

Electricity Authority – Stakeholder Survey 2013

The Electricity Authority is carrying out surveys of residential consumers and sector stakeholders as part of its process of determining its development priorities for the coming years.

This survey is in two parts. The first two questions are the same as the residential consumer survey, for which we would like you to respond as a residential consumer. These are followed by more detailed questions that we would like you to respond to as a representative of your organisation.

The results from the surveys are intended to be published by March 2013. Individual results will not be attributed to the person providing input. Individual responses will be held in confidence by UMR Research Limited, who is conducting the survey on behalf of the Authority.

Thank you for taking the time to assist us with our planning by completing this survey – it should take 10–20 minutes.

Carl Hansen
Chief Executive
Electricity Authority

We would like you to answer the first two questions as a residential electricity consumer, not as a representative of your organisation.

1. Using a scale of 0 to 10 where 0 means ‘not at all competitive’, 5 means ‘just adequate’ and 10 means ‘extremely competitive’, how competitive are the following businesses in terms of working to get your custom and offering you the best deals. If you do not know, use “don’t know”.

Petrol stations – petrol prices	
Telephone companies – including mobile phone services	
Supermarkets	
Online bookstores	
Electrical goods stores	
Banks and other financial services	
Electricity retailers	

2. Using a scale of 0 to 10 where 0 means extremely poor, 5 means neutral and 10 means extremely good; how would you rate the electricity industry in New Zealand on the following? If you do not know, use “don’t know”.

There is enough electricity to meet ongoing needs, that is, a good balance is achieved between the cost of having some power stations sitting idle most of the time against the cost and risk of power shortages when there is a long drought that limits hydro generation	
There is a reliable supply of electricity each day, that is, a good balance is achieved between the cost to consumers of power cuts and the cost of maintaining electricity supply (which is included in the overall cost of electricity to consumers)	
The New Zealand electricity market ensures electricity is generated and supplied efficiently	
The New Zealand electricity market ensures that the right mix of power stations is built in time to meet growing demand for power	
The current level of competition among electricity generators ensures they build the most efficient power stations and generate electricity as cheaply as possible	
The current level of competition between electricity retailers ensures that prices consumers pay only rise in line with costs to the electricity companies	

From this point forward we would like you to answer all questions from your perspective as a representative of your organisation, company or group.

3. What type of organisation do you represent:

Organisation type	Tick one	Position in organisation e.g. board member/ director, chief executive, senior manager, technical expert, spokesperson/communications
Primarily a generator		
Generator & electricity retailer		
Primarily an electricity retailer		
Distribution or transmission		
Service provider or agent (e.g. hedge market agent)		
Electricity consumer (please go to question 3A)		
Electricity consumer representative		
Investors / educational institutions / professional bodies		
Metering servicer provider		
Other (please specify)		

- 3A Electricity consumers only, please indicate from the list below how you purchase your electricity (more than one category may apply – please tick all that do):

Electricity consumer: how we purchase our electricity	Tick all that apply
Purchase directly from the spot market	
Purchase electricity hedges	
Purchase from a retailer – prices paid fluctuate with the spot market	
Purchase from a retailer on a fixed price tariff	
Other (please specify)	

4. In terms of **competition**, the Authority is seeking: Widespread consumer and investor confidence in the competitiveness of New Zealand's wholesale and retail electricity markets.

A workably competitive market is one in which the level of rivalry between suppliers is satisfactory, in that a supplier wanting to maximise its profits must carefully consider the responses of rivals and customers when deciding on prices or what to produce.

Using a scale of 0 to 10 where 0 means strongly disagree, 5 means neutral and 10 means strongly agree; please indicate your views on the following statements. If you do not have an opinion, please use "don't know".

