



15th August 2013

Retail Advisory Group
C/- Electricity Authority
PO Box 10041
Wellington
6143

Mighty River Power Limited
Millennium Centre
602 Great South Road
Ellerslie 1051
Private Bag 92008
Auckland 1142

Phone: +64 9 580 3500
Fax: +64 9 580 3501
www.mightyriverpower.co.nz

Dear Sir or Madam

Mighty River Power appreciates the opportunity to respond to the Retail Advisory Groups: *Improving transparency of consumers' electricity charges* Paper.

Please find attached appendix A which sets out our response to the paper. No part of this submission is confidential and we are happy for it to be made publicly available.

Should you have any queries in relation to any of the above or other related issues please do not hesitate to contact me on 09 308 8271 or monica.choy@mercury.co.nz

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Peckham', with a long horizontal flourish extending to the right.

Andrew Peckham
Operations Manager

Appendix A Format for submissions

Submitter	Mercury Energy
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Question No.	Question	Response
1	Do you agree with the issues raised about the transparency of consumers' electricity charges?	<p>Transparency should be a priority wherever it is truly desired by customers. Detailed breakdowns can, however, easily result in less clarity.</p> <p>The cost of retail electricity will always include the component parts of energy and lines and these two parts are inextricably linked. Given this, it seems appropriate that consumers should always compare the total cost, not component parts.</p> <p>It is this comparison of the total cost of their energy service that is of greatest relevance to consumers as electricity is delivered and consumed as a packaged service, like any other.</p> <p>In our view there is a balance to be struck between providing enough information and too much information, which can have the unintended consequence of confusing customers.</p>
2	If so, how widespread are these issues, and what is their effect? Please provide any evidence you may have to support your view on the size and nature of these problems.	We consider the desire to accurately and easily compare pricing is widespread, but the desire of customers to check the accuracy of bills at individual component level is not.

3	Do you have any other concerns about the availability of information about consumers' electricity charges?	No changes.
4	If you are a retailer or distributor, please provide a representative sample of your consumer invoices (where applicable) and a link to any consumer pricing information on your website. Please also provide a description and/or examples of any other relevant information that you make available to consumers.	<p>Pricing information: http://www.mercury.co.nz/ Plans and Pricing.</p> <p>See attached addendum A – Sample bill Vector Central (Historically conveyance un-bundled).</p> <p>See attached addendum B – Sample bill Vector Northern (Interposed bundled).</p>

5	What other sources of information about consumers' electricity charges are you aware of?	<p>Mercury Energy also provides GEM (Good Energy Monitor) to nearly all residential customers. This is the richest information set ever provided to NZ residential customers, allowing our customers to view in depth information on both consumption and costs incurred.</p> <p>The provision of this service is at no additional cost to Mercury customers. This is clear evidence that market driven initiatives are fulfilling the customer's desire for information and transparency.</p> <p>There are a number of additional sources of information, including websites, phone services, Citizens Advice Bureau, Consumer Institute and EECA.</p>
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6	<p>What are the perceived or actual differences of the electricity industry that may warrant consideration of making more transparent pricing information available to consumers?</p>	<p>Agree with the summary of key perceived or actual differences. The market has responded to the desire for greater transparency around costs incurred. Mercury leads the market in this area with the GEM service for residential customers. Other retailers have their own enhancements in this area.</p> <p>It is our contention that timely usage information, bill prediction and, as technology improves and becomes mainstream overtime, improved granularity of appliance specific information will fill this need for consumers, and that the component breakdown of pricing is unlikely to add significant value for consumers.</p>
7	<p>Do you agree with the key questions to be addressed by this project? Do you consider there are any other key questions?</p>	<p>Yes we agree with the key questions to be addressed by this project. No we do not consider there are any other key questions.</p>

