

22 October 2024

Submissions  
Electricity Authority  
Level 7, AON Centre  
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Via email: [retaildata@ea.govt.nz](mailto:retaildata@ea.govt.nz)

## **SUBMISSION ON THE “IMPROVING RETAIL MARKET MONITORING: AMENDED INFORMATION NOTICE AND UPDATED ANALYSIS” 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: amended information notice and updated analysis' from October 2024.

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) and the benefits that come from greater industry insights and publication of trends. However, the Authority needs to balance these benefits against the costs it is imposing on retailers to create and supply this new information.

We are concerned that the level of data collection proposed in this amended clause 2.16 notice goes beyond what the Authority needs in order to do its job effectively, raising issues of privacy and imposing excessive costs on retailers with no clear benefit. This is particularly so for the proposed requirement to provide half-hourly consumption data for all ICPs with applicable smart meters.

ERANZ also emphasises the need for the Authority to continue to work closely together with MBIE, align their work with MBIE's Consumer Data Right (CDR) programme, and to demonstrate this alignment to the energy sector. The Authority has an opportunity to ensure that its data collection fits with that proposed under the CDR. This would make the data collection process more user-friendly for retailers and the government, and avoid the expense to retailers of needing to comply with multiple requests from government for the same data in potentially different formats.

## **Submission**

As indicated in our submission on the first clause 2.16 consultation paper in February 2024, ERANZ and its members support the Authority's original intent with this project – consolidating the various data requests the Authority makes of retailers into one package. We welcome the consistency, predictability and efficiency benefits that such a change could bring.

However, ERANZ and its retailers continue to be concerned with the scope of the data that is proposed to be collected. Many of the data fields requested in the second draft clause 2.16 information notice are still not tied to an identifiable problem in the market that the supply of this data would provide insights into fixing.

If implemented as proposed, the extent of this data collection would impose a significant cost burden on retailers, which would ultimately be passed on to the consumers they serve. Estimations have put these compliance costs at approximately \$500,000 to \$1 million per ERANZ member.

We were pleased to see the Authority make a series of sensible changes to its proposal with this second consultation paper. However, we believe further sensible changes can be made to strike a better balance between collecting sufficient quality information to provide insights into the electricity sector, and managing demands on retailers.

## **Consultation questions**

*Q1. Are there any further adjustments you think should be made to amended clause 2.16 notice in Appendix A?*

ERANZ welcomes the changes the Authority has made to its proposal since the last consultation. Allowing more time to implement the changes, starting data collection from 1 January 2025 instead of 2018 and removing some of the data points that relied on free-text fields all go some way to striking a better balance between strong oversight and workability.

However, the updated proposal would still require retailers to provide half-hourly consumption data to the Authority for the majority of customers who have smart meters. Though not entirely clear from the consultation document, it appears that the expectation would be that this half-hourly consumption data would be expected to be collected on a daily basis. This would require a significant investment on the part of the retailers to compile and provide daily spreadsheets on most of their customers, every day, in perpetuity.

ERANZ acknowledges and supports the Authority's objective to better understand the retail electricity market, but this level of data collection is excessive. A research project using samples of data could achieve the same insights into the electricity market,

without imposing significant costs on retailers which will invariably be passed on to consumers.

We ask that the Authority remove Table 2b on half-hourly consumption from its proposed clause 2.16 notice.

*Q2. Are there any changes you think should be made to the notice to better prepare for a possible Consumer Data Right (CDR) in the electricity sector?*

ERANZ supports the government's intent to create a CDR for New Zealanders across key consumer sectors, including energy.

We are pleased to see that the Authority is working with the Ministry for Business, Innovation and Employment (MBIE) to coordinate work on retail data monitoring and possible CDR initiatives.

We ask that the Authority continues to work as closely as possible with MBIE policymakers to make sure that the data requirements arising from this consultation align with the Government's broader data rights regime, particularly regarding the development of technical standards.

