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Submissions
Electricity Authority
Level 7, AON Centre
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Via email: retaildata@ea.govt.nz

SUBMISSION ON THE IMPROVING RETAIL MARKET MONITORING CONSULTATION PAPER

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Electricity Authority's consultation paper 'Improving retail market monitoring: Clause 2.16 information notice' from December 2023.

ERANZ is the industry association representing companies that sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

Executive summary

ERANZ and its members strongly support data and insights publishing by the Electricity Authority ('the Authority'). For example, ERANZ has advocated for publishing disconnection data to the point of commissioning and paying for its publication when the Authority discontinued its data series.

The Authority needs to balance the demands on retailers to create and supply new information and data with the benefits of greater industry insights and the publication of trends. The Authority considers the level of data required through this Clause 2.16 notice to bring retailers up to the level required from distributors; however, it is essential to note the different levels of oversight required because distributors operate within natural monopolies, whereas retailers compete in an open market.

The cost to retailers is tied to the scope and time given to comply with these new Authority requirements. While various individual elements of the data request make sense, in the aggregate, it becomes a substantial compliance cost for retailers to fulfil and the provision is for a short two-month commencement period. The costs to retailers come from system changes and quality assurance processes. **For each ERANZ member, these compliance costs are estimated at approximately \$500,000 to \$1 million minimum (if not more), and the system changes will take between six to twelve months minimum (if not more) to complete.** Multiplied across all retailers, this is an extremely significant project.

It is hard to assess the Authority's ability to adhere to its privacy obligations with such a large

amount of sensitive personal information about all New Zealanders. The Authority has not yet provided a full Privacy Impact Assessment for stakeholders and the industry to review.

Submission

ERANZ and its members support the Authority's original intent of this project to consolidate a wide variety and types of data requests from the Authority to retailers. Consolidation and rationalisation of regulator data requests will bring consistency, predictability, and efficiency to the process.

However, the scope of the Authority's project has continually expanded over time. From early discussions about consolidation at the end of 2022, to a draft data request template discussion in April 2023, to the final consultation paper under consideration here, the amount and scale of the data required from retailers has grown significantly each time. This consultation paper now proposes asking for every household's half-hourly electricity consumption data since 2018.

ERANZ acknowledges and supports the Authority's role to better understand the retail electricity market. Still, many of the data fields requested in the draft Clause 2.16 information notice are not tied to a definable problem in the market that the supply of data will provide insights into fixing.

Additionally, some of the data requested is disproportionate to the stated issue. For example, the Authority says it wants half-hourly consumption data tied to a consumer's plan type and pricing to examine the role of time-of-use plans in shifting demand to off-peak periods. Requesting half-hourly data back to 2018, and into perpetuity, seems excessive when a specific time-of-use research project using samples of households could achieve the same insights.

Many of the data fields requested cannot be sourced from "structured data" held by the retailers. The nature of interactions between customers and retailers, especially during phone calls, means things do not fit into neat boxes. Retailers often record their staff's interactions with customers in free text fields. Extracting usable data from these sources will be challenging, but it will also contain ambiguity.

What is best for the customer might not always be best for the data collection process. For example, an upset customer might want to end a phone call as soon as their enquiry is dealt with rather than answering further questions or hearing information from the staff member to complete a data collection exercise.

There will be various data fields for which the retailers have no information because it is not collected. We understand the purpose of this consultation is to understand better where some of these gaps are. Additionally, the Authority may not expect all data fields to be fully completed when retailers file their data with the Authority. However, retailers are cautious based on the recent Consumer Care Guidelines process. In this case, retailers were advised by the Authority that compliance outside the guidelines would be considered on its merits. Instead, the Authority publicly named retailers who were not strictly complying with the guidelines, resulting in adverse media coverage and criticism from some industry observers, only for the Authority to retract the report several days later.

Retailers take the Authority's role as industry regulator seriously, so when a published document states the Authority will request specific data within a particular timeframe, the industry is concerned this will be implemented as is, including the timeline. ERANZ recommends the

Authority provides a guidance statement to retailers with any data requests that it accepts discrepancies in the supplied data. Additionally, the Authority must provide for a minimum year-long commencement period to allow for retailers to make the system changes required to comply.

ERANZ supports the government's intent to create a consumer data right for New Zealanders across key consumer sectors, including energy. ERANZ requests the Authority, to the extent that it can, work with consumer data rights policymakers to ensure the data requirements resulting from this consultation fit into a future data rights regime. It will be counterproductive for retailers and consumers if significant IT system changes are required again to fulfil government legislation, which should be aligned.

Consultation questions

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?

ERANZ supports the Authority's intent to consolidate and rationalise its data requests to retailers. Higher quality data tied to Authority insights and publications makes all stakeholders better informed.

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?

ERANZ agrees with this objective.

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?

ERANZ agrees with this approach. However, there will need to be explicit guidance from the Authority on the flexibility it will allow retailers to comply in situations where data does not exist or would require such a significant expense as to be justified.

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

As stated in our submission above, the scope of the data requested under the notice is significant and has changed drastically over the last sixteen months. Some retailers will not have collected the data fields requested or will experience large compliance costs 'cleaning' and preparing the data for the Authority. We expect there could be discrepancies in the data that can be provided by retailers and between retailers which could make it difficult to extract robust insights and complications in publishing reports.

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?

There are alternative methods the Authority could consider in order to achieve its objectives while

reducing the costs to the industry. For example, undertaking a specific research project using sample data can generate the insights required to inform policymaking while being much more manageable for retailers to supply.

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

The proposal will generate greater costs than benefits. The Authority should work with retailers to reduce the costs on the industry and, ultimately, consumers.

The most significant lever is the commencement period, which is currently only two months. This is unrealistic given the breadth of data requested and the level of system changes required of retailers.

Q14. What are your views on the information the Authority intends to initially publish from the proposed notice, including the proposed level of detail?

ERANZ encourages the Authority to increase its publishing output, and quarterly reviews and EMI publications are welcome.

Where the Authority is publishing new types of information that it has not published before, we would expect the Authority to introduce the data to the audience and include commentary and explanations to aid understanding – particularly to non-industry participants who may not otherwise have experience with electricity-specific data.

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?

It will be challenging to extract meaningful insights from publishing qualitative data, particularly data based on extraction from free text fields used by retailer staff during customer conversations. There will be variability within retailers, and more importantly between retailers, about how they record, generate and report such data. The Authority should work with retailers to discuss these issues and possible solutions before publishing this.

Supporting commentary should also be provided on publication to clarify any discrepancies.

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

Not enough information is supplied in this consultation paper to make an informed judgement on the privacy implications – we look forward to reading the Authority's Privacy Impact Assessment. In particular, the views of the Privacy Commissioner will be relevant given the level of personal information and detail contained in the data.

Conclusion

ERANZ would like to thank the Authority for considering our submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Clark', with a long horizontal flourish extending to the right.

Kenny Clark
Policy Consultant