8	<p>What information do consumers need to:</p> <p>a. check they have been invoiced correctly?</p> <p>b. understand what is driving price changes?</p> <p>c. determine what they can do to reduce their bills?</p> <p>d. make effective choices about their retailer?</p>	<p>a) Price and metered volume.</p> <p>b) Reasoning communicated by retailers for a price change. We believe greater consistency between retailers in these communications would be helpful.</p> <p>c) Consumption and cost information available all the time (e.g. GEM) but provision of it should be (and is being) market led, not regulated.</p> <p>d) Price and a clear understanding of the service level on offer.</p>
9	<p>From what sources can consumers already obtain some, or all, of this information?</p>	<p>www.mercury.co.nz (My Account)</p> <p>www.powerswitch.co.nz</p>
10	<p>Are there any gaps between the information consumers require, and the information that is already available?</p>	<p>No, although we anticipate that technology changes and AMI saturation will continue to improve the quality and timeliness of the information which is already available.</p>

11	When do consumers need information about their electricity charges?	Information should generally be available on demand to consumers as soon as practicable after it is available to industry participants. Some information such as pricing is provided at the outset (or renewal) of a customer contract and is available anytime and is provided to customers whenever required under current regulations.
12	What is (are) the most useful communication channel(s) for delivering the required information?	More than one third of our customers now choose to access this information online or via email. These are also our fastest growing communication channels and it is our view that they will replace all traditional channels over time, particularly given the dramatic increase in online availability everywhere through mobile/tablet devices and advancements in internet capability.
13	If the Authority intervenes, should the costs be socialised across all consumers or recovered only from those consumers who want this service?	We consider that the costs should be recovered from those who want this service. A survey could be carried out to determine how large this group is and the price they are willing to pay. An accurate cost/benefit analysis is not possible without this information. Socialising costs of a fringe service to a minority is a poor customer outcome.
14	How much are consumers prepared to pay for such information?	A survey could be conducted to acquire this information.

15	Do you consider the 'do nothing' option is viable? Please provide your reasons, including the costs and benefits of this option.	<p>Yes. We consider that the market will (and in fact already is) providing information and other aspects of services that the great majority of consumers desire. We agree with the view that intervention may stifle innovation. Further to this, it may saddle consumers with the cost of a service they don't want, further exacerbating some consumer's existing dissatisfaction with price.</p>
16	Do you consider the Authority should take a more active role in educating consumers and/or providing enhanced comparison tools? Please provide your reasons including the costs and benefits of this option.	<p>Yes. The Authority should take a more proactive role in educating consumers on the reasons for electricity wholesale (and retail) price increases. In particular, consumers often have a limited understanding of:</p> <ul style="list-style-type: none"> • The investment in NZ's electricity infrastructure in the past decade; • The reliability and sustainable nature of this infrastructure; • Comparisons to international electricity pricing in countries with infrastructure of a similar quality

17	Do you consider retailers should be required to provide additional pricing information? Please provide your reasons, including the costs and benefits of this option. If retailers are required to provide additional pricing information, should this apply to all products? Or should a retailer and consumer be able to agree to a pricing arrangement that is not subject to mandatory disclosure (such as a fixed-term contract whereby the retailer absorbs any increases in network charges for a number of years)?	There should be no regulatory requirement to do this. New Zealand has a competitive electricity market for end-users and ultimately, if provision of such information was desired by large numbers of those consumers, it would be provided. There are existing examples of retailers who do provide this information and customers will choose that retailer if this is important to them.
18	If retailers are required to provide additional pricing information, what form should this take?	N/A.
19	Should pricing disclosures also include recent history of prices, for example, trends over the past 12-18 months?	No. Retailers should (and do) publish such information to the extent it is required in order to justify price changes. There should be no mandate to provide this information. The Electricity Authority should provide independent price index's, etc.
20	Do you consider retailers should be required to provide consistent representation of prices, for example, via a template?	No. Customer demand, and market response, should ultimately determine this. However, when announcing price changes it would be advantageous for consumers if all retailers followed a standard disclosure regime/template for explaining the rationale for the change.

21	Do you consider retailers should be required to disclose the component parts of electricity charges on consumers' bills? Please provide your reasons, including the costs and benefits of this option.	There should be no regulatory requirement to do this. Again, some retailers provide this information already and, if there is significant consumer demand for it, they will gain competitive advantage and others would follow. Placing requirement on retailers to provide this information as a baseline will further stifle product innovation.
22	If so, should it be required across all products, or should consumers be able to opt in (or alternatively, opt out)?	See 21. If it is truly desired by consumers then retail market participants will adopt it voluntarily, as is the case currently.
23	What is your view on the option to require retailers to offer to disclose the components of electricity charges as a paid service?	We think it is highly likely that only very few customers would be willing to pay extra fees to be able to attain this information. A survey (as we suggested in our responses to question 13 and 14) should be used to determine the proportion of willing and interested consumers and the price they are willing to pay, before any further action is considered or taken.

