meridian

27 February 2018

Submissions
Electricity Authority
By email: submissions@ea.govt.nz

Multiple Trading Relationships

Meridian appreciates the opportunity to provide feedback on the Electricity Authority's consultation paper *Multiple Trading Relationships*. Meridian strongly supports initiatives that will promote competition, reliability, and efficiency in the industry for the long-term benefit of consumers. However, we consider the potential costs of Code changes to enable certain types of multiple trading relationships likely to far exceed any potential consumer benefits.

The consultation paper conflates at least four different types of multiple trading relationship:

1. commercial arrangements between multiple service providers at an ICP;
2. the provision of financial or energy management services;
3. the establishment of a second ICP and meter; and
4. multiple traders independently and simultaneously carrying out market functions at an ICP.

Code changes would only be necessary to enable multiple trading relationships of the type in point 4 above. Multiple trading relationships of types 1 – 3 can and do already occur. Further, we are not aware of any services that cannot currently be provided to consumers using these methods. We also consider there to be incentives on retailers to enter into such relationships. Meridian therefore submits that the competitive retail market is already capable of delivering a wide range services based on of multiple trading relationships.

This submission is primarily concerned with the Authority's suggestion that changes to the Code may be needed to enable multiple traders to independently and simultaneously carry out market functions at an ICP. That also seems to be the focus of much of the Authority's paper. We do not consider such Code changes to be necessary and submit that the costs of this change would far exceed any potential benefit.

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We note at the outset that that Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations seem to be a complete barrier to multiple traders independently carrying out market functions at an ICP. Meridian submits that it would be a waste of the Authority's resources to further consider Code changes to enable this particular type of multiple trading relationship unless and until it is clear that the regulations will be amended by the Minister to allow it.

While this subject could be investigated further by the Innovation and Participation Advisory Group (IPAG), we do not consider it to be a priority. The IPAG already has the *Equal access framework* project on its 2017/18 work programme. Meridian believes there is sufficient evidence and economic analysis available now for the Authority to decide that further consideration of multiple trading relationships is not warranted at this time particularly given that regulatory changes seem to stand in the way of Code amendments.

Accompanying this submission is expert economic advice provided by the Competition Economists Group (CEG). We have also read a draft of the submission from ERANZ and generally support the points they make.

This submission is structured under the following headings:

- Retail competition delivers new and innovative services to consumers
- No evidence of demand for multiple trading relationships
- Bundling is the standard outcome in competitive markets
- Design issues with multiple trading relationships
- Costs and benefits of multiple trading relationships
- Distribution of costs and consumer welfare implications.

Our responses to the Authority's consultation questions are set out in the Appendix.

Retail competition delivers new and innovative services to consumers

The Authority observes that multi-retailer support is already possible under the current framework but no such arrangement currently exists. The Authority attributes this observation to a misalignment of incentives on the part of retailers:[1]

> …despite such arrangements being feasible and investigated, we are not aware of such an arrangement being agreed in regard to services to residential consumers.

[1] *Multiple Trading Relationships Consultation Paper*, page 20

> Presumably, this is because retailers face few incentives to enter into arrangements that are likely to reduce their revenue or profits.

The Authority's presumption does not accord with its own statements that the electricity retail market is competitive. As per the CEG report, in a competitive electricity retail market, competitors and potential new entrants have an incentive to enter into multiple trading relationships to differentiate themselves and increase their market share by targeting the segment of consumers that do value such arrangements.[2] If these arrangements do not exist in a market that is competitive, then it is highly likely that consumers do not value such an option sufficiently to be willing to pay for the associated costs.

The consultation paper seems to assume that:

1. There is a lack of competition between retailers such that competition between them will not lead to efficient innovation in products (contrary to other statements made by the Authority); and
2. Retailers are monopolists over existing customers and able to somehow deny consumers access to potential products or services.

The Authority's two assumptions are not borne out by the facts. There is strong competition between retailers and this competition means that retailers have efficient incentives to offer new and innovative services where there is demand for those services that justifies their costs.

