

Electricity Authority  
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**WELLINGTON 6143**  
(by email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz))

## Issues Paper – Retail Data Project

Cortexo Limited appreciates the opportunity to contribute to the discussion on the availability of retail data. As this is Cortexo's first submission to the Authority we would like to take this opportunity to introduce our company.

Cortexo is an independent, 100% New Zealand owned, software company based in Christchurch that has developed a cloud based software platform that provides demand response and customer engagement services for electricity consumers. This is delivered through a multi-channel (web, mobile, sms, email) online energy portal service built on top of a highly scalable remote monitoring and control platform.

The Cortexo platform allows consumers to monitor electricity consumption in real time (if available), half hourly via AMI or monthly. Consumers can set budgets, get alerts, compare themselves with others and compare their current tariff plan with other plans to identify the most cost effective option available. All based on actual consumption data and real dollar costs.

We work with appliance manufacturers and smart device manufacturers to make available smart in home technologies that will enhance both the value of time of use tariffs for consumers and residential demand response.

We work with Transpower as part of their SME demand response program and with retail utilities to give industrial and commercial customers the ability to optimize their electricity load via market pricing and demand response signals.

To enable innovation, especially from the high tech sector, the electricity industry must become more open. We see the Retail Data Project as a step in the right direction.

If you look at the very successful online accounting company Xero, which has opened up accessibility to financial information, you will see that the innovation ecosystem, built on top of the Xero cloud platform, exceeds 100 new products from other independent companies.

No industry has a monopoly on innovation. Only the end user, having understood and used a service, can decide if it is useful.

Please find below Cortexo's responses to the specific questions raised in the issues paper.

Yours faithfully,



**Terry Paddy**  
Managing Director

|   | Question                                                                                                                          | Cortexo Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| 1 | Do you agree that there is incomplete data about retail costs and prices?                                                         | We agree that there is incomplete data about retail costs and prices for interested parties, especially consumers. We also consider that the data that is available is difficult to gather and apply to a specific consumer or group of consumers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2 | Do you agree that the consequences of incomplete data include inefficient decisions and reduced confidence in retail competition? | <p>Yes we agree. It is clear by media statements from various stakeholders, be they political parties, consumer advocacy groups or even industry participants that different but statistically correct conclusions can be drawn from the various sets of data available because of the generalised nature of that data.</p> <p>It is noteworthy that inside the industry there is a significant amount of finger pointing between the component parts regarding price rises and the lack of transparency to the bill payer as to where cost increases have occurred.</p> <p>We would contend that anywhere consumers find lack of accuracy, unexplained complexity and obfuscation then the perception of unfairness increases and confidence in the industry to deliver a fair product decreases.</p> <p>We consider it disappointing that some industry participants contend (as detailed in their responses to the EA discussion paper on Improving Transparency) that there is not a problem with transparency and further that the consumers are not interested in detailed information. It is our experience with a significant number of consumers accessing our energy portal service and from surveys of those customers that there is a definite interest in clearly understanding not only the component parts of cost but also how those costs have changed over time.</p> <p>The days of providing information for the average consumer were surpassed long ago with the need to cater for the requirements of individual unique consumers or groups of consumers.</p> |

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| 3 | Do you agree that there is incomplete information about retail tariffs?   | <p>Yes we agree. Further we don't see any incentive for retailers to provide detailed information on available tariffs and discounts.</p> <p>We believe that similar confusion existed in the telecommunications sector in the early 2000's with the then CEO of Telecom, Teresa Gattung stating "Think about pricing. What has every Telco in the world done in the past? It's used confusion as its chief marketing tool"</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 4 | Do you agree that there is incomplete information about consumption data? | <p>Yes we agree. Consumption data is available from some retailers via online services but we would contend that the vast majority of consumers cannot easily access that data and even if they could it is "too hard" (time consuming, complex, inaccurate) to do anything meaningful with that data. Further, to be useful, consumption data should be available to an individual consumer for the previous 12 months (at least) regardless of the retailer that provided your service over the last year and, as you switch retailers, your data should "go with you" (still be available). This is not the case currently.</p> <p>We also contend that to be useful the data should be electronically available in a standard format via an automated connection if authorised by the account holder to remove the barrier of complexity or lack of time/motivation to carry out a comparison.</p> |

