

Retail Advisory Group Work Plan

12 February 2014

Note: This paper has been prepared for the purpose of the Retail Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

1 Recommendation

- 1.1.1 It is recommended that the Retail Advisory Group (RAG):
- a) note progress with current projects
 - b) note the indicative topics for discussion at upcoming meetings
 - c) note the update on other Authority projects.

2 Retail Advisory Group work plan for 2013/14

- 2.1.1 A pictorial representation of the RAG's work plan for 2013/14 is attached to this paper as Appendix A.

3 Update on progress with current projects

3.1 Consumer switching: a review of options for promoting retail competition by increasing consumers' propensity to compare and switch retailers

- 3.1.1 Progress with the consumer switching project is outlined in Table 1.

Table 1: Consumer switching: a review of options for promoting retail competition by increasing consumers' propensity to compare and switch retailers

Activity	Dates	Updated timeline	Progress
Project briefing paper – scope and approach	30/08/12		Complete
Consideration of draft discussion paper	24/10/12		Complete
Request approval to release discussion paper	28/11/12		Complete
Consideration of Board feedback and of reformulated scope	20/02/13		Complete
Request approval to release discussion paper	February/March (offline)		Complete
Release of discussion paper for 8 weeks' consultation following feedback from Authority Board	09/04/13		Complete
Submissions received	04/06/13		Complete
Consideration of options/next steps	17/07/13		Complete
Discussion of recommendation to EA Board	21/08/13		Complete
Request approval of recommendation to the Board	20/11/13	23/12/13	Complete
Present recommendation to EA Board	December 2013	February 2014	

3.2 Review of domestic contracting arrangements

3.2.1 Progress with the review of domestic contracting arrangements is outlined in Table 2.

Table 2: Review of domestic contracting arrangements

Activity	Dates	Updated timeline	Progress
Project briefing paper – scope and approach	30/08/12		Complete
Consideration of draft issues paper	24/10/12		Complete
Request approval to release issues paper	20/02/13		Complete
Release of discussion paper for 8 weeks' consultation following feedback from Authority Board	16/04/13		Complete
Submissions received	11/06/13		Complete
Consideration of options/next steps	17/07/13		Complete
Consideration of second discussion paper	21/08/13		Complete
Request approval to release second discussion paper	18/09/13		Complete
Release second discussion paper for 6 weeks' consultation following feedback from Authority Board	October 2013	05/11/13	Complete
Submissions received	17 December 2013		Complete
Consideration of submissions and draft recommendation	12/02/14		
Request approval of recommendation to EA Board	12/03/14		
Present recommendation to EA Board	April 2014		

3.3 Improving transparency of consumers' electricity charges

3.3.1 Progress with the Improving transparency of consumers' electricity charges project (previously known as disclosure of bill components project) is outlined in Table 3.

Table 3: Improving transparency of consumers' electricity charges

Activity	Dates	Updated timeline	Progress
Project briefing paper – scope and approach	17/04/13		Complete
Consideration and approval of draft discussion paper	15/05/13		Complete
Release of discussion paper for 6 weeks' consultation	09/07/13		Complete

following feedback from Authority Board			
Submissions received	20/08/13		Complete
Consideration of submissions and options/next steps	18/09/13		Complete
Consumer focus groups/survey		Oct – Nov 2013	Complete
Consideration of survey results		12/02/14	
Request approval to release 2 nd discussion paper	16/10/13	12/03/14	
Release second discussion paper for 6 weeks' consultation following feedback from Authority Board	November 2013	April 2014	
Submissions received	January 2014	May 2014	
Consideration of submissions and draft recommendation	February 2014	11/06/14	
Request approval of recommendation to EA Board	March 2014	09/07/14	
Present recommendation to EA Board	April 2014	August 2014	

3.4 Barriers to group switching

3.4.1 Progress with the Group switching project is outlined in Table 4.

Table 4: Barriers to group switching

Activity	Dates	Updated timeline	Progress
Discussion of scope and approach and consideration of draft discussion paper	16/10/13		Complete
Discussion of progress with draft discussion paper		20/11/13	Complete
Request approval to release discussion paper	20/11/13	12/02/14	
Release of discussion paper for 6 weeks' consultation following feedback from Authority Board	December 2013	March 2014	
Submissions received	February 2014	April 2014	
Consideration of submissions and draft recommendation	09/04/14	14/05/14	
Request approval of recommendation to the Board	14/05/14	11/06/14	
Present recommendation to EA Board	June 2014	August 2014	

4 Upcoming meetings - indicative topics for discussion

4.1.1 The indicative topics for discussion at upcoming meetings are set out below.

12 March 2014

- Domestic contracting arrangements – approval of recommendation to the Board
- Improving transparency of consumers' electricity charges – approval of 2nd discussion paper

