

**COUNTIES POWER
CONSUMER TRUST**

Web Site: <http://www.countiespowertrust.org.nz> **Email:** secretary@countiespowertrust.org.nz

| <i>The Trust Office is situated at</i> | <i>Postal Address</i> | <i>Contact Details</i> |
|---|------------------------------|---|
| Unit 6, 2 nd Level 23 Hall St PUKEKOHE 2120 | P O Box 580 PUKEKOHE 2340 | Telephone (09) 238 3780 Fax (09) 238 3781 Secretary Mobile 021 961 478 Chairman (Home) 09 238 9992 Chairman Mobile 0274 987 364 |

TO: Retail Advisory Group

RAG@ea.govt.nz

DATE: Tuesday, 20 August 2013

**SUBJECT: RAG—Improving transparency of
consumers' electricity charges**

There is no part of this submission which is confidential

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| Q1. Do you agree with the issues raised about the transparency of consumers' electricity charges? | Yes. |
| Q2. 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. | Very few retailers provide a transparent breakdown of energy charges and their components and we have been unable to source whether many or few retailers currently provide such a breakdown. However, we attach a copy of a Mercury Energy invoice as an example that it can be done. |
| Q3. Do you have any other concerns about the availability of information about consumers' electricity charges? | Other than the lack of transparency, we have no other concerns at this time. |
| Q4. 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>Counties Power Consumer Trust is neither a retailer nor distributor – we are submitting on behalf of the beneficiaries of the Trust who number some 37,000 consumers in the Franklin area of Auckland connected to the wholly owned (by the Trust) distributor Counties Power Limited.</p> <p>We are attaching examples of 3 retailer's invoices who are operating in the Franklin area. That is Contact, Energy On-line and Nova – these are pages 2,3,4 & 5 of Appendix A.</p> <p>As you can see, neither the Contact nor the Energy On-line invoices give any indication as to who the distributor is and the most basic information on the invoice.</p> <p>[Compare this minimal detail with that provided on the Mercury invoice].</p> |
| Q5. What other sources of information about consumers' electricity charges are you aware of? | <ul style="list-style-type: none"> - Distributor websites; - The Electricity Compendium compiled by PricewaterhouseCoopers |
| Q6. 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>The electricity industry is providing a service as well as a commodity – both the service and the commodity is as necessary as clothing, shelter, water and food.</p> <p>Given that the current Government is seeking to promulgate competition amongst the unregulated retailers, transparency of pricing is an essential requirement of retailers becoming competitive.</p> <p>If the Telcos can do it, why cannot the electricity retailers do it?</p> |
| Q7. Do you agree with the key questions to be addressed by this project? | Basically, yes. This is because all prices for all components of the service ought to be provided otherwise the consumer is left to interpret the marketing information as opposed to necessarily having sufficient information to make an informed decision. |
| Do you consider there are any other key questions? | No other key questions at this time. |

