailers. When coupled with the request for half-hourly rate consumption data and the risk of being able to identify individuals, this represents a significant risk for retailers.

Alignment with the Authority's statutory functions

As noted above, while we see the potential merits of collecting information on bundling and provision by electricity retailers of other non-electricity services, we would like to better understand the statutory basis on which the Authority proposes to mandate provision of non-electricity data, for example data on gas and LPG, internet and telecommunications. At the very least, we ask that the Authority articulate in greater detail than is provided in the paper the specific legislative provisions (and their interpretations) that give it legal power to direct retailers to provide this information.

Collection of information on bundling and non-electricity services would also seem to risk regulatory overlap with other regulators, for example with the Gas Industry Company's monitoring of its own Consumer Care Guidelines. We would also urge the Authority to ensure the proposed clause 2.16 notice is aligned to and future-proofed against other potential government data ownership or collection policies or mechanisms, particularly MBIE's Consumer and Product Data Bill.

Yours sincerely,



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Consultation Questions and Genesis response

Question Number	Electricity Authority Question	Genesis response
1.	Q1. What are your views on the Authority's description of the current issues with its monitoring of the retail market? Are there any additional issues we have not included?	We agree (in principle) that better data will enhance the ability of the Authority to undertake detailed analysis and monitoring of the retail market, and are supportive of efficient, pragmatic, workable solutions to fill key data gaps and improve data collection processes over time.
2.	Q2. The Authority is proposing that retail market monitoring should be through one consolidated, mandatory request, collected on a consistent basis, that is proactively published, cost-effective, and fills identified information gaps. What are your thoughts on this proposal?	<p>We support in principle the Authority's proposal to streamline and consolidate retail data collection under a single, consolidated process. A single request should simplify data provision for retailers and could support automation.</p> <p>With reference to the five factors outlined in Table Two, we would also suggest the Authority consider the extent to which its proposed solution can be 'futureproofed', both by supporting future automation and by ensuring alignment to future policy or regulatory changes, for example the proposed Consumer and Product Data Bill.</p>
3.	Q3. What are your views on the Authority's proposal that a new Clause 2.16 notice is the correct tool to improve retail market monitoring?	We support in principle using clause 2.16 notice for this purpose, subject to further consultation from the EA on how this will be implemented, including how situations where certain data does not exist will be treated.
4.	Q4. What are your views on the ICPs the proposed notice applies to, and do you believe the proposed notice should apply to any other group of ICPs?	See response to question 5 below.
5.	Q5. What is your definition of mass market? Will the request for <u>account managed small businesses</u> capture all the small businesses that fall outside your definition of mass market?	<p>It will be necessary for the Authority to develop standardised definitions, as different retailers define 'small business' and 'account managed' differently. Our definition is a mixture of total customer (not ICP) volume across all fuels, so what would be considered a residential ICP can be considered part of an industrial customer. One option for simplifying this would be to capture data for all ICPs except commercial and industrial ICPs (TOU).</p> <p>Also note 'mass market' refers to meter type, rather than the customer per se.</p>
6.	Q6. (For retailers) What method would you prefer to use to submit your data?	We support allowing retailers to share data through DeltaLake's data sharing service, and we would use this service.
7.	Q7. Do you have any feedback on the proposed notice (Appendix A)?	<p>In addition to our main concerns and feedback outlined upfront, we have identified the following specific issues with notice as currently drafted:</p> <ul style="list-style-type: none"> • We believe a monthly cadence is too frequent and does not strike the optimal balance between providing the Authority with useful data and minimising additional costs on retailers. It increases retailers' quality assurance workload and internal sign-out processes. We propose that the Authority consider quarterly frequency. • We have multiple customer numbers linked to a single ICP. In our system, what is called 'customer number' is called 'consumer number' and changes on each sign-up. Providing gas and LPG fields means linking the consumer number back to customer number and then back down to utility supplied.