9 April 2014

- Competition on embedded and customer networks – consideration of draft discussion paper

14 May 2014

- Barriers to group switching – consideration of submissions and draft recommendation to the Board
- Competition on embedded and customer networks – approval of discussion paper

11 June 2014

- Improving transparency of consumers' electricity charges – submissions on 2nd discussion paper and consideration of draft recommendation to Board
- Barriers to group switching – approval of recommendation to the Board

9 July 2014

- Improving transparency of consumers' electricity charges – approval of recommendation to Board

13 August 2014

- Competition on embedded and customer networks – consideration of submissions and draft recommendation to the Board

10 September 2014

- Competition on embedded and customer networks – approval of recommendation to Board

5 Update on other Authority projects

5.1 Wholesale Advisory Group projects

5.1.1 The WAG has made the following progress on its projects:

- a) *Review of options to improve pricing efficiency in the spot market during periods when generators are net pivotal*

The Chair of the WAG presented recommendations to the Board on 14 October 2013. Authority staff are working on a proposal and consultation paper which is expected to be considered by the Board at its meeting in March 2014.

b) Review of options to improve alignment of forecast and settlement prices

The Chair of the WAG presented recommendations to the Board on 4 December 2013. Authority staff are preparing an options paper for the Board to consider in March or April 2014.

c) National Frequency Keeping Market

The WAG is considering the problem and possible options.

5.2 Other projects

5.2.1 This section contains a brief update on other Authority projects potentially of interest to the RAG:

a) More standardisation of use-of-system agreements

The Authority has initiated a project to consider options for achieving more standardisation of use-of-system agreements, with the objectives of improving efficiency and promoting retail competition. The project arose from the Authority's concerns that some distributors and retailers were either not engaging in negotiations to update existing UoSAs, or extensively varying from the fundamental commercial provisions of the MUoSA, resulting in potentially adverse effects on efficiency or competition either through the nature of those terms or from the fact that standardisation was not occurring.

The Authority had intended to publish a consultation paper in December 2013 but, due to congestion of the consultation calendar, has deferred publication until April 2014.

b) Distribution pricing

The Board considered the report and discussed the next steps at its meeting on 4 December 2013. The Authority published evaluations of the pricing methodologies of the 29 distributors against the information disclosure guidelines and pricing principles on 17 December 2013. The Authority intends to publish its response to the report in June/July 2014.

c) Retail data project

The Authority released an issues paper on 28 January 2014 to get feedback about issues relating to incomplete retail electricity pricing data, the lack of widespread confidence that the retail market is competitive and delivering benefits to consumers; and on the Authority's preliminary thinking about initiatives that might address these. The paper provides a high-level outline of issues with retail data and some of the things that could be done to address these issues. The Authority intends holding a forum in late March 2014 to discuss the feedback received.

d) Effects on competition of win-backs and saves

The Authority is taking a three-stage approach for the win-backs and saves project. The three stages are:

1. Problem definition: define the problem and provide a framework for identifying whether customer attraction and retention strategies have anti-competitive effects
2. Assess strategies: gather information on current strategies and use the framework to assess whether intervention is warranted

3. Intervention design: design any intervention considered warranted, and assess its costs and benefits.

Stage 1 is underway with regulatory economics experts from Sapere undertaking research and investigation on the local and international evidence on this issue.

Stage 2 is due to start very soon, with information primarily being gathered from structured interviews with retailers.

Appendix A Retail Advisory Group work plan for 2013/14

Project	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Domestic contracting arrangements	RAG: consider subs and draft rec 12/02 ◇	RAG: approve rec 12/03 ◇	Board: receive rec 2/04 ◇								
Improving transparency of consumers' electricity charges	RAG: consider survey results 12/02 ◇	RAG: approve paper 12/03 ◇	Board: comment on paper 2/04 Staff: publish paper 8/04 ◇ Consult 8/04-20/5		RAG: consider subs and draft rec 11/06 ◇	RAG: approve rec 9/07 ◇	Board: receive rec 6/08 ◇				
Barriers to group switching	RAG: approve paper 12/02 ◇	Board: comment on paper 5/03 Staff: publish paper 11/03 ◇ Consult: 11/03-22/04		RAG: consider subs and draft rec 14/05 ◇	RAG: approve rec 11/06 ◇	No Board mtg in July	Board: receive rec 6/08 ◇				
Competition on embedded and customer networks			RAG: discuss paper 9/04 ◇	RAG: approve paper 14/05 ◇	Board: comment on paper 4/06 Staff: publish paper 10/06 ◇ Consult: 10/06-22/07		RAG: consider subs and draft rec 13/08 ◇	RAG: approve rec 10/09 ◇	Board: receive rec 1/10 ◇		
Low fixed charge review										To commence early 2015	