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| <p><i>Q8. What information do consumers need to:</i></p> <p><i>a. check they have been invoiced correctly?</i></p> <p><i>b. understand what is driving price changes?</i></p> <p><i>c. determine what they can do to reduce their bills?</i></p> <p><i>d. make effective choices about their retailer?</i></p> | <p>Clear and detailed information showing how their account is calculated.</p> <p>In a truly competitive market a consumer will make a decision based on either price or the quality of service. If they believe a price of a supplier of that service (any industry) is too high, they will go elsewhere. Knowing what makes up the price is an important part of this decision process.</p> <p>Given that consumers know that their electricity bill will be determined by their usage of electricity coupled with the charges levied by the many service providers in the chain of supply, once they are aware of those various charges, they will be in a much better position to choose their supplier.</p> <p>Without being able to compare the component charges levied by all those in the chain of supply under the present electricity model, it is virtually impossible to make an effective choice. Thus the continuing call for transparent invoicing, that is, the ability to genuinely compare “like” with “like”.</p> |
| <p><i>Q9. From what sources can consumers already obtain some, or all, of this information?</i></p> | <p>Given that many, many consumers (in spite of extensive education and local notices/adverts etc.), still have no idea who owns the network through which their electricity arrives then they do not know (provided they have internet access) that with some effort and mathematical literacy, they could go to the distributor’s website and start to break down their prices and couple these with the retailer’s prices to eventually get the answer.</p> |
| <p><i>10. Are there any gaps between the information consumers require, and the information that is already available?</i></p> | <p>On-line real-time continuous updating would be the ideal method to provide information , but the invoice with all the details on it will suffice.</p> |
| <p><i>Q11. When do consumers need information about their electricity charges?</i></p> | <p>At least on two separate occasions.</p> <ol style="list-style-type: none"> 1. When selecting the retailer, and 2. On receipt of the invoice, to learn what they are paying for. |
| <p><i>Q12. What is (are) the most useful communication channel(s) for delivering the required information?</i></p> | <p>The invoice is the simplest, cheapest, most effective and permanent record.</p> |
| <p><i>Q13. If the Authority intervenes, should the costs be socialised across all consumers or recovered only from those consumers who want this service?</i></p> | <p>The setting up costs should only be and will be “one-offs”. Every competitive business faces same. Therefore it will be ‘built-in’ to the prices selected by that business that wishes to compete. There is no need for additional costs, in spite of this being the excuse currently used by some retailers.</p> |

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| <p><i>Q14. How much are consumers prepared to pay for such information?</i></p> | <p>The consumers wish to buy a service and the retailers wish to sell a service. The so-called free market should be able to make their own judgements which needs to be based on transparent prices for such a service.</p> <p>Customer 'service' expectations are continually rising and all providers of services and commodities are continuously seeking ways of 'growing and enhancing' their businesses. The electricity retailers should be no different.</p> <p>As a result there should be no cost to the consumer.</p> |
| <p><i>Q15. Do you consider the 'do nothing' option is viable? Please provide your reasons, including the costs and benefits of this option.</i></p> | <p>The 'do nothing' option is unacceptable. Consumers want information to make informed choices and the electricity retailers appear to be the only industry who are not being required to supply that information.</p> <p>Apart from the initial setting up costs of making one-off alterations to the billing software, we fail to see what other costs could exist. And even if there are unforeseen costs, we believe these costs should be absorbed by the service provider in line with other industries.</p> <p>The benefits will include (but are not exhausted here):-</p> <ol style="list-style-type: none"> 1. Enabling consumers to make informed choices as to which service provider (electricity retailer) they wish to use; 2. Reducing the continuing negative publicity directed towards the government for appearing to allow the "protection" of the retailers to charge whatever fees they wish; 3. Many consumers receive estimated invoices (for a variety of reasons) on a regular basis. Under these circumstances, it is very difficult to calculate usage when the 'reading' can continuously (and frequently erroneously increase and decrease. 4. There will be issues similar to this for those who use the 'Time of Use' meters. |
| <p><i>Q16. 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.</i></p> | <p>The Authority has a function to stop monopolies from 'over-charging'. There is no need for an Authority to be involved in a truly competitive industry. Thus the continual requesting and lobbying of the Energy Minister for transparency of the invoices issued by the retailer.</p> <p>By way of explanation, there is no Authority needed to educate people on the transparency of other service provider's invoices and nor is there a need for advertising how to switch from one provider to another. Consumers of legal services, of accountancy services, of education services, of dental services, of medical services (to give an example) do not need an 'Authority' to educate them. They make their choices by word of mouth, by reputation, by the provider's own advertising, by comparing prices.</p> <p>It would be interesting to learn how much EECA has spent and to learn of the benefits associated with that outlay.</p> |