		<ul style="list-style-type: none"> • Provision of billing data (as billed) is a different aggregation of consumption used for network and market reporting purposes (normalised). Providing this will require Genesis to build new reporting. • Rate and Consumption table (2) only seems to consider consumption. Some mass market customers also have capacity, demand, and distance charges. • Some of the data requests are accompanied by very detailed follow-ups which are hard to comply with. For example, the requirement as per paragraph 6.21 to resubmit data for past billing months where data is revised would in effect mean retailers are required to submit multiple months of data every month (and in exceptional circumstances billing revisions can backdate over a period longer than 12 months). • Much of the data proposed to be collected relating to retailer contact center interactions with customers does not exist and would be very difficult to collate and capture on a regular basis. In addition, the nature of this data means it will be highly subjective and unstandardized and therefore of limited benefit.
8.	Q8. (For retailers) Would you be able to provide the information requested in the proposed notice backdated to 1 January 2018? If not, what is the earliest date from which you could provide the requested information?	The requirement to go back to 2018 will introduce significant costs and complexity for retailers. Many of the data points listed will not be available back to 2018. Different types of data are held for different periods, and certain data points are archived after 24 months under our data retention policy (other data points, such as those needed for tax recordkeeping, are retained for longer). Once data is archived, it becomes more difficult and costly to recover. Moreover, it would be difficult to ensure the accuracy of backdated data, particularly given the volume of consumption data that we will be required to provide. Another potential complexity is that capturing backdated data would cover data belonging to former customers. Given the likely limitations and complexities, the benefits may not justify the costs of trying to provide backdated data.
9.	Q9. What are your views on how the information requested in the proposed notice would meet the Authority's statutory monitoring of competition, reliability, and efficiency in the retail market, and domestic and small business consumers' outcomes? What information do you think is needed to meet the Authority's statutory monitoring requirements?	<p>While we see the potential merit in collecting information about whether customers are 'dual fuel' customers, or receiving other bundled services, we would like to better understand the statutory basis on which the Authority intends to collect data relating to non-electricity retail services, for example retailing for gas and LPG, internet and telecommunications. This would also seem to risk regulatory overlap, for example with the Gas Industry Company's own Consumer Care Guidelines for Gas and associated monitoring.</p> <p>The Authority notes in paragraphs 6.47 and 6.80 it may use the data collected under a clause 2.16 notice for a compliance function when 'deciding whether to appoint an investigator'. We question whether this use case aligns with retail market monitoring (section 16(1)(g)) and market-facilitation (section 16(1)(f)) statutory functions and Code clause requirements as outlined in Table Four.</p> <p>While we understand the rationale for collecting this information to support the Authority's consumer protection function, we would suggest further consumer-focused communications may be necessary to ensure alignment of expectations between consumers and the Authority. That is, consumers may not expect or be aware that their information is being shared by retailers with the Authority and used in this way, particularly given the increased risk this could result in personal information being disclosed or private persons identified.</p>
10.	Q10. Do you believe the benefits of the Authority having this information outweigh the costs? If not, why?	Given the potential added costs of providing this data, we suggest it is important to articulate clearly compelling reasons and specific use-cases for each proposed new data point. The Authority may be able to demonstrate to government and industry stakeholders the value of it collecting the information either by regular use in policy or

