

4 August 2015

Submissions
Electricity Authority
P O Box 10041
Wellington 6143

By email: submissions@ea.govt.nz

**Submission on –
Retail data project: access to tariff and connection data consultation paper**

1. Introduction

- 1.1 Thank you for the opportunity to make a submission on the Retail data project: access to tariff and connection data consultation paper. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice. It is also the provider of Powerswitch, New Zealand's largest independent electricity price comparison site.

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2. Our submission

- 2.1 Our answers to the questions in the Consultation Paper are set out in the requested format in Appendix A below.

If you require any further information, please do not hesitate to contact me.

Yours sincerely

Sue Chetwin
Chief Executive

Appendix A

	Question	Response
Q1.	<p>Do you agree that the current arrangements for accessing retail tariff plan data and connection data mean that consumers face higher-than-necessary transaction costs identifying electricity-related offers available to them? Please give reasons with your answer.</p>	<p>We are concerned that proposals in the Consultation Paper may result in a proliferation of comparison sites, causing higher-than-necessary transaction costs for consumers in identifying electricity-related offers.</p> <p>In our view, the areas that need to be addressed are:</p> <ul style="list-style-type: none">• consumer awareness of the ability to compare providers through existing services; and• consumer access to tariff information on retailer websites.
Q2.	<p>Do you agree that a Code amendment would lower consumers' transaction costs more quickly than would market forces? Please give reasons with your answer.</p>	<p>We support a Code amendment to facilitate access to tariff information on retailer websites, given that some retailers only display this information as part of a switch request. However, transaction costs could potentially increase if consumers had to navigate a range of price comparison websites and decide which one was reliable. This would create barriers to switching and have an adverse effect on competition, contrary to the stated intent of the proposal.</p>

<p>Q3.</p>	<p>Under alternative 1 do you have any comments or suggestions about all retailers being required to provide retail tariff plan information to Consumer NZ, and having to provide that same retail tariff plan information to any person who requested it?</p>	<p>As mentioned above, we are concerned about the potential consumer detriment from a proliferation of comparison services that may result from this proposal.</p> <p>Of particular concern is the emergence of commission-based services that increase the transaction costs faced by consumers in identifying suitable options. These services can limit the options available to consumers by:</p> <ul style="list-style-type: none"> • not displaying a full range of tariffs; • not displaying all retailers; and • actively discouraging switching to retailers with whom they do not have a switch-commission relationship. <p>Similar problems can arise with the emergence of low-quality comparison sites.</p> <p>We are not convinced encouraging a proliferation of competing websites benefits consumers. In the UK, the six large retailers have signed up to a “confidence code” developed by Ofgem because consumers no longer have trust in the switching and aggregating sites.¹ The code has recently had to be amended to stop accredited sites showing as a default only those tariffs for which they are paid a commission.²</p> <p>In our view, the continuation of Powerswitch as an independent service is the best option to ensure consumers have access to high-quality information.</p> <p>Previous UMR research commissioned by the EA found an independent price comparison website was seen as the most effective strategy in encouraging households to switch power companies.³ It was also rated most effective by those who had actually switched power companies in the past two years.⁴ Of those who had looked for information in the last year, the most commonly used information was an independent consumer website (cited by 40 percent), higher than in either Australia or Texas.⁵ In New Zealand, advice from a consumer’s advocate was also rated more highly (54 percent) than in any other country included in the comparison.⁶</p> <p>If the EA’s intent is to encourage competing comparison sites, this could be achieved by requiring retailers to publish tariff plans on their websites. Anyone who wished to access this information to create a comparison site could then do so.</p> <p>We do not support the proposed wording of clause 11.32G shown for alternative 1 in appendix B.</p>
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¹ Competition & Markets Authority. *Energy market investigation: Summary of provisional findings report*, Notified 7 July 2015, downloaded 31 July 2015 from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/442500/EMI_PFs_Summary.pdf

² Ibid, paras 151-154, p34.

Q4.	Under alternative 2 do you have any comments or suggestions about retailers being required to publish information about their generally available retail tariff plans on their websites?	Consumer NZ agrees that retailers should be required to publish this information on their websites as it would directly benefit consumers.
Q5.	Under alternative 2 do you have any comments or suggestions about the requirement to supply retail tariff plan information using standardised file formats and structures?	Consumer NZ supports standardised formats for the disclosure of tariff plan information. Standardised formats assist comparisons between providers and reduce transaction costs. If a voluntary approach does not result in improved disclosure, mandatory requirements should be considered.
Q6.	Under both alternatives do you have any comments or suggestions about making publicly available the connection data held in the registry that is set out in appendix D?	Consumer NZ supports this proposal.
Q7.	Do you agree that the objectives of the proposed alternatives are appropriate and consistent with the Authority's statutory objective? Please give reasons if you disagree.	<p>One of the main objectives of the paper and the proposed alternatives is to "provide long-term benefits to consumers by promoting competition in New Zealand's retail electricity market and the more efficient operation of New Zealand's electricity market."</p> <p>However, the paper does not assess the current status of competition or efficient operation of New Zealand's retail electricity market. Nor does it adequately assess whether these changes are justified. The supporting Sapere paper also fails to address the cost of having many comparison sites, or the cost of regulating these sites.</p>
Q8.	Do you agree that the connection data which the Authority proposes to make publicly available is not personal information?	No comment.

³ UMR Research. *International comparison of activity, behaviour and attitudes towards electricity industry: A quantitative study*, August 2014, p7, Retrieved on 19 May 2015 from <https://www.ea.govt.nz/monitoring/enquiries-reviews-and-investigations/2015/consumer-survey/>

⁴ Ibid., p7

⁵ Ibid., p34

⁶ Ibid., p36

Q9.	If you disagree, please give reasons and suggest a way to address the privacy issue(s) you have identified.	No comment.
Q10.	Do you agree with the assessment of gross benefits, costs and net benefits? If not, please explain your reasoning.	See our answer to question 7 above.
Q11.	Do you have any comments or suggestions about whether the additional gross benefits of alternative 2 outweigh its additional costs vis-à-vis alternative 1? Please give reasons with your answer.	No comment.
Q12.	Do you agree that both of the proposed alternatives are preferable to other options? If not, please explain your preferred option in terms consistent with the Authority's statutory objective.	<p>We do not support option 1 or option 3 and do not think that alternative 1 or 2 or option 2 offer the best approach as presented. Each of these has desirable components. We would support an approach that requires retailers to:</p> <ul style="list-style-type: none"> • publish tariffs on websites (as proposed in alternative 2); • publish tariff plan information in a standardised format (as proposed in alternative 1 and 2); and • provide access to connection data (as proposed in alternative 1 and alternative 2).
Q13.	Do you agree with the Authority's assessment that the proposed Code amendment for each of the proposed alternatives meets the requirements of Section 32 of the Act? Please give reasons if you do not.	No comment.
Q14.	Do you agree with the Authority's assessment of the two proposed alternative options against the Code amendment principles? Please give reasons if you do not.	No comment.