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| <p><i>Q17. 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)?</i></p> | <p>If a business wishes to operate in a 'free market', then all costs need to be disclosed – the commodity, the delivery, the rate, any equipment hireage etc. (In brief, the itemised costs of all the components which make up the end total of an electricity invoice to any consumer, should be disclosed. This will enable true comparisons by the end consumer).</p> <p>If a business chooses NOT to disclose those costs, then they should be required to if the government is serious about insisting the electricity industry is operating in a free market.</p> <p>Should a retailer wish to go the expensive route of providing different invoice styles and rates for one consumer rather than a standard one, that is their decision, but a standard and fully itemised invoice needs to be available to all. That is, be part of the service provided.</p> <p>If a retailer wishes to absorb, for example, network charges for a particular consumer (or group of consumers), that should be their decision, but this will still need transparency on the invoice to show those charges have increased and that the retailer is reducing other components to honour their arrangement. This transparency, in all probability, will be a valuable marketing tool for the retailer.</p> |
| <p><i>Q18. If retailers are required to provide additional pricing information, what form should this take?</i></p> | <p>The pricing information should be for each aspect of the invoice – whatever makes up the end total. Example of such components would include:-</p> <ul style="list-style-type: none"> • Transpower fee • Network/distribution fee • Meter hire/meter reader fee • Individual meter usage and rate charged • Authority Levy • GST component <p>If all retailers were required to show this, it would not be long before "retailer switching" jumped as consumers learned of the different prices being charged. Because the distributors can identify the Transpower fee, it is important that this charge be noted on the invoice, especially since these are sharply increasing and any consumer criticism of electricity price increases needs to be fairly attributed to the perpetrator.</p> <p>[The Telcos initially did not provide much detail or transparency on their invoices. However, as their competition increased (and more customers required transparent invoicing), the situation was rectified].</p> |
| <p><i>Q19. Should pricing disclosures also include recent history of prices, for example, trends over the past 12-18 months?</i></p> | <p>No need for trends to be a 'requirement' as these will be available from the monthly invoices. However, it is our belief that some retailers may decide to add either usage or pricing trends as a marketing tool.</p> |
| <p><i>Q20. Do you consider retailers should be required to provide consistent representation of prices, for example, via a template?</i></p> | <p>Yes</p> |

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| <p><i>Q21. 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.</i></p> | <p>All component parts of the invoice is to be disclosed:-</p> <ul style="list-style-type: none"> • the units used per meter (including those on demand metering. • the rate being charged per unit per meter, • the costs the retailer is passing on from Transpower • the costs the retailer is passing on from the local Network Distributor, • The name of the distributor, • any equipment hireage and/or meter reading fees – whether direct or being passed on, • any “export” fees should the consumer be generating their own energy but wishing to feed it back into the national grid. <p>We believe these examples are the primary requirement of any transparent invoice. To do less is to maintain the status quo which is not acceptable.</p> <p>The costs will be a one-off set-up cost and if it is to a set formula, using a well designed template, any competent billing software designer should have no difficulties.</p> <p>The benefits will include the full participation in a truly functional free market, which to date is not possible, in spite of politicians' insistence.</p> |
| <p><i>Q22. If so, should it be required across all products, or should consumers be able to opt in (or alternatively, opt out)?</i></p> | <p>It should be required across all products.</p> <p>The question regarding “opting in or out” appears to be assuming there will be continuing costs associated with full disclosure. Our contention is that there will only be set-up costs and such faces any business desirous to improve its ‘data capture’ and the associated billing system. If more information is supplied that a consumer wants, then that consumer will simply ignore the detail. The way the situation is at present is that such minimal detail is supplied that only those who do NOT want the detail are being satisfied.</p> |
| <p><i>Q23. What is your view on the option to require retailers to offer to disclose the components of electricity charges as a paid service?</i></p> | <p>Disclosure of the components of providing electricity to an end consumer should be an integral part of the end invoice for supplying a service in a true free market. This should not be a service requiring payment.</p> <p>Examples in brief:</p> <ol style="list-style-type: none"> 1. A professional, such as a solicitor/lawyer/accountant gives a breakdown of all the hours spent on different aspects of an assignment, plus disbursements, plus various levies paid for certain government services. Should they choose not to do this, the consumer will often ask for such a breakdown and this is not a service that comes with a price; 2. A computer/IT service will show the hours, the rate, the component cost (if a repair), the time for travel and the rate, the GST content. If these items do not show, the consumer will frequently ask for a breakdown of that invoice and there is no fee for this. 3. Tradespeople (examples being builders, plumbers, electricians, vehicle outlets/repairers etc.) will show the hours, the rate, the component cost, the GST content. If these items do not show, the consumer will frequently ask for a breakdown of that invoice and there is no fee for providing this. |