Statement/Tax Invoice

GST Number 71 048 870

Mr & Mrs Sample
68 Sample St
Howick
Auckland 2014



Mercury Energy
Good energy

from

MIGHTY RIVER POWER**Actual reading****Your account number**For account enquiries phone **0800 10 18 10** (8.00am - 8.00pm Mon to Fri)**123-456-789****Recent transactions**

09 Jul 13	Opening balance	\$260.20
24 Jul 13	Payment received 23 Jul 13 - Thank you	\$234.18cr
24 Jul 13	Discount for prompt payment credited	\$26.02cr
Balance		\$0.00

Current account summary

Net current charges	\$222.75
GST	\$33.41
Total current charges (please see Current account details)	\$256.16
Discount for prompt payment	\$25.62cr
Discounted amount due	\$230.54
Amount to pay if received after the due date of 29 August 2013	\$256.16

Invoice date
08 August 2013

Billing period
10 July 2013 to
07 August 2013

Date of next invoice
(approx.)
06 September 2013

Power supplied to
68 Sample St
Howick
Auckland 2014

ICP identifier
0123456789LC993

Meter number
RX12345678

**Where do you use the
most power in your home?**

Now you can find out 'What Uses Most' with GEM at mercury.co.nz.**FAULTS** - For all faults phone VECTOR Limited on 0508 VECTOR (0508 832 867)

VECTOR Limited GST No. 10 008 239

Payment slip (Return this slip with your payment. Please do not fold or staple the cheque to the slip)

Account name **Mr & Mrs Sample**
Account number **123-456-789**

Discounted payment if received by 29 August 2013 **\$230.54**

Amount to pay if received after the due date of 29 August 2013 **\$256.16**

Please make cheques payable to Mercury Energy
Private Bag 92008 Auckland

\$
.....
AMOUNT PAID

PLEASE DO NOT SEND CASH



MRPAC 012345678900023054



Mercury Energy
Good energy

Private Bag 92008
Auckland
Mighty River Power Limited
trading as Mercury Energy

1234567891

29081311

0000023054

00000256161

Meter reading(s) - For the period 10 Jul 13 to 07 Aug 13

The next approximate date we will read your meter is 06 September 2013

Price plan	This reading	Last reading	Units used
Low - Anytime 3yr Extn	29650 (actual)	28876 (actual)	774 kWh

Current account details - For the period 10 Jul 13 to 07 Aug 13

Charge type	Units	Mercury Energy	Vector Limited
Variable usage charge			
Low - Anytime 3yr Extn	774 kWh @	16.63 cents/kWh \$128.72	10.73 cents/kWh \$83.05
Daily fixed charge	29 days @	16.66 cents/day \$4.83	16.67 cents/day \$4.83
Electricity Authority levy	774 kWh @	0.17 cents/kWh \$1.32	
Subtotals		\$134.87	\$87.88
GST		\$20.23	\$13.18
Totals		\$155.10	\$101.06
Discount for prompt payment *		\$15.51 cr	\$10.11 cr

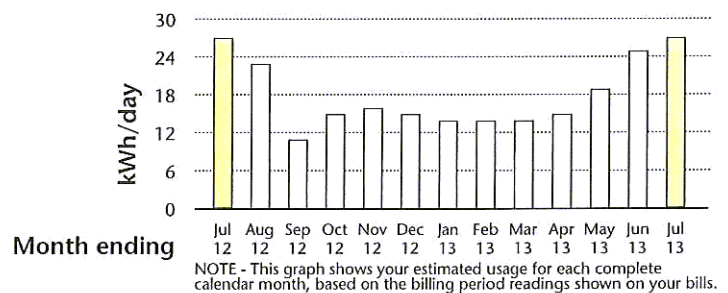
Total current charges (Mercury Energy plus Vector Limited)

\$256.16

Usage information

Cost per day for the period(s) shown above \$8.83/day

Electricity usage



Tell us where you use power and be in to win \$10,000*

Head to 'What Uses Most' in GEM at mercury.co.nz and take our quick survey for your chance to win.