The second implicit assumption in much of the consultation paper is that a customer who currently desires a particular service (from one or multiple traders) is facing some kind of monopoly in the form of its existing retailer. In numerous places the paper talks about the existing retailer having incentives not to facilitate multiple trading relationships for an existing customer. However, this only makes sense if the existing retailer does not face a competitive constraint in how it treats its customers. In reality, if a customer wants a particular service and its existing retailer places barriers in the way of achieving this, the customer can seek out a new retailer who will facilitate their desire (provided the desire is matched by a willingness to pay the new retailer's costs of providing the service).[3] The existing retailer is not in a privileged position to deny its customers certain services in the same way that it is not in a privileged position to reduce the quality of the service provided or raise prices.

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[2] CEG *Economic case for intervention to promote MTRs*, section 3.1

[3] This dynamic is described in detail using the analogy of the restaurant market in section 3.1 of the CEG report.

There are examples in the New Zealand market of retailers providing bundles of the same services the Authority thinks will be enabled by multiple trading relationships. There are also examples of:

- retailers partnering with other service providers to meet consumer demand;
- financial and energy management service providers offering advice in relation to an ICP; and
- Consumers trading with different service providers through multiple ICPs.

There is nothing in the current Code to prevent these contractual arrangements. Meridian offers commercial solar solutions for businesses of different sizes, regardless of the retailer at the premises. This is done through Meridian investment in the upfront system cost and then charges to the business under a Power Purchase Agreement (PPA).

Another example is SolarZero, which the parties involved will be best placed to describe but which appears to be a partnership between Pulse and Solar City where Pulse acts as the retailer and has a contractual arrangement with Solar City to enable customers to pay for the capital and servicing costs for solar panels under a shared bill and brand. These sorts of arrangements compete with the solar off-take rates (and in some cases financing options) offered by other retailers.

It is very difficult to imagine a service that requires multiple traders to carry out market functions at an ICP in order for it to be provided. The Australian Energy Markets Commission asked KPMG to provide advice on the type of services, which could be enabled, or better facilitated, through multiple trading relationships.[4] KPMG identified only two marginal products that might require multiple traders at an ICP to participate in market functions (although we think that even in those two cases there are other ways to provide the service[5]).

[4] KPMG *Report to the AEMC on New Energy Services and Multiple Trading Relationships* available at https://www.aemc.gov.au/sites/default/files/content/0299bffe-193c-4c82-b8d3-36930f578fc6/Report-to-AEMC-KPMG-New-Energy-Services.PDF

[5] The two products identified were (1) a complete charging package for electric vehicles for employers covering charging costs irrespective of location and (2) a demand side aggregation service. In both instances there are ways that these services could be provided under current industry rules in New Zealand if the different service providers entered into contractual arrangements with retailers. Alternatively, behind the meter technology and the internet of things could enable devices to be metered and/or controlled remotely. For example, a demand response service could control connected devices behind the meter in a way that would be completely independent of the existing retailer. Similarly, an electric vehicle or a charging cable could record consumption data behind the meter and communicate with the retailer, customer, employer or any other party to enable different cost allocation arrangements. An ICP based future is not a given and it appear short sighted to consider high cost regulatory changes based on that technology given the potential for multiple service providers to begin competing behind the meter using web connected appliances.

No evidence of demand for multiple trading relationships

Meridian is not aware of any evidence to suggest a material latent demand for multiple trading relationships, particularly not for multiple retailers to independently carry out market functions at an ICP. The costs of regulatory change cannot be justified in the absence of evidence of demand. A lack of consumer demand reflects the fact that multiple trading relationships are not an end in and of themselves. The real question is whether or not innovative and varied products and services are offered to consumers on a competitive basis.

One might imagine a future where there is latent demand for multiple traders, including for multiple retailers to independently carry out market functions at an ICP but, even if so, it would be efficient to wait until that time before incurring the costs of regulatory change. As noted by CEG, this follows from:

1. Recognition of the time value of money (costs delayed are costs saved); and
2. Option value from delay (the imagined future demand may never materialise or it may be of a different form requiring different policy solutions, for example ICPs may be bypassed by web connected devices).[6]

Meridian considers it likely that many consumers value simplicity and would rather not think about multiple complex contractual arrangements with electricity service providers. A very small number of customers might seek to engage with multiple traders at a premises. Where this occurs, current arrangements are sufficient to meet the limited demand through contractual arrangements between traders at the ICP or by allowing consumers to establish a second ICP.