Prices in the spot market generally reflect the outcomes expected in a workably competitive market	
Prices in the spot market when hydro lake levels are well below average reflect the outcomes expected in a workably competitive market	
Prices in the instantaneous reserves (IR) market reflect the outcomes expected in a workably competitive market	
Prices for frequency keeping reflect the outcomes expected in a workably competitive market	
Prices for voltage support reflect the outcomes expected in a workably competitive market	
Prices for black start reflect the outcomes expected in a workably competitive market	
Prices in the ASX market for long-term (e.g. 3 year-ahead) electricity futures contracts reflect the outcomes expected in a workably competitive market	
Prices in the ASX market for short-term (e.g. up to 6 months-ahead) electricity futures contracts reflect the outcomes expected in a workably competitive market	
Prices in the over-the-counter hedge market reflect the outcomes expected in a workably competitive market	
Prices in New Zealand's retail electricity market reflect the outcomes expected in a workably competitive market	
There is effective competition in provision of metering services	

5. In terms of **efficiency**, the Authority is seeking: Widespread recognition that New Zealand's wholesale and retail electricity markets, and transmission and distribution arrangements are efficient mechanisms for coordinating electricity production and consumption, and for facilitating timely and innovative investment in the electricity system.

Using a scale of 0 to 10 where 0 means strongly disagree, 5 means neutral and 10 means strongly agree; please indicate your views on the following statements. If you do not know, just say so.

New Zealand's wholesale electricity market is an efficient mechanism for:	
a. coordinating electricity production and consumption	
b. facilitating timely and innovative investment in the electricity system	

New Zealand's hedge market is an efficient mechanism for:	
a. coordinating electricity production and consumption	
b. facilitating timely and innovative investment in the electricity system	

New Zealand's retail electricity market is an efficient mechanism for:	
a. coordinating electricity production and consumption	
b. facilitating timely and innovative investment in the electricity system	

New Zealand's transmission and distribution arrangements (regulatory and voluntary) are efficient mechanisms for:	
a. coordinating electricity production and consumption	
b. facilitating timely and innovative investment in the electricity system	

Overall New Zealand's wholesale and retail electricity markets, and transmission and distribution arrangements are efficient mechanisms for coordinating electricity production and consumption and facilitating timely and innovative investment in the electricity system.	
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6. In terms of **reliability**, the Authority is seeking: Widespread consumer and investor acceptance of efficient levels of supply reliability across the 'supply chain' (generation, transmission, distribution, and retailing). This includes developing a wider appreciation and understanding of the trade-offs between cost and reliability.

Using a scale of 0 to 10 where 0 means strongly disagree, 5 means neutral and 10 means strongly agree; please indicate your views on the following statements. If you do not know, just say so.

The current level of security of supply is efficient as the cost of reserve generation and demand response capability is appropriately balanced against the cost and risk of power shortages	
There is an efficient level of day-to-day reliability e.g. dealing with localised power outages, frequency and voltage stability	
Consumers appreciate and understand the trade-offs between cost and reliability	
Investors appreciate and understand the trade-offs between cost and reliability	
Over the next ten years the level of reliability will improve	

7. Using a scale of 0 to 10 where 0 means extremely poor, 5 means neutral and 10 means extremely good; how would you rate the **current market arrangements** within the electricity sector (voluntary and regulatory). If you do not know, just say so.

Wholesale spot market	
Retail market	
Metering service provision	
ASX electricity futures market	
Over the counter hedge market	
Instantaneous reserves market	
Other ancillary services markets	
Demand side response	
Encouraging efficient investment and innovation in generation	
Encouraging efficient investment and innovation in distribution	
Encouraging efficient investment and innovation in transmission	
Minimising barriers to entry for new generation projects and/or new generation companies	
Minimising barriers to entry for new retail companies or existing companies expanding into new areas	
Ensuring an appropriate balance between reliability and cost	
Effectiveness of regulatory arrangements overall	
Other 1 (please specify)	
Other 2 (please specify)	

8. If you have any specific comments or suggestions on the **major development priorities for 2013 onwards** in relation to the Electricity Industry Participation Code¹ or voluntary arrangements within the electricity sector, could you please note them in the tables below.

NB exclude the major **current** Authority projects that are nearing completion.

First priority: (e.g. urgent, important, potential very significant benefits*)

Second priority: (e.g. important, potential significant benefits*)

Third priority: (e.g. quite important, should be progressed as resources permit, potential benefits*)

* NB Benefits exclude wealth transfers

9. Were you a respondent to this survey in August 2011? YES / NO / DON'T KNOW

Thank you for your time in completing this survey.

¹ The Electricity industry Participation Code is delegated legislation made in accordance with the electricity Industry Act 2010. The Code sets out participant responsibilities, including the Electricity Authority's duties and responsibilities. The Authority maintains the Code and is responsible for ensuring participants comply with the Code.