

Fortnightly report for the Minister for Energy 26 April 2024

This report summarises items that may be of interest to the Minister for Energy but not necessarily require a formal briefing. Further information on any topic can be provided on request. Substantive items and decision papers will be provided to the Minister in the form of briefings.

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1. Current and upcoming publications and advice

Strategic priority	Title	Purpose	Action and timing
Monitoring, compliance, education and enforcement	Market performance quarterly review Q4 2023	Our regular quarterly review including analysis of whether observed outcomes in the wholesale electricity market are consistent with competitive outcomes.	Published 22 April 2024
Enabling investment and innovation	Distribution Pricing Reform: Next steps.	Update to the sector on the Targeted Reform of Distribution Pricing	BR-24-0017 to office on 24 April Intended publication date: 7 May
System security and resilience	Authority's preliminary decision paper on whether an undesirable trading situation occurred	Update on a preliminary decision on the undesirable trading situation (UTS) that may have occurred. This follows the February High Court judgment earlier this year	Board to consider: 30 April Ministerial Briefing: 1 May
Enabling investment and innovation	Code amendment omnibus #3: Consultation paper	Consultation on two minor amendments to the Code. <ul style="list-style-type: none"> a proposal to add more detail about distributed generation installed at customer properties (ie solar and batteries for residential and small businesses). a proposal to inflation adjust the maximum fee a distributor can charge an applicant for a distributed generation application. 	Board to consider: 30 April Intended publication date 7 May
Enabling investment and innovation	Update on improving visibility of generation investment	The Authority intends to collect and publish more comprehensive information about new generation investment on the transmission and distribution networks.	Board to consider 30 April. Publication of news item: 6 May

System security and resilience & Building trust and confidence	Review of forecasting provisions for intermittent generators in the spot market	Policy changes to intermittent generation forecasting requirements. The changes seek to ensure offers are informed by accurate generation forecasts.	Board to consider: 21 May. Intended publication date 3 June.
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2. Consultations underway

Strategic priority	Title	Purpose	Action and timing
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3. Upcoming Electricity Industry Participation Code Amendments

Electricity Industry Participation Code Amendments that need to be presented to the House by the Minister's office **within 20 working days** following the date on which it is made.

Tracking number	Name	Date made	Date of Gazette Notification	Date in force	Due date for presentation to the House
EIPCA-24-0007	Definition of Connected Generation	8 April 2024	12 April 2024	1 June 2024	On or before 7 May 2024
EIPCA-24-0008	Updating and clarifying Part 6A obligations	16 April 2024	19 April 2024	1 June 2024	On or before 15 May 2024

4. Proposed additional verbal briefings

Name	Purpose	Indicative date*	Authority attendees
Security of Supply update	Update on the Authority's work and outlook for Winter 2024	8 May 2024 - as part of CE/Minister meeting	Sarah Gillies, Andrew Millar, Chris Otton, Natalie Bartos

5. Key external engagements

- ENA and ERANZ Networking Event: 30 April
- ENA CE and Chairs Forum: 1 May
- Industry winter preparedness exercises: 1 & 8 May
- NZ Infrastructure Commission Symposium: 9 May
- EA Quarterly update (webinar): 27 June

6. Deep dive: Enhancing consumer mobility in the electricity market

- 6.1. A key focus for the Authority is supporting consumers to have choices in accessing the energy they need both now and into the future. We want to ensure consumers have more control over their power usage and more agency over their access to different energy products and services.
- 6.2. Consumer mobility is key to accessibility and affordability. The more we improve consumer mobility, the more consumers benefit from a competitive electricity market and the new technologies and innovations that come from a more electrified economy.
- 6.3. To achieve consumer mobility means anticipating the future dynamics of the market. It is expected that the future of electricity will involve more and diverse participants from increased investment and innovation. This will mean more products and services for consumers to navigate.
- 6.4. Consumer choice in an increasingly diverse environment will likely require a suite of products to give consumers access to the information they need to manage and maximise their energy sources. Many of these products are not yet available.
- 6.5. The Authority is looking at a phased approach to building consumer mobility so that it encourages competition, innovation, and continued market investment:
 - **Phase 1** (2024/25) – Improving existing switching information and ease of access
 - **Phase 2** (2025 onwards) – Enhancing consumers’ access to data and the suite of products that will be necessary for individuals to navigate a diversified energy market. The Authority is not waiting for 2025 to commence this work. There is already a range of initiatives underway to build the consumer mobility pathway for the future.