Appendix A: P1

Page 2

Meter reading(s)- For the period 13 Oct 09 to 11 Nov 09

The next approximate date we will read your meter is 10 December 2009

| Price plan | This reading | 4a St reading - | - Units used |
|--------------------------|---------------|-----------------|--------------|
| Standard - All Inclusive | 1381 (actual) | 558 (actual) | 783 kWh |

Current account details For the period 13 Oct 09 to 11 Nov 09

| Charge type | Units | Mercury Energy | | Vector Limited | |
|-------------------------------|---------|-----------------|-----------|-------------------|----------|
| Variable usage charge | | | | | |
| Standard - All Inclusive | 783 kWh | 9.43 cents/kWh | \$73.81 | @ 8.53 cents/kWh | \$66.79 |
| Daily fixed charge | 30 days | 64.70 cents/day | \$19.41 | @ 16.67 cents/day | \$5.00 |
| Metering | 30 days | 17.56 cents/day | \$5.27 | | |
| EasyPay discount | | | \$2.31cr | | |
| Electricity Commission levy | 783 kWh | 0.15 cents/kWh | \$1.17 | | |
| Subtotals | | | \$97.38 | | \$71.79 |
| GST at 12.50% | | | \$12.17 | | \$9.97 |
| Totals | | | \$109.55 | | \$81.76 |
| Discount for prompt payment * | | | \$10.96cr | | \$8.08cr |

Total current charges (Mercury Energy plus Vector Limited)

\$190.31**Usage Information**

Cost per day for the period(s) shown above.....

\$6.34/day

Electricity usage

Tax Invoice/Statement

GST No 65 384 825

Appendix A. P2



Electricity Invoice

Account No. 4403600510

Statement Date: 21 Jun 2013

Account Enquiries Phone: 0800 80 9000

Faults Phone: 0800 10 02 02

PUKEKOHE
PUKEKOHE 2340

COUNAC 44036005103 00056371

TRANSACTIONS SINCE PREVIOUS ACCOUNT

| | | |
|-----------------------------|-------------------------|-------------|
| 25 May 13 | Balance | \$561.86 |
| 10 Jun 13 | DIRECT DEBIT Full Bill | \$505.67 Cr |
| 11 Jun 13 | Prompt Payment Discount | \$56.19 Cr |
| Balance at Previous Account | | \$0.00 |

CURRENT CHARGES (SEE OVER FOR ACCOUNT DETAILS)

| | |
|--|----------|
| Electricity Charges (based on estimate read) | \$621.95 |
| OTHER CHARGES | \$4.40 |

Total Current Charges \$626.35

(The current charges for this statement include GST of \$81.69)

Prompt Payment Discount \$62.64 Cr

TOTAL AMOUNT DUE \$563.71

CONTACT ENERGY
CUSTOMER SERVICE HOURS:
7am - 3pm Monday to Friday
8am - 5pm Saturday
Phone 0800 80 9000
www.contactenergy.co.nz

POST PAYMENTS TO
PO Box 38097
Te Aro
OR
Payments can be made
at NZ Post Agents or
Westpac branches

FlyBuys

Power up your Fly Buys
with Contact. Visit
flybuys.co.nz or call
0800 350 2897 to join
Fly Buys or check your
Points Summary

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Continued next page



If paying by cheque,
make payable to:

Contact Energy Limited

Post payments to:
PO Box 38097
Wellington Mail Centre
Lower Hutt 5045

Account No. 4403600510

PUKEKOHE
PUKEKOHE 2340

In accordance with the direct debit authority, your credit card will be
debited with \$563.71 on 05 Jul 13 unless we are notified otherwise
before 04 Jul 13