Bundling is the standard outcome in competitive markets

The Authority seems to implicitly assume that forcibly breaking up the current bundle of services and increasing competition for sub-bundles would have a pro-competitive effect. However, as detailed in the CEG report, most industries involve some level of bundling and this reflects competitive outcomes that are indicative of cost minimisation and consumer preferences.[7] For example cars are sold as a bundle and not their constituent parts and in the telecommunications industry there is no demand for mobile operators to unbundle sim

[6] CEG *Economic case for intervention to promote MTRs*, section 3.3.3
[7] CEG *Economic case for intervention to promote MTRs*, section 3.2

cards to allow consumers to engage with multiple retailers – one for voice, one for peak data, one for data from a particular application.[8] Bundling is an efficient way of promoting consumer welfare because it:

- reduces the total costs of supply;
- improves the overall design of the product (firms can ensure all of the elements of the bundle fit together in an efficient manner);
- reduces transaction costs (for example by requiring consumers to self-assemble a range of products or services); and therefore
- facilitates a more competitive market where customers are better able to judge the price and quality of different suppliers' offers.

Design issues with multiple trading relationships

In the event that the Authority nonetheless progresses Code changes to enable multiple traders to carry out market functions at an ICP, there would be a number of high complexity design issues to overcome. To give an indication of the difficulties involved we highlight a few high-level examples below.

Access to data

The consultation paper describes access to data as a soft barrier to multiple trading relationships and then details the maximum timeframes for responding to customer data requests under the Privacy Act and sections 11.32A to 11.32F of the Code. Despite saying that electricity retailers comply with their legal obligations, the Authority seems to be implying that data sharing is inefficient and that this can have an anti-competitive effect.

The Authority says at paragraph 3.38 that the Privacy Act allows retailers 20 working days to make decisions on requests for personal information. This is not correct. The Privacy Act requires such decisions to be made *as soon as reasonably practicable* but at the latest within 20 working days. The Authority's suggestion that retailers may have an obligation to their shareholders to ignore their legal obligations under the Privacy Act (to act as soon as reasonably practicable) and instead to delay for as long as possible is fanciful and unreasonable. Although the Authority says it is not implying that retailers are not complying with their legal obligations that is exactly what it is doing.

[8] Although consumers can have multiple sim cards, which is the equivalent of multiple ICPs.

Furthermore, the Authority indicates that retailers can take up to 25 working days to comply with requests for consumption data under the Code. This is simply not correct. The Authority seems to believe that the obligation under clause 11.32B of the Code to supply consumption information within 5 business days is only enlivened once the 20 working days mentioned in the Privacy Act (which, per our comments above, we believe the Authority has in any event misinterpreted) has already expired. There is no basis for this interpretation in the plain wording of the Code and we are unsure where the Authority has derived this interpretation from. The Code says nothing about the 5 business days following on from, or being added to, any relevant prior time periods under the Privacy Act.

Meridian has always aimed to ensure that it responds to any and all requests for information under clause 11.32B of the Code within 5 business days. Any delay beyond this is a breach of the Code. At the same time, we treat the privacy of our customers very seriously; we carefully consider data requests within the timeframes of the Code. This is in no way a barrier to competition – nothing prevents a third party such as a financial or energy management advisor obtaining a consumer's electricity consumption data once they have that consumer's consent.

Regardless of the above, timeframes for responses to point-in-time requests for meter data would seem to be of limited relevance to the implementation of multiple traders at an ICP, which would require real-time access to meter data for the purposes of reconciliation, billing, and other market functions. This is an entirely different question that perhaps ought to be the focus of the consultation paper but is overshadowed by the paper's discussion of the speed of responses to point-in-time requests.