		<p>consultation documents, and through publication of data and analysis that provides value to consumers and participants in the retail market.</p> <p>As noted in paragraph 3.15, the Authority has not published some of the data already collected due to the ‘potential for it to be misinterpreted’. The risk of misinterpretation will be compounded in the present case by the high granularity of the data and because some will be held in free-form text, and by the fact much of the data is highly complex and requires specialised expertise to accurately interpret. Requiring such wide-ranging and voluminous data will come with significant quality assurance and data cleaning costs, particularly where follow-up engagement between the Authority and retailers is required to clarify data interpretation.</p>
11.	<p>Q11. (For retailers) Do you currently provide the Authority with any of the data requested in the proposed notice through any other mechanism that would not be replaced by a new notice (ie, not the RFS notice, or voluntary information provided annually and quarterly).</p>	
12.	<p>Q12. (For retailers) What is the time and cost for you to put the processes in place to provide the data requested in the proposed notice initially and on an ongoing basis (noting the proposed two-month implementation period)? What resources would this take? Please provide evidence to support any estimates where possible.</p> <p>Confidential</p>	<p>We do not believe two months is sufficient lead-in time. We estimate we will need at least 6-12 months to implement changes necessary to comply with the proposed clause 2.16 notice, [REDACTED] however, this is an estimate only, and there is a possibility the costs will be materially higher (we have not assessed a ‘worst case’ or upper limit scenario). This time is necessary to complete new build of the necessary ICT infrastructure to enable the required data provision (data engineering and software). The ongoing costs are partly due to the high volume of data (a function of the high level of granularity proposed) and the proposed monthly frequency. For example, one single day of interval data typically uses around 30 million rows of data, which has a processing / computing cost to provide. It will be necessary to determine where this cost falls, i.e. the retailer or the Authority. <u>Note we are sharing our cost estimates (underlined above) with the Authority in confidence, and we ask that the Authority redact these estimates when this submission is published.</u></p> <p>As noted, some of the proposed data requests are accompanied by very detailed follow-ups which will be hard to comply with. If implemented, the need to continuously revise data (as per paragraph 6.21) would mean retailers are in effect submitting multiple months data every month.</p> <p>Additional costs will come from the need to change customer service processes and, potentially, hire additional staff to support the more qualitative or manual data capture processes necessary to provide some of the proposed data points.</p>
13.	<p>Q13. (For retailers) Do you collect customer or ICP level information on EV chargers? If so, what are the details of this information eg, whether the charger is a smart charger?</p>	<p>Genesis collects make/type of charger information, which is used to determine the capability of the charger in terms of IOT. This is used to understand potential sizing and uptake for product development, and to target quantitative research.</p>

14.	Q14. What are your views on the information the Authority intends to initially publish from the proposed notice, including the proposed level of detail?	We support publication of aggregated data and analysis provided appropriate mitigations are taken to prevent disclosure of private or commercially sensitive information. See our response to questions 10, 16 and 17.
15.	Q15. What information do you believe the Authority should or should not publish? What level of detail do you consider appropriate for publication, and why?	See response to questions 16 and 17.
16.	Q16. (For retailers) What information requested through the proposed draft notice would you expect to mark as confidential under clause 2.21 of the Code?	Pricing for commercial customers is commercially sensitive information. Providing HHR consumption data combined with time-based pricing tariffs would also mean retailers would be forced to expose what could be bespoke customer pricing products which should be considered commercially sensitive. This applies to customers in all segments (i.e., not just commercial).
17.	Q17. What are your views on the privacy implications of this clause 2.16 notice and the methods we have outlined to manage these?	<p>We note all information held by the Authority is 'official information' for the purposes of the Official Information Act. Some of the data held will be 'personal information' under the Privacy Act, and commercially confidential information under section 9 of the OIA. To ensure retailers can provide this data with confidence, we would ask that the Authority provide retailers with guidance on how it plans to interpret different datapoints under the OIA and Privacy Act, preferably with endorsement of the Authority's approach by the Ombudsman (and Privacy Commissioner as appropriate) to give assurance that the interpretation won't be successfully challenged by a requestor. We note and support the Authority's plan to complete a Privacy Impact Assessment; we would welcome the opportunity to review the PIA when completed to help inform our own understanding of the risks and mitigations.</p> <p>As noted in paragraphs 6.67-6.68, the Authority plans to enhance its policies and procedures to prepare for receipt of personal information and ensure protections under the Privacy Act are implemented. We note that, even when published at an aggregated level, there is a risk that publication of ICP-level data can be used to re-identify individuals. We support the Authority putting in place controls to prevent this, including adopting minimum sample sizes (for example, Statistics NZ uses a minimum of 30) to avoid re-identification. Additional risks can also result from the merging of Authority datasets with other publicly available datasets (for example Statistics NZ datasets) which can re-identify individuals. This risk could be heightened due to the fact some of the data provided could be used by commercial third parties with sufficient resources and capabilities to identify and target customer segments.</p>
18.	Q18. (For retailers) Do you foresee this notice creating any new issues or costs for you from a privacy perspective?	The level of granularity proposed would mean that any new product developed within Genesis would at least require a review of the impact on this reporting and would possibly also require a development cost to incorporate the new products into these reporting requirements. We will also need to complete a privacy impact statement to identify all risks and ensure we implement appropriate mitigations.