

Review of barriers to group switching and mass-market aggregation

Draft discussion paper

12 February 2014

1 Recommendation

1.1.1 It is recommended the Retail Advisory Group (RAG):

- a) approve the publication of the Review of barriers to group switching and mass-market aggregation draft discussion paper, attached as Appendix A
- b) note that feedback on the draft discussion paper will be sought from the Authority Board at its March 2014 meeting.

2 Background

2.1.1 The Electricity Authority (Authority) requested the RAG to review to undertake a review of barriers to group switching and mass-market aggregation.

2.1.2 The purpose of the project is to examine the benefits of consumers aggregating by establishing or joining buying groups and to investigate whether there are barriers inhibiting group switching. In particular, the project is to examine:

- a) the opportunities for, and potential benefits of, household or small business consumers aggregating to negotiate terms and conditions with electricity suppliers that are more favourable than each consumers could achieve individually
- b) whether there are factors limiting group switching and whether there are factors discouraging retailers from engaging with buying groups
- c) whether there is anything the Authority can or should do to facilitate group switching.

2.1.3 The RAG discussed the scope and approach to the review in October and November 2013.

2.1.4 At the 20 November 2013 meeting the RAG discussed an outline for the discussion paper and requested an updated discussion paper for this meeting.

3 Outline of discussion paper

3.1.1 The draft discussion paper:

- a) provides background information on group switching in New Zealand and internationally
- b) outlines some of the premises of group switching and outlines approaches to estimating the potential scale of group switching
- c) considers the actual and potential barriers to group switching
- d) provides thinking on the extent of the problem and potential benefits of resolving the problem
- e) describes possible intervention options.

4 Next steps

4.1.1 The next steps are:

- a) revise the draft discussion paper to account for RAG feedback
- b) seek feedback from the Authority Board prior to releasing the paper (4 March 2014 Board meeting)

- c) RAG to consider and respond to feedback from the Board
- d) release the discussion paper (mid-March 2014), with submissions due six weeks later.

Appendix A Review of barriers to group switching – Draft discussion paper