COUNAC 44036005103 00056371

5353: 004403600510: 0402122193: 0000056371

Appendix A P3

Account Details

Page 2 of 2

Account No. 4403600510

ESTIMATED ELECTRICITY CHARGES FOR HOUSE

ENTRAL PUKEKOHE

From 25 May 13 to 21 Jun 13 (28 days)

ICP 009553427CN-703

Approximate next read date 22/07/13

| Meter Number | Previous Reading | Present Estimate | Units Used | Meter Multiplier | Average Daily Consumption |
|--------------|------------------|------------------|------------|------------------|---------------------------|
| A039654022:1 | 15237 | 16639 | 1402 | 1 | 50.1 |
| 9757246:1 | 24278 | 24475 | 197 | 1 | 7.0 |
| A039654021:1 | 14452 | 15276 | 824 | 1 | 29.4 |

| | | | | |
|------------|------------|---------|---------------|----------|
| Anytime | 1402 kWh @ | 22.620 | cents per kWh | \$317.13 |
| Anytime | 197 kWh @ | 22.620 | cents per kWh | \$44.56 |
| Economy | 824 kWh @ | 17.825 | cents per kWh | \$146.88 |
| Two Meters | 28 Days @ | \$1,152 | per Day | \$32.26 |
| GST | | | | \$81.12 |

TOTAL ELECTRICITY CHARGES

\$621.95

OTHER CHARGES FOR HOUSE

ENTRAL PUKEKOHE

| | |
|--|--------|
| Electricity Authority Levy 2423 kWh @ 0.158c per kWh | \$3.83 |
| GST | \$0.57 |

TOTAL OTHER CHARGES

\$4.40

Choose the best payment option for you...

Internet & telephone banking

You can set us up as a bill payee with the following details: Our bank account: Contact Energy Limited, our account number: 03-0502-0223829-03. Please use your 10 digit energy account number as a reference number.

Direct Debit and Smoothpay

Direct Debit is the easiest way to pay your bill and ensures you get your prompt payment discount every time, and with Smoothpay you pay a regular set amount throughout the year, smoothing out the highs and lows of your energy bill.

Other ways to pay

You can also pay your bill by credit card, posting us a cheque, or in person at any PostShop outlet or Westpac branch.

Find out more about our payment options, visit contactenergy.co.nz/waystopay or call 0800 80 9000.

If you have a complaint...

We welcome customer feedback. If you have a complaint, please contact us on 0800 80 9000 or email help@contactenergy.co.nz to use our free internal complaint service. If we cannot resolve your complaint, the Electricity and Gas Complaints Commissioner Scheme offers a free independent dispute resolution service. You can contact them on 0800 22 33 40 or go to www.egcomplaints.co.nz



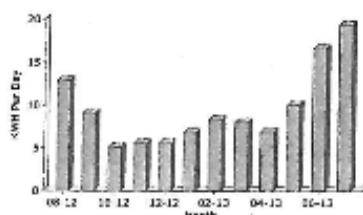
Tax Invoice/Statement

Energy Online GST Reg No 71-087-789

Customer No. 667036
 Account Enquiries 0800 438 365
 Fax 09 539 4633
 Electricity Faults Number 0800 100 202
 Email help@energyonline.co.nz
 Invoice Date 1 August 2013
 Statement/Invoice No 7837212

Gail Riddell
 Counties Power Consumer trust
 PO Box 580
 Pukekohe 2340

This invoice may be higher than you are used to receiving due to an actual reading being received within the billing period that has caught up on previously unbilled consumption.



Historical Usage Information

Previous 13 months Usage 3419 kWhs
 Ave Daily Usage 9 kWhs
 Ave Monthly Bill \$113.90 exd GST

| | | |
|---------------------------------------|-------------------------------|----------------|
| 1 Jul 2013 | Opening Balance | \$218.81 |
| 8 Jul 2013 | Payments Received (thank you) | -\$175.05 |
| 8 Jul 2013 | Prompt Payment Discount | -\$43.76 |
| Balance Before Current Charges | | \$ 0.00 |

| | |
|---|-----------|
| Electricity Charges (see usage details) | \$ 234.57 |
| GST | \$ 35.19 |

