



Electricity Authority
PO Box 10041
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29 February 2024

By email: [REDACTED]

Submission on: Improving retail market monitoring: clause 2.16 information notice

Thank you for the opportunity to make a submission on *Improving retail market monitoring: clause 2.16 information notice*. This submission is prepared by Dr Kimberley O’Sullivan, on behalf of He Kāinga Oranga / Housing and Health Research Programme, Department of Public Health, University of Otago, Wellington. For further information, or if you would like to meet to discuss any of the points made in this submission please contact Dr O’Sullivan.

Consultation Questions and Responses:

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 with the Key Information Gaps highlighted in Table 1 and the Electricity Authority’s assessment of current issues with retail monitoring and publicly available information. There has been much discussion over the past decade (and earlier) about the information needed, and the consultation document outlines these well. In addition, there is difficulty in defining “vulnerable consumers” and more work needs to be done to address this. Similarly, the definition of “prepay” may need further thought – it is critical to monitor and report on ‘prepayment meter’ (more traditional forms of prepayment eg Globug) disconnection length and frequency by ICP, however with some prepay plans now available that rely on a direct debit. For example Electric Kiwi and Powershop’s plan offers are also technically paid for in advance of service so some care to differentiate between pay-in-advance billing plans vs prepay meter-type plans should be taken.

Our primary focus is on the health and wellbeing outcomes for people in relation to their electricity use at home, and we believe that with better monitoring and reporting of retail market data we could better understand the health impacts of energy poverty in Aotearoa. This would also help to fulfil the Electricity Authority’s legislated mandate to “protect the

interests of domestic consumers and small business consumers in relation to the supply of electricity”.¹

We agree that linking to Stats NZ Census (and other) data for example through uploading the retail marketing data to the Integrated Data Infrastructure platform would be invaluable for better understanding the associations between electricity pricing/payments and other socioeconomic outcomes, as well as providing better awareness of consumer behaviour and possible demand responses to TOU and other factors (eg heating and cooling degree days).

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?

We strongly agree with this sentiment and have called for this for over a decade based on our research data. We welcome this proposal, as uniform, consolidated, mandatory, regular, and publicly available data is essential for understanding the impacts of the cost of electricity for domestic consumers, and we believe that the Electricity Authority is the appropriate organisation to manage this. With the Electricity Authority’s leadership in this space, retailers could expect that they can provide this information without disadvantage (as may occur if data is shared on a voluntary basis), and consumers can better trust that the industry is being held to account.

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 agree that this is the appropriate tool.

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?

Our research is most concerned with health outcomes, and therefore we are primarily interested in reporting on domestic consumers. However, there are broader health outcomes related to sustainability, grid security, and demand management of SMEs and therefore believe that there may be value in reporting market data on SME ICPs as well.

Q7. Do you have any feedback on the proposed notice (Appendix A)?

¹ Section 15(2) Electricity Industry Act

We generally agree with the proposed notice outlined in Appendix A, but have some specific comments that we would like the Electricity Authority to please consider.

Table 1

The proposed Prepaid Boolean Yes/No item needs better definition (as per response to Q1).

Table 2

Load Control – we question whether this will be granular enough for future information needs if different parts of supply are able to be controlled/priced differently (eg if Hot Water and EV charging were both controlled and priced differently for the same customer on a particular plan).

Table 3

We would like to highlight that we need to understand the frequency and duration of each disconnection for each ICP/household as well as the total number of disconnections for each ICP and across all domestic consumers. Please ensure that this will be possible with the information collected. Our research has previously shown that prepay electricity is typically used by consumers in energy hardship,² that prepay electricity was more expensive than the equivalent standard billing plans,³ and that over a third of those who automatically disconnect when their prepay electricity runs out of credit are disconnected for more than 12 hours.⁴ We have also found that many households regularly disconnect—in some cases weekly or more frequently for households experiencing energy hardship—and they may be disconnected for more than 12 hours for each disconnection. However frequently data is collected and reported (eg if the outcome of this consultation and decision is that data is reported with monthly breakdowns of statistics but collected and published quarterly to reduce costs to retailers), it is critical that data on each disconnection per ICP per reporting period is collected and reported.