Pricing and the risk of arbitrage

If the Authority implements Code changes to enable multiple traders to carry out market functions at an ICP, retailers would need to have the right to amend tariffs to existing customers in the event that another trader started to provide some component of the service previously provided by the retailer at the ICP. In order to illustrate why, consider a customer with a single retailer on a per kWh tariff. The tariff may be loss making in peak periods and profit making in off-peak periods. Now imagine that the customer chooses to enter into an off-peak supply contract from a second retailer. The pre-existing retailer would now make a loss on its residual peak supply. It would, therefore, need to have the right to alter its prices in response. As described by CEG, if existing retailers were denied the right to respond in this way then the main impact of promoting multiple trading relationships would be to

promote pricing arbitrage.[9] This would not add value to the industry and, on the contrary, would mean some products (for example per kWh tariffs) became higher priced or unavailable.

Contracts with metering equipment providers

As discussed, multiple traders can exist currently through:

- commercial arrangements between multiple service providers at an ICP (presumably with one retailer retaining the primary responsibility for market functions);
- the provision of financial or energy management services; or
- the establishment of a second ICP and meter.

However, in order to have multiple, independent traders at an ICP with each responsible for performing market functions, each must have a contract with a metering equipment provider. This would require full renegotiation of existing contracts to enable multi-party selection of meter functionality, cost sharing across multiple retailers, and a system for recording and exchanging relevant data with each retailer. It is unclear whether such relationships would best be provided for in multi-party contracts or through new provisions in the Code.

Distribution costs

Enabling multiple traders to carry out market functions at an ICP would require each trader at the ICP to have a use of systems agreement with the relevant distributor. Distributors would need to determine how costs should be split amongst the multiple traders at an ICP. Significant design issues would arise with cost allocations, which would significantly complicate industry efforts to adopt cost-reflective and service-based distribution pricing. Working out how a fixed capacity, time of use, per kWh, or other pricing structure would be allocated amongst multiple providers of very different services would add a massive layer of complexity on top of distribution pricing. It is highly unlikely that cost allocations could be truly cost-reflective and hence there would be a risk of inadvertently favouring one type of retail offering over another.

[9] CEG *Economic case for intervention to promote MTRs*, section 3.4

Reconciliation

The role of the reconciliation manger would be vastly more complex in the event that the Code was amended to enable multiple traders to carry out market functions at an ICP. Not only would there be more reconciliation participants, systems would need to be able to distinguish between traders at the same ICP.

Switches

Registry functionality would potentially need to be increased so that distinctions could be made between different classes of service. Switching processes would need to be completely reworked and issues such as the following resolved:

- Could switches only occur between like for like services or would consumers be free to pick and choose switches, potentially resulting in some services being added or dropped?
- Would there be a back-up retailer if a certain service provider exited (for example if a consumer cancelled their contract with one retailer for EV charging would a remaining retailer then pick up responsibility for the EV load at that ICP via an automated switch or would the EV load somehow be disconnected)?

Disconnections

Issues would likely arise in determining the conditions under which a retailer or retailers collectively would have the right to disconnect for non-payment. Matters to consider include:

- Whether there needs to be agreement between all traders prior to a disconnection. It seems likely that if one trader is not being paid, the other(s) will have the same problem; however this may not always be the case. Requiring agreement to disconnect could incentivise customers to play retailers off against each other to avoid payment while remaining connected.
- Alternatively, one trader could disconnect the property following a notice period to other traders at the ICP. This would be a burden on the remaining traders who would need to pay for reconnection in order to continue providing their services. In both this scenario and that above, sharing of customer information between retailers would be required meaning that privacy considerations would need to be covered off in new customer contracts.

- Another alternative would be for metering equipment providers to offer partial disconnections, to disconnect specific services. For example, to disconnect a specific appliance or during specific times, depending on the services provided by the trader initiating the disconnection. The costs for metering equipment providers to develop functionality of that kind might be no less than the cost of establishing multiple ICPs at a premises.

Regardless of the design choices made, increased complexity and delays in the disconnection process might have credit management implications and result in increased debt levels being carried by retailers.