Current Charges Due 20-Aug-2013 \$ 269.76

Total Amount Due \$ 269.76

Less prompt payment discount if paid by 20-Aug-2013 \$ 53.95

Total Amount Due if paid by 20-Aug-2013 \$ 215.81

This invoice contains partially or wholly estimated consumption - for more information please call 0800 086 400

Electricity Usage Details

Billing period 01/07/13 to 31/07/13, ICP 1099569316CNO4F, 6/73 Hall Street, Pukekohe

| Item | Meter | Last Actual Read | Last Bill | This Bill | Units Read | Multiplier | Units Used | \$ Rate | \$ Total |
|--------------|-------------|------------------|-----------|-----------|------------|------------|------------|----------|----------|
| Daily Charge | | | | | 31 | | 31 | \$1.9000 | \$58.90 |
| Uncontrolled | NZ2482995/1 | 12 Jul 13 | 21710 | 21390 | 696 | 1 | 696 | \$0.2524 | \$175.67 |

| | |
|---|------------------|
| Sub-total for site | \$ 234.57 |
| GST | \$ 35.19 |
| Total for site including GST | \$ 269.76 |
| Less 20% prompt payment discount if paid by 20-Aug-2013 | \$ 53.95 |
| Total for site if paid by due date | \$ 215.81 |



Total Amount Due if paid by 20-Aug-2013

\$ 215.81

Total Amount Due if paid after 20-Aug-2013

\$ 269.76

Counties Power Consumer trust
 Customer No. 667036



EG1AC 667036 026976

\$ _____
 (Please Write Amount Paid)

11666 1: 11000000667036: 110000000000: 1100000 2158 11

Appendix A P.5

Tax Invoice / Credit Note

ELECTRICITY ACCOUNT

ICP NO: 0002082843CN5C6
 Network: Counties
 Electricity supplied to:

Inv Number: 6457426
 GST No: 110-430-256
 Customer Number: 316498
 Date: 22-Jul-2013
 Approx Next Read Date: 20-Aug-2013

Billed Period: 22/06/13 to 19/07/13

| Description | Previous Reading | Current Reading | Meter Multiplier | Diff | Units Used | Charge Rate | \$ Total |
|--|------------------|-----------------|------------------|------|------------|-------------|----------|
| Daily Saver Anytime | 102547 | 102822 | 1 | 275 | | | |
| Daily Saver Controlled | 59780 | 60025 | 1 | 245 | | | |
| | | Total | | 520 | | | |
| Daily Saver Anytime | | | | | 275.00 | 28.588c | \$78.62 |
| Daily Saver Controlled | | | | | 245.00 | 22.486c | \$55.09 |
| Daily Charge - 28.00 Days @ 35.2940c per day | | | | | | | \$9.88 |
| Government Electricity Authority Levy | | | | | 520 | 0.247c | \$1.29 |
| Plus GST at 15.0000% | | | | | | | \$21.73 |

Total Electricity Charges this invoice (includes GST of 15 %):

\$166.61

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| This is your Read Electricity Account for the period |
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PAYMENT OPTIONS - You can call us on our 0800 number to talk to us about more payment options.

- Internet and Telephone Banking**
- You can set us up as a bill payee with the following bank account number: 03-0104-0561611-00
 - Please use your customer number from your account so we can track your payment.
- Cheque Payment**
- You can post a cheque in the reply paid envelope enclosed with your account.
- Direct Debit**
- This is a simple way to make sure you pay on time and receive your prompt payment discount.
 - Call us on our 0800 number to get a direct debit form.

Complaints

We do our best to resolve any problems directly with you and supply a free in-house complaints service. If you would like to register a complaint with our disputes resolution team please call, write, fax (via 07 307 0922) or contact us through our website. Our details are on the front of this invoice.

If for any reason you are not happy with our proposed resolution you may take your complaint to the Electricity and Gas Complaints Commission, who offer a free independent disputes resolution process. They can be contacted via their website www.egcomplaints.co.nz or call 0800 22 33 40.