It would be counterproductive for retailers, consumers and the government if significant and costly IT system changes were required a second time to align with future CDR legislation.

We ask that the Authority explain how it is working together with MBIE to consider this issue proactively and avoid such a scenario.

*Q3. Is there further information you can provide that may improve the evidence base for our assessment of (a) costs (b) benefits?*

Some ERANZ retailer members have raised concerns that the format of data collection proposed by the Authority in tables 1(a) and 1(b) do not align with their existing data collection system, nor with the tables Australian energy retailers currently provide under their CDR regime. The Authority notes in its consultation document that the Australian experience in implementing CDR will be helpful, and standardising the data collection formats is one area where this would be beneficial.

We ask that the Authority engage with retailers to ensure that the format of its data requests align with the format retailers are already collecting data in, wherever possible. Requiring extensive data cleaning on the part of the retailer before this data can be provided to the Authority would significantly and unnecessarily increase the costs of providing this information.

*Q4. Do you agree the benefits of the proposed information notice are likely to outweigh its costs? If not, please explain why not.*

ERANZ does not agree that the benefits of collecting half-hourly usage data on every consumer in New Zealand with an applicable smart meter outweighs the costs of providing this information.

This can be inferred from the Authority's own data, with the cost-benefit analysis provided by the Authority indicating the half-hourly consumption data is in the lowest stated category of benefit ('medium'), despite it being among the costliest for retailers to provide.

The Authority also notes in the consultation document that its proposal will bring a 'step change' in benefits, which include 'protective interventions for domestic and small consumers, where needed' and 'accessible information for product and investment decisions'.

ERANZ would like to understand exactly what the Authority means by these. Namely, we seek to understand what sort of protective interventions the Authority is envisaging, and how the data it proposes to collect will enable it to conclude that protective interventions are warranted.

*Q5. Do you think there are other ways the Authority can maximise the benefits of this data?*

The Authority rightly points out in its consultation document that the benefits arising from improved retail data quality largely depend on how the Authority uses this information.

ERANZ recommends the Authority reduce the scope of its data request to focus on specific areas of interest where it is best placed to maximise the benefits of these insights. Once the Authority has demonstrated that it is able to generate valuable insight from that data, the request could be extended to other areas of interest.

This would mean removing requests for data for which there is no clear purpose at this stage, such as the half-hourly consumption data. As explored earlier in this submission, this data is among the costliest for retailers to collect, so not requiring its collection would strengthen the cost/benefit analysis for the clause 2.16 notice more broadly.

*Q6. Do you agree that the privacy implications of the proposed data collection have been adequately considered and addressed? If not, please explain why not.*

ERANZ is concerned with the privacy implications associated with collecting half-hourly usage data on every electricity consumer in the country with an applicable smart meter.

It is difficult to see how this approach to usage data collection could be compliant with Information Privacy Principle (IPP) 1.

ERANZ accepts that there is a tension between the data minimisation principle and the need to provide enough information to the Authority to enable an in-depth understanding of the market. There is a strong argument that many of the questions that collect aggregated data at the retailer level (such as information on numbers of medically dependent consumers) are reasonable to provide the Authority with the understanding of the market it requires.

Half-hourly usage data on every electricity consumer in New Zealand with an applicable smart meter is harder to justify, particularly when simply using sample data could achieve the market monitoring outcomes the Authority seeks to achieve.

The Authority has not outlined in its consultation document what problems it is seeking to solve with such granular data collection, and it is difficult to imagine what problems in the electricity market would require such granular data to solve.

If no purpose for this level of data collection eventuates, then the advice from the Office of the Privacy Commissioner would indicate that the Authority may not be justified in collecting this information.

For this reason, ERANZ recommends that the Authority outline exactly what it would seek to do with this half-hourly usage data so that the costs and benefits of this can be assessed, before mandating that retailers provide it.

## **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