Table 4

Debt contact attempts – will this include late payment notification and disconnection notice letters? We have found late payment notice and disconnection notice letters to be useful indicators of energy hardship, whether or not debt is carried over or disconnection is carried out. We would like to see inclusion of these notices in the data collection.

² O'Sullivan, K.C., Howden-Chapman, P.L., Fougere, G.M., 2015. Fuel poverty, policy, and equity in New Zealand: The promise of prepayment metering. *Energy Research & Social Science* 7, 99-107. <https://doi.org/10.1016/j.erss.2015.03.008>

³ O'Sullivan, K.C., Howden-Chapman, P., Fougere, G., 2011. Making the connection: the relationship between fuel poverty, electricity disconnection and prepayment metering. *Energy Policy* 39, 733-741. <https://doi.org/10.1016/j.enpol.2010.10.046>

⁴ O'Sullivan, K.C., Howden-Chapman, P.L., Fougere, G.M., Hales, S., Stanley, J., 2013. Empowered? Examining self-disconnection in a postal survey of electricity prepayment meter consumers in New Zealand. *Energy Policy* 52, 277-287. <http://dx.doi.org/10.1016/j.enpol.2012.09.020>

Table 5

Please consider the inclusion of fixed daily charges or retailer daily standing charges, as well as lines charges collected through the billing plan reported as a daily amount.

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?

We believe that the collection of the data outlined in the proposed notice is essential for the Electricity Authority to meet its statutory obligations.

Q10. Do you believe the benefits of the Authority having this information outweigh the costs? If not, why?

Absolutely. Based on the evidence that we already have, we know that there are substantial health and social costs associated with energy poverty.^{5 6} The evidence suggests that the mental health and wellbeing costs of energy hardship are being underestimated.⁷ The data that is proposed to be collected would enable us to robustly quantify these costs. It would also support the implementation and evaluation of initiatives to reduce energy poverty in Aotearoa. The costs to retailers of providing this data should not be seen as avoidable, rather these should be a standard operating cost built into business modelling for retailers providing electricity which is an essential service for protecting and promoting health. We do not expect that compliance with reporting that supports the Electricity Authority to meet its statutory obligations to domestic consumers would threaten profitability.

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 believe that the proposed level of detail is the minimum data required to monitor retail market trends and energy hardship among domestic consumers.

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?

⁵ Riggs, L., Keall, M., Howden-Chapman, P., Baker, M.G., 2021. Environmental burden of disease from unsafe and substandard housing, New Zealand, 2010–2017. *Bulletin of the World Health Organization* 99, 259-270. <https://apps.who.int/iris/handle/10665/341231>

⁶ O'Sullivan, 2023 <https://www.newsroom.co.nz/electricity-is-not-just-expensive>

⁷ O'Sullivan, K. 2023. Unaffordable home heating increases risk of severe mental distress. *The Briefing*, (30 March). <https://www.phcc.org.nz/briefing/unaffordable-home-heating-increases-risk-severe-mental-distress>

We believe that all of the proposed data should be appropriate for publication and should be published. The only reason for withholding such data would be if there were privacy concerns where the data would relate to such a low number of ICPs that they would potentially become identifiable if the data was released publicly. This should not prevent a retailer from providing such data to the Electricity Authority however, if the Authority intended to place this data into the IDI where there are appropriate safeguards for linking individual data before releasing aggregated results from statistical analysis.

Q17. What are your views on the privacy implications of this clause 2.16 notice and the methods we have outlined to manage these?

It is our view that the Electricity Authority is well placed to manage privacy implications of collecting and reporting the data outlined.

We are available to meet with the Electricity Authority to discuss these issues further.

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