Consumer protections

Consumer protection mechanisms would need to be reviewed and significantly amended if multiple traders per ICP was implemented. For instance, there may be an increased risk to vulnerable and medically dependent customers as a result of complexity and uncertainty regarding who is responsible for the customer. Obligations in respect of vulnerable customers would likely need to apply across all traders. However, it would be more difficult to ensure obligations are met in respect of medically dependent customers. For example, matters to consider include:

- Whether obligations would be duplicated across every trader that supplies electricity (unless supplied solely to non-medically essential appliances – although this would be difficult to determine, for example an electric vehicle might not be medical equipment but may form part of a customer's emergency response plan); or
- Whether obligations would be assigned entirely to a "primary retailer" who would have total responsibility as is currently the case – this could become problematic as it would create an incentive to avoid being the "primary retailer" and free ride rather than contribute to the costs of ensuring obligations to medically dependent consumers are fulfilled.

Rules would also need to be established determining which of the many traders at an ICP (or the distributor directly) is responsible for the notification of outages.

Similarly, Customer Compensation Scheme obligations would be shared across multiple retailers requiring a review of the Code and inevitably creating increased complexity and costs for the industry and consumers. Allocating compensation payments across retailers at each ICP could be done according to an averaged measure per kWh or based on

contributions to peak demand. However, any allocation of cost will have the potential to de-risk and artificially incentivise certain types of retail offering.

Phase 3 of the trader default process would also need to be amended. After a trader default it may be more difficult to assign remaining customers through a tender process as there may be fewer traders offering the same service (as opposed to a bundled retail service). If the Authority is required to allocate remaining customers to a new trader, consideration should be given to whether the new trader offers an equivalent service and whether they are already trading other services at the ICP. In some cases, depending on the nature of the service provided by the defaulting trader, it may not be necessary for the Authority to allocate customers (for example if the defaulting trader solely purchases excess solar generation at the ICP then the service is non-essential and the customer should be free to choose a new provider in their own time).

The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations

Finally, amendments would be required to the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations. Such regulatory changes would be beyond the jurisdiction of the Authority. The Authority's paper discusses the impact of the regulations and in particular regulation 21:

> **21 Restriction on charging by other parties**
> (1) If a domestic consumer is on a bundled low fixed charge tariff option in respect of a home, only the electricity retailer that makes that tariff option available may charge the consumer directly in respect of delivered electricity, or any component of delivered electricity, supplied to the home.
> (2) If a domestic consumer is on a split-charging low fixed charge tariff option in respect of a home, only the electricity retailer that makes that tariff option available and the electricity distributor that directly contracts with the consumer under that option may charge the consumer directly in respect of delivered electricity, or any component of delivered electricity, supplied to the home.

The Authority notes that the effect of these provisions is that a consumer on a retail low fixed charge tariff option can only have one retailer supplying them with an electricity service at each ICP. Meridian agrees. However the Authority omits reference to regulation 5 of the regulations. This provides:

5 Electricity retailers to make low fixed charge tariff options available

(1) For each of the delivered electricity packages that an electricity retailer supplies to homes in its supply areas, the electricity retailer must make at least 1 low fixed charge tariff option available.

(2) To avoid doubt, the obligation in subclause (1) applies with respect to all homes, whether or not they have prepayment meters and irrespective of the degree of load control that the domestic consumer has.

The effect of this seems to be that even consumers who are not on a low fixed charge tariff option can only have one retailer supplying them with an electricity service at each ICP. Otherwise the relevant retailer could not make a fixed charge tariff option available in respect of the relevant home and would be committing an offence under the regulations.

The regulations would therefore seem to be a complete barrier to more than one retailer operating at each ICP. Accordingly if the Authority wishes to enable multiple traders per ICP, the regulations will need to be amended. The regulations are outside of the Authority's control. Further, Meridian understands the Authority takes the view that section 113 of the Electricity Industry Act 2010 (and in particular the obligation on the Minister to obtain and consider advice from the Authority on the impact of any proposed amendment to the regulations in terms of the efficient operation of the electricity industry) means that it is inappropriate for the Authority to be involved in consideration of possible amendments to the regulations.

As such, given that:

- amendment of the regulations is a pre-condition to enabling more than one retailer to operate at each ICP;
- the regulations have been a fixture of the electricity sector for almost 14 years despite widespread and long-standing calls for the regulations to be amended or repealed; and
- there is no process currently in train whereby the regulations would be amended or repealed in the near future;

Meridian submits it would be a waste of the Authority's resources to further consider multiple traders per ICP unless and until it is clear that the regulations will be amended by the Minister.