*Terms and conditions apply. See mercury.co.nz/terms/GEMcompetition for details.



Payment options (conditions apply)

Direct debit, credit card & automatic payments: To set up payments by these methods please call 0800 10 18 10. You can also visit www.mercury.co.nz to load your bank or credit card details online or download a direct debit form. Only available on some pricing plans.

Telephone & Internet banking: To set this up you need your account number from your bill as the reference. Your bank should already have Mercury Energy set up as a payee option; if not our bank details are **12-3013-0893681-00**.

Cheque: Please make your cheque payable to Mercury Energy and return in the re-usable envelope provided.

Payment Fees: Payment fees may apply. Please refer to www.mercury.co.nz for details.

To access our free complaints service call 0800 10 18 10 or visit www.mercury.co.nz/help/dispute.

Unresolved complaints can be referred to the Electricity and Gas Complaints Commission on 0800 22 33 40 or www.egcomplaints.co.nz. This is a free and independent complaints service.

* Retained by Mercury Energy if not paid by the discount expiry date.

Statement/Tax Invoice

GST Number 71 048 870

Mr R J Sample
14 Sample Road
Hillcrest
Auckland 0627



Mercury Energy
Good energy

from

MIGHTY RIVER POWER

Actual reading

Your account number

For account enquiries phone **0800 10 18 10** (8.00am - 8.00pm Mon to Fri)

123-456-789

Recent transactions

08 Jul 13	Opening balance	\$366.05
29 Jul 13	Credit card payment 29 Jul 13 - Thank you	\$329.44cr
29 Jul 13	Discount for prompt payment credited	\$36.61cr
Balance		\$0.00

Invoice date

08 August 2013

Billing period

06 July 2013 to
08 August 2013

Date of next invoice (approx.)

06 September 2013

Power supplied to

14 Sample Road
Hillcrest
Auckland 0627

Current account summary

Net current charges	\$233.97
GST	\$35.10
Total current charges (please see Current account details)	\$269.07
Discount for prompt payment	\$26.91cr
Discounted amount due	\$242.16

ICP identifier
0123456789UNEAD

Meter number
0812456

Where do you use the most power in your home?

Now you can find out 'What Uses Most' with GEM at mercury.co.nz.



Page 1

FAULTS - For all faults phone **0800 2 FAULTS (0800 232 8587)**

Credit card transaction - no action required

Account number 123-456-789

+ The schedule below sets out the payment(s) that will be direct debited from your credit card account on the due date(s) specified, UNLESS YOU INSTRUCT US OTHERWISE BY THE CANCELLATION DATE(S) also specified below.

CREDIT CARD ARRANGEMENT(S)

Due date	Type of payment	Payment amount	Cancellation date
29 Aug 13	Current charges	\$242.16	27 Aug 13



Mercury Energy
Good energy

Private Bag 92008
Auckland
Mighty River Power Limited
trading as Mercury Energy

Meter reading(s) - For the period 06 Jul 13 to 08 Aug 13

The next approximate date we will read your meter is 06 September 2013

Price plan	This reading	Last reading	Units used
Low - Anytime Fix Apr14	64242 (actual)	63348 (actual)	894 kWh

Current account details - For the period 06 Jul 13 to 08 Aug 13

Charge type	Units		Cost per unit	Amount
Variable usage charge				
Low - Anytime Fix Apr14	894 kWh	@	24.95 cents/kWh	\$223.05
Daily fixed charge	34 days	@	27.66 cents/day	\$9.40
Electricity Authority levy	894 kWh	@	0.17 cents/kWh	\$1.52
Subtotals				\$233.97
GST				\$35.10
Totals				\$269.07
Discount for prompt payment *				\$26.91 cr

Total current charges \$269.07

Usage information

Cost per day for the period(s) shown above \$7.91/day

**Tell us where you
use power and be in
to win \$10,000***

Head to 'What Uses Most' in GEM at mercury.co.nz
and take our quick survey for your chance to win.

*Terms and conditions apply. See mercury.co.nz/terms/GEM competition for details.



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