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| 5 | Do you agree that these issues inhibit effective decision-making by consumers?                                                                         | <p>Yes we agree. The most accurate way to decide if you should change retailers is to use your actual consumption information over a period of time and calculate the actual costs that would have been paid on all available retail plans including all charges and discounts. It may well be that different tariffs would be suitable during the different seasons</p> <p>The problem is clearly demonstrated on the WhatsMyNumber website where usage averages and general tariffs are used to estimate an individuals potential savings. This lack of clear accuracy would lead the majority of users to be justifiably skeptical about any potential savings. We believe this is borne out by the statistics that show a large number of visitors to the site but a low number of actual switches occurring.</p> <p>Consumers may be able to find some individual pricing components but publically visible retail tariff plans tend to be generic and not available on all meter configurations. This also requires the consumer to be able to spend time and have the ability to carry out quite detailed analysis of complex options.</p> |
| 6 | Do you agree that the perception of the electricity retail market as competitive is important for the efficient operation of the electricity industry? | <p>Yes we agree. If electricity consumers perceive that the market is not competitive then clearly there would be no incentive to seek a better or more efficient deal which would lead to a lack of innovation in retail energy tariffs keeping price unnecessarily high. As it is, a common perception from consumers is that electricity retailers want you to use more electricity and therefore pay more. We believe the difficulty in seeing where or how savings can be made lead to the perception that all retail offerings are generally the same</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| 7  | Do you consider that the various survey findings on perception of competitiveness in the retail energy market align with reality? Please describe your understanding of current perceptions of retail competition. | <p>Yes we agree, a brief internet search of NZ media reports on electricity give a clear picture of consumers concerned with the price of electricity. This is obviously fuelled by the political aspect of election year and major policy discussion around the operation of the wholesale electricity market. Consumers do not differentiate between, or even understand the difference between, the various components that make up their bill, all they see is an increasing amount to pay in what they perceive to be a monopolistic situation. We also believe there is a lack of trust between consumers and retail energy suppliers and that the provision of independent information will be key in rebuilding faith in the competitiveness of the retail electricity market.</p> <p>It is absolutely clear from all media reporting and survey results that a large group of passive consumers see little in the way of competition between the majority of retailers.</p> |
| 8  | Do you agree with the objectives of part 1?                                                                                                                                                                        | Yes we agree. There must be a move away from using averages over the whole population and generic product offerings to provide information that is then used to decide policy or make comment on specific groups of consumers with unique characteristics.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 9  | What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 1?                                                                                                      | <p>There are two steps to achieving the objectives required, assessing the information to enable thorough and complete analysis and communicating those results to all parties. Where as reports and analyses are widely read by those interested in the industry, to get that information in front of passive consumers is more difficult, a consumer wants to know how the information relates to them exactly, not how it relates to an average person or group.</p> <p>The part one objectives will provide the detailed information that customer engagement specialists like our selves would apply to individual customer data to enable them to get far better transparency around their specific costs.</p>                                                                                                                                                                                                                                                                 |
| 10 | Are there alternative approaches that you would like the Authority to consider in part 1?                                                                                                                          | As described in Q9 we would like to see that detailed information collated for all networks and regions and made available in an automated sense to be able to be applied to a specific customer through an online energy portal service be it provided by a retailer, an independent party or a government agency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 11 | Do you agree with the objectives of part 2?                                                                                                                                                                        | Yes we fully support the objectives of part 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| 12 | What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 2? | <p>Although the creation of a complete database of tariffs, discounts and incentives will be complex that should not deter the Authority from pursuing this objective. Every consumer would be able to identify the exact unique plan they are paying for so they can compare their existing plans with other potential plans. The available list of plans must be able to be filtered to fit each consumer based on their location and meter configuration.</p> <p>Our only concern with the objectives of part 2 is that, although it will meet the needs of stakeholders like MBIE, the Authority and consumer advocacy groups it will not meet the needs of the vast number of consumers without Part 3, access to meter data. Even if the consumer can download their own meter data from their retailer in an appropriate form over a long enough period (season or year) then the inertia created by having to do something relatively technical to combine the consumption data with all plans to identify the best option would still cut out the majority of residential consumers. Even if all that was necessary was to download data and upload it into a provided comparison tool. There is no incentive for retailers to make that an easy step, let alone to expect the passive customer to even bother.</p> |
| 13 | Are there alternative approaches that you would like the Authority to consider in part 2?                     | We see the objectives of part 2 & 3 being closely aligned and would like to see the ability for a consumer to identify themselves in a secure fashion and to automatically be able to combine information from their consumption history with all plans available to them to identify the best plan for them with the exact saving that would have been achieved historically.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 14 | Do you agree with the objectives of part 3?                                                                   | The overall objectives of the retail data project is to promote competition in the retail sector, give consumers the tools and information to make efficient decisions on suppliers and increase confidence that the electricity sector is transparent and competitive. In this sense part 3 and part 2 (a complete tariff database) are the elements that will enable the objectives to be achieved. The retail data project should be consumer focused not industry focused, the outcomes required are the outcomes for consumers (residential or SME). In this context we believe that part 2 and 3 objectives should form the core outputs from this project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| 15 | What comments do you have on the Authority's preliminary thinking on how to achieve the objectives of part 3? | <p>There are clear examples of processes overseas that allow consumers to access their own meter data, the Green Button initiative in the USA is one (<a href="http://www.greenbutton.org">www.greenbutton.org</a>).</p> <p>The important point is that consumers own their meter data, they already pay for it and the meter through their retail tariff. Their data should be available to them in a timely fashion (as near to real time as possible) to enable them not only to make decisions on which retailer/tariff plan would suit them best but to also understand how their behavior can be monitored and modified to take advantage of emerging tariff plans that discount consumption at various times of the day or various days of the week.</p>                                                                                                                                                                                    |
| 16 | Are there alternative approaches that you would like the Authority to consider in part 3?                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 17 | Do you have any comments on the approach to project presented here?                                           | <p>Cortexo believes that this project is very significant for consumers. It gives them the ability to understand electricity sector charges, to see the full range of tariff products available and then decide on the level of competition available. This will increase trust.</p> <p>For those that say this type of service is unnecessary, or that there is no weight of consumer demand for this information, we would suggest they are wrong. The value of services such as text messaging or even Facebook and Twitter were not understood until they captured the imagination of the consumer in a way that was totally unexpected by their industries. For those that don't see any connection between utilities and Facebook or Twitter then they don't understand the changing expectations of consumers.</p> <p>We agree with the concept of a trial to identify areas of complexity and prove the business and consumer outcomes</p> |

Cortexo submission to the Retail Data Project Issues Paper

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| 18 | Do you have any suggestions for topics or particular questions you would like addressed at industry workshops regarding this project? | Cortexo would like to identify the common understanding around meter data ownership and costs, what the consumer is already paying for and what they get for that payment. I would like to discuss the practical issues around consumers right to send their own meter data they have already paid to have collected, to an approved party. |
| 19 | Would you be interested in providing sample data to the Authority to assist us with developing detailed options?                      | The Cortexo platform contains retail tariffs, all distribution charges, and meter data (both half hourly and monthly). Cortexo would be keen to participate in the development of the detailed options with emphasis on consumer engagement, data transfer, system interoperability, privacy and security.                                  |