Costs and benefits of multiple trading relationships

Estimating costs is extremely difficult given the lack of a concrete proposal from the Authority. There are many design variables that would affect implementation costs.

In the table below we have attempted to provide a high-level indication of the scale of costs to Meridian that could result from the implementation of Code changes to enable multiple traders to carry out market functions at an ICP. Implementation of such a proposal would impact every aspect of our retail operations, not only our billing system but all supporting systems and underlying processes as well. We estimate that one-off implementation costs for Meridian alone might be in excess of $5 million. In addition, we would anticipate a significant increase in ongoing costs as a result of increased complexity in the retail market. We have not attempt to quantify the majority of such ongoing costs. The costs below are therefore partial, indicative only (based on readily available quantifiable data) and likely to be a significant under-estimate.

Potential impact of multiple trading relationships per ICP	Indicative costs to Meridian
Rebuild retail platform including billing systems, and other underlying systems and processes to manage market functions	**~$5,000,000** based on comparison with the costs of previous project to: • upgrade our retail billing platform in 2010, impacting all of our retail operations and some supporting systems; and • implement changes to Part 10 of the Code in 2013 (far simpler than what would be required for multiple traders per ICP).
Renegotiate contracts with metering equipment providers, use of systems agreements, and customer contracts	**~$300,000** based on legal costs associated with previous re-drafting of similar agreements.
Carrying more debt due to complications and delays in disconnection processes	**~$85,000 extra exposure to bad debt per annum** based on: • the number of credit disconnection service orders raised in 2017; • the average daily charges (and therefore debt accumulation) across those consumers; and • an assumed 10 day delay in the time taken to raise a credit disconnection service order.

Develop new customer offers and pricing	**Unknown**
Increased cost to serve	**Unknown**
Increased staffing requirements	**Unknown**

These costs would be replicated across the retail sector. In addition to retailer costs, the implementation of such a proposal would result in costs to market operation service providers, distributors, and metering equipment providers. Increased complexity would also create costs for consumers themselves, over and above the increase in costs passed on by retailers. Negotiating more complex retail market offerings imposes search and transaction costs on consumers.

We doubt that these costs would be exceeded by any benefits accruing from Code changes to enable multiple traders to carry out market functions at an ICP.

Distribution of costs and consumer welfare implications

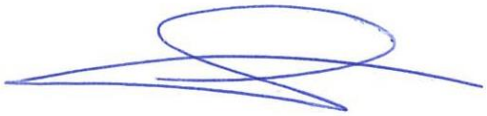
Implementing Code changes to enable multiple traders to carry out market functions at an ICP may deliver some cost savings to a small number of customers who seek to set up very specific arrangements with multiple traders. However, it is unlikely to deliver cost savings to most customers. As noted above, implementation would require retailers, distributors, metering equipment providers, and market operation service providers to modify their systems and processes. These changes would be significant. The implementation costs would be passed on to *all* customers, including those that do not wish to, or cannot, enter into multiple trading relationships (for example those who do not own their own home or cannot afford to invest in solar panels). As a result, while only a small subset of customers may receive a direct benefit, all other customers would likely face increased retail electricity prices.

The recently announced government review of electricity pricing asks whether the prices paid by consumers are fair and equitable. In this context, and indeed at any time, it seems difficult to justify the increased costs to consumers that would result from the implementation of multiple traders per ICP – a regulatory change to satisfy a theoretical small minority of consumers who can, in any event, already access the services they want through competitive bundled offerings, contractual arrangements between different service providers, or a second ICP. Creating a second ICP does create some costs; however, the costs accrue to those who seek the benefits of engaging with multiple service providers and it is therefore far fairer, more equitable, and cost reflective.

These consumer welfare considerations were a significant factor in the AEMC decision to not progress with rule changes to enable multiple trading relationships in Australia. Meridian suggests a similar decision should be made in New Zealand.

Please contact me if you have any queries regarding this submission.