The Authority currently uses Powerswitch to promote the benefits of comparing and switching retailers

- 6.6. Since the Authority was established in 2010, one of the ways we have worked to promote competition in the electricity industry and protect consumer interests is by providing consumers with information about the ability to switch power companies through campaigns and funding for a switching website.
- 6.7. The Authority’s What’s My Number price comparison website was merged with Consumer NZ’s Powerswitch website in December 2019 following a recommendation from the Electricity Price Review. Since then, the Authority has contracted Consumer NZ to provide the price comparison service through the Powerswitch website.
- 6.8. The Authority recognises further changes and enhancements to Powerswitch are needed to respond to consumer choice, not just for the short term but to meet the needs of a more complex market, as outlined earlier.

The Authority is undertaking a policy process to improve consumer comparison and switching – including options to improve consumer mobility

- 6.9. The Authority's contract with Consumer NZ for Powerswitch expires on 30 June 2025. The Authority recently consulted on options to improve switching. The options included a website service (including how the service could work better), as well as broader options to support consumers, including community advisers, promotional material, and a requirement for retailers to ensure consumers are on the best plan available to them.
- 6.10. The Authority received 80 submissions on the consultation paper from a range of individual consumers, retailers, and advocacy groups.

We are currently considering submissions and developing options but there are general themes

- 6.11. We consistently heard consumers' support for a comparison and switching website, with nearly all 80 respondents to the consultation supporting the Authority's initial proposal to fund such a service.
- 6.12. Irrespective of who is providing this service, there are steps the Authority can take to maximise the benefits of such a service. We are considering a range of short-term options that could support the next round of improvements to a service. These include ensuring:
- Increased awareness, accessibility, and transparency of electricity plans
 - Easier and user-centric processes to switch electricity retailers and plans
 - Consumers are well supported to compare and switch.
- 6.13. Some submissions indicated improvements needed to a comparison and switching website to enable greater switching, for example:
- Mandatory retailer participation in the service so consumers can access the entire retail market.
 - Requirements on retailers to maintain accurate plan and pricing information to avoid confusion caused by different information between the service and retailers' websites.
 - Standardisation of information on electricity bills to make it easier for consumers to find and input correct information.
- 6.14. The Authority is exploring procurement model that provides security of service and also includes a development and enhancement roadmap, to make sure the provider is required to make ongoing improvements to the service.
- 6.15. The Authority's Board will consider the policy and procurement approach to this work in mid-2024.

Consumer NZ has improved Powerswitch but further changes are needed

- 6.16. When the Authority extended Consumer NZ’s contract for the Powerswitch service in 2023 for two years (until 30 June 2025) we set strong expectations for improvements to the service, including:
- Providing comparison of electricity plans that are bundled with other services (such as broadband).
 - Creating an advanced switching model, which ensures the same data a consumer inputs to Powerswitch is passed through to a retailer’s own website – ensuring the plan selected by a consumer on Powerswitch is the same one they sign up to with the retailer.
 - Improvements to the user interface to improve the consumer experience.
 - Higher targets for sessions, results pages and switches.
- 6.17. The advanced switching model has resulted in higher conversion rates from results pages generated by Powerswitch to switches initiated by consumers, among the handful of retailers who have taken up the new model. However, retailer engagement with the advanced model has been slow.
- 6.18. The Authority is currently seeking to further improve retailer uptake of the advanced switching model as a means of improving the consumer experience.

Consumer NZ received additional targeted funding during winter 2023

- 6.19. Consumer NZ received \$200,000 from the EECA-led “Save 500” campaign in 2023. This funding was to increase its call centre staff during a period of increased advertising for Powerswitch – which was one of several campaign points aimed at addressing energy hardship.
- 6.20. Consequently, the total number of Powerswitch sessions, results pages generated, and confirmed switches were all significantly higher in 2023 than in previous years.

A Consumer Data Right could support enhanced consumer mobility

- 6.21. The Authority strongly supports the Consumer Data Right (CDR) workstream being progressed by the Ministry of Business, Innovation and Employment (MBIE).
- 6.22. The Authority is actively working with MBIE as it develops advice on designating the electricity sector under the proposed CDR regime and looking at how we can accelerate our own participation in this work to apply it to the electricity sector.
- 6.23. Enabling consumers to share their data with trusted recipients for authorised purposes will be a key support for consumer mobility, as will improving consumers’ ability to use their own consumption data to make energy choices. For example, consumers could more easily and quickly access their own consumption data so it could be used by authorised parties to evaluate, develop, and propose innovative electricity pricing plans of benefit to the consumers.
- 6.24. Closely aligned to the CDR work is the Authority’s workstream on enabling Data for Better Performance. Part of this is developing a roadmap that sets outcomes consumers, market participants, innovators and investors can expect from data in the electricity sector over the coming years.