

Retail Advisory Group ::: Meeting number 17

Venue ::: NZICA Conference Centre, Level 7, Tower Building, 50 Customhouse Quay, Wellington

Time and date ::: 9:30 to 11:30 ::: Wednesday 18 September 2013

Minutes

Present

::: Peter Allport (Chair)

Members

::: Dene Biddlecombe

::: Sue Chetwin

::: Sarah Free

::: Ewan Gebbie

::: Andrew McLeod

Apologies

::: James Munro

::: Nathan Strong

In attendance

::: John Rampton

::: Craig Evans

::: Blair Robertson

The meeting opened at 9:30am.

1 Welcome

a) Apologies

The Chair noted apologies were received from James Munro and Nathan Strong.

b) Interests

The interests register was updated by Dene Biddlecombe, Ewan Gebbie, Andrew McLeod, Sue Chetwin and Sarah Free. Other members noted no changes to their interests.

c) Correspondence

The Group noted the following letters:

- A letter from Peter Allport to Carl Hansen on projects to be added to the RAG's work plan
The secretariat advised the Board discussed this letter at its meeting on 4 September 2013 and a response to the RAG was being prepared. The secretariat advised it would verbally update the RAG on the response under agenda item 2.
- A letter from Peter Allport to Brent Layton on the RAG's progress with the Consumer Switching

project

The secretariat advised the Board will be briefed on this letter at the 14 October 2013 meeting.

d) Minutes

The Chair advised the minutes of the 21 August 2013 meeting had been approved and were published on the Authority's website.

e) Actions

The RAG noted that all actions from the previous meeting have been completed with the exception of Action 16.3 which is a work in progress to further develop the draft recommendation to the Authority Board for Consumer Switching Fund (CSF) options. Draft recommendations are intended to be provided to the RAG for its 13 November 2013 meeting.

2 Work plan update

The RAG noted the work plan update.

The secretariat advised the Board had discussed the RAG's feedback and acceptance of the review of barriers to group switching, and mass market aggregation project and will shortly formally respond that the RAG should proceed as proposed. The RAG noted the project was anticipated to progress as planned and a draft discussion paper would be provided at the October 2013 RAG meeting.

The secretariat advised the Board had discussed the RAG's proposed approach to the research project on the effects of low –user fixed charge (LFC) regulations, and would shortly formally request the RAG to consider an alternative approach whereby the project was initiated around the beginning of 2015. The RAG conveyed it was disappointed with the recommendation to postpone the LFC review. However, it conceded LFC arrangements were regulations and not Code changes, and the Authority would require support from Government to carry out recommendations from the project. The RAG noted postponement until 2015 would provide a clear timeframe to complete the review.

The RAG also noted the CSF recommendations would be postponed until the MBIE cost benefit analysis on the CSF was complete (expected late October 2013).

The secretariat advised the Authority was considering feedback on the proposed retailer default arrangements. A key consideration was the linkages with the settlement and prudential security review and, in particular, the implications of providing defaulting retailers with 17 days to mitigate a default. The secretariat advised it would keep the RAG informed of retailer default related developments.

The RAG noted the timeline illustration provided in Appendix A of the work plan paper was useful. The RAG requested this be altered to show the updated milestones discussed above.

Action	By	Date for action
17.1 – Provide a letter from the RAG to the Board agreeing to the postponement of the LFC review and requesting confirmation that the review would commence at the beginning of 2015 (following receipt of formal advice from the Board).	Secretariat	14 October 2013
17.2 – Adjust the timeline illustration in Appendix A of the work plan paper to show where milestones have been changed.	Secretariat	16 October 2013

3 Improving transparency of consumers' electricity charges

The secretariat provided a briefing on a summary of submissions paper on improving transparency of consumers' electricity charges. The secretariat advised that the key issue was whether there was a problem with transparency and, if so, how the problem could be addressed. The secretariat advised that feedback from the industry consultation suggested further work was warranted to explore the issue and potential solutions in greater detail.

Members discussed the summary of submissions and noted the absence of any submissions representing residential or small business consumers. Members discussed the relative advantages and disadvantages of making additional transparency of consumers' electricity charges mandatory and decided that feedback from residential and small business consumers was required to further assess:

- a) the existence of a problem with transparency
- b) if a problem exists, possible approaches to address transparency, such as whether additional information should be provided on invoices or whether there are alternative ways of providing additional information.

The RAG requested the secretariat to engage with consumers through a consumer survey seeking feedback from both residential and small business consumers, and stressed this engagement/survey should be undertaken by experts. The secretariat advised the Authority had funds allocated under this project available to engage experts to undertake this survey. The RAG considered the questions for consumers were important. The RAG requested staff to prepare a briefing, including draft survey questions for consumers, and requested this briefing to be provided to the RAG for its consideration before the briefing was discussed with the selected expert.

The RAG approved the summary of submissions for release.

Action	By	Date for action
17.3 – Prepare a draft consumer survey briefing for consideration by an expert, including draft survey questions, to assist the expert to conduct a consumer survey on transparency of consumers' electricity charges and provide the draft briefing to the RAG for its consideration.	Secretariat	16 October 2013
17.4 – Conduct a consumer survey on transparency of consumers' electricity charges.	Secretariat	To be advised

4 Domestic contracting arrangements

The secretariat provided a briefing on the Review of Domestic Contracting Arrangements Options paper. The secretariat advised changes had been made to the paper in accordance with the RAG's request and the document had been marked up to highlight changes. The secretariat advised the only change to the paper not specifically requested by the RAG was a new section 4.3 which was inserted to be consistent with the Authority's Code amendment principles.

The secretariat advised, if the RAG was satisfied with the changes, the paper would be provided to the Board for comments at its 14 October 2013 meeting before being released for consultation.

The Review of Domestic Contracting Arrangements Options paper was approved by the RAG for release, subject to Board comments.

5 Other business

- Confirmation of meeting papers – the RAG confirmed all papers considered at today's meeting should be published on the Authority's website.
- RAG meeting schedule for 2014 – members suggested meetings could be held on the second Wednesday in each month. The secretariat was requested to confirm these dates with members via email.
- Nominations for vacant RAG position – the secretariat advised there had been a number of nominations for the vacant RAG position and a decision on the new RAG member would likely be made at the next Board meeting on 14 October 2013.
- Update on retail database project – the secretariat advised a brief verbal overview of the retail database project would be provided at the next RAG meeting.
- The next meeting is scheduled for Wednesday 16 October 2013, at NZICA Conference Centre, Level 7, Tower Building, 50 Customhouse Quay, Wellington.

Action

17.5 – Confirm with members via email the proposed RAG meeting dates for 2014 of the second Wednesday in each month.

By

Secretariat

Date for action

16 October
2013

The RAG meeting closed at 11:30 am