Yours sincerely



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A. Responses to consultation questions

	Question	Response
1	How material are the constraints to consumers establishing multiple trading relationships at a single connection identified above?	Please refer to the body of this submission. There are no constraints to establishing multiple trading relationships now under the current rules. There may be challenges to establishing multiple traders *that both carry our market functions at the same ICP without a commercial agreement between the traders*. However, we do not consider this should be goal in and of itself. The Authority should be asking whether there is sufficient competition such that consumer demand for a range of products and services is efficiently met. The discussion document raises the spectre of retailers impairing or preventing multiple trading relationships without offering any evidence. Retailers can and do negotiate 'out of market' transaction with third parties to provide services to a consumer and there are incentives for retailers to enter such arrangements when it is in the interests of consumers.
2.	Are there other constraints that prevent multiple trading relationships from efficiently occurring? If so, please describe them.	No.
3.	What do you consider to be the benefits of multiple trading relationships?	Meridian submits that enabling multiple traders to independently carry out market functions at an ICP would be significantly *less* efficient than the status quo. We do not think that greater consumer choice and competition would result. We are not convinced that there will be benefits from such arrangements over and above the status quo, let alone that the benefits might justify the significant costs involved. The AEMC findings also hold true in New Zealand – current arrangements are appropriate and proportionate to support the limited cases of customers wanting to engage with multiple service providers at their premises, without imposing additional costs on the majority of electricity users who do not demand those services.

4.	What other services could be enabled by reducing or removing the barriers to multiple trading relationships?	We believe that all services can be brought to market under the current arrangements and struggle to identify services that require multiple independent traders per ICP.
5.	What changes, if any would be needed to the switching and disconnection/reconnection processes if a consumer were able to have multiple retailers?	The consultation paper identifies areas where change might be required. Please see the body of this paper for an indication of some of the matters to be considered. There are numerous complex design options that would need to be developed and tested against the status quo using a thorough cost benefit analysis.
6.	What other data exchange processes that have not been identified in this paper need to be changed to accommodate multiple trading relationships?	The paper touches on those we identified.
7.	How could the data exchange processes be modified to accommodate multiple trading relationships?	Please refer to the body of this submission.
8.	What other services, if any, would have to share costs between multiple users?	Please refer to the body of this submission.
9.	How could the cost of these services be shared amongst multiple users?	Please refer to the body of this submission.
10.	Could consumer data be more efficiently shared with service providers that have a legitimate claim for access to their consumer's data? If so, how?	Please refer to the body of this submission.
11.	How much value is there in making it easier for appropriately authorised firms to access information such as a consumer's tariff structure, the smart meter functionality that is used by the consumer's MEP, a consumer's controllable appliances?	This question is best answered by third party firms that request data.
12.	Are there other industry participants that may need to amend their systems to operate in an environment with multiple trading relationships?	Not that we are aware of.

13.	What are the costs of the above changes recognised in questions 10-13?	Please see the body of this paper for an indication of the costs that Meridian could incur. Other participants will have a better understanding of their own potential costs.
14.	What other obligations need to change if multiple traders can serve an ICP?	The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations are a complete barrier to multiple retailers at an ICP. This is not something that can be addressed by the Authority. Please refer to the body of this submission for further details.
15.	How could the obligations discussed above be amended to accommodate multiple traders at an ICP?	Please see the body of this paper for an indication of some of the matters to be considered.
16.	What costs would be involved in amending consumer-related responsibilities to accommodate multiple traders at an ICP?	Please see the body of this paper for an indication of some of the matters to be considered, we have not attempted to quantify these costs given the extent of uncertainty in the regulatory design.
17.	What additional matters would need to be considered if we were to introduce multiple trading relationships? What amendments would need to be made to the Code to facilitate multiple trading relationships?	Please see the body of this paper for an indication of some of the matters to be considered. We have not considered the vast range of design options and potential Code amendments at this stage and consider the Authority to be best placed to undertake this analysis.
18.	What is the cost of the changes needed to enable multiple trading relationships?	Please see the body of this paper for an indication of the costs that Meridian could incur. Other participants will have a better understanding of their own potential costs. It is the role of the Authority to consider the costs and benefits of any Code change across the industry as a whole.