

# Retail Advisory Group Work Plan

9 April 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 Review of domestic contracting arrangements

3.1.1 Progress with the review of domestic contracting arrangements is outlined in Table 1.

**Table 1: 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                                                                              | 17/12/13     |                  | Complete |
| Consideration of submissions and draft recommendation                                             | 12/02/14     |                  | Complete |
| Request approval of recommendation to EA Board                                                    | 12/03/14     | April (offline)  |          |
| Present recommendation to EA Board                                                                | April 2014   | May 2014         |          |

### 3.2 Improving transparency of consumers' electricity charges

3.2.1 Progress with the Improving transparency of consumers' electricity charges project (previously known as disclosure of bill components project) is outlined in Table 2.

**Table 2: 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 following feedback from Authority Board     | 09/07/13      |                    | Complete |
| 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           | Complete |
| Request approval to release 2 <sup>nd</sup> discussion paper                                      | 16/10/13      | Not required       |          |
| Release second discussion paper for 6 weeks' consultation following feedback from Authority Board | November 2013 | Not required       |          |
| Submissions received                                                                              | January 2014  | Not required       |          |
| Consideration of submissions and draft recommendation                                             | February 2014 | Not required       |          |
| Request approval of recommendation to EA Board                                                    | March 2014    | 28/03/14 (offline) | Complete |
| Present recommendation to EA Board                                                                | April 2014    |                    |          |

### 3.3 Barriers to group switching

3.3.1 Progress with the Group switching project is outlined in Table 3.

**Table 3: 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    | Complete |
| Release of discussion paper for 6 weeks' consultation following feedback from Authority Board | December 2013 | April 2014  |          |
| Submissions received                                                                          | February 2014 | May 2014    |          |
| Consideration of submissions and draft recommendation                                         | 09/04/14      | 11/06/14    |          |
| Request approval of recommendation to the Board                                               | 14/05/14      | 09/07/14    |          |
| Present recommendation to EA Board                                                            | June 2014     | August 2014 |          |

### 3.4 Competition on embedded and customer networks

3.4.1 Progress with the Competition on embedded and customer networks project is outlined in Table 4.

**Table 4: Competition on embedded and customer networks**

| Activity                                                                                      | Dates        | Updated timeline | Progress |
|-----------------------------------------------------------------------------------------------|--------------|------------------|----------|
| Discussion of scope, approach and issues                                                      | 9/4/14       |                  |          |
| Request approval to release discussion paper                                                  | 14/5/14      |                  |          |
| Release of discussion paper for 6 weeks' consultation following feedback from Authority Board | June 2014    |                  |          |
| Submissions received                                                                          | July 2014    |                  |          |
| Consideration of submissions and draft recommendation                                         | 05/8/14      |                  |          |
| Request approval of recommendation to the Board                                               | 10/9/14      |                  |          |
| Present recommendation to EA Board                                                            | October 2014 |                  |          |

## 4 Upcoming meetings - indicative topics for discussion

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

### 14 May 2014

- Competition on embedded and customer networks – approval of discussion paper

### 11 June 2014

- Barriers to group switching – consideration of submissions and draft recommendation to the Board

**9 July 2014**

- Barriers to group switching – approval of recommendation to the Board

**5 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 Authority released a consultation paper on 12 March 2014. Submissions are due on 22 April 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. It is expected to be presented to the Board at a meeting before 30 June 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) *Retail data project*

The Authority held a forum on 27 March 2014 to discuss the objectives, issues and next steps for the retail data project. About 60 people from generator/retailers, distributors, distributor consumer trusts and consumer groups attended. The materials from the forum are available on the Authority's website at <http://www.ea.govt.nz/development/work-programme/retail/retail-data/events/forum-for-retail-data-project/>.

The next steps are:

1. consult on a preferred option for collecting data for retail monitoring
2. consult on a preferred option to give consumers access to their own consumption data
3. populate a trial tariff database with data from a region and run an end-to-end proof of concept with energy services providers.

The Authority is now working on developing the design of the options and will advise timeframes/milestones for the next steps soon.

*b) 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 progressing well with both structured retailer interviews and a survey of consumers nearing completion.

The Authority plans to present a discussion paper covering Stage 1 and Stage 2 to the May Board meeting.





## Appendix A Retail Advisory Group work plan for 2013/14

| Project                                                  | Apr-14                                 | May-14                   | Jun-14                                                     | Jul-14                 | Aug-14                                | Sep-14                 | Oct-14                  | Nov-14                 | Dec-14 |
|----------------------------------------------------------|----------------------------------------|--------------------------|------------------------------------------------------------|------------------------|---------------------------------------|------------------------|-------------------------|------------------------|--------|
| Domestic contracting arrangements                        | RAG: approve rec (offline)             | Board: receive rec 7/05  |                                                            |                        |                                       |                        |                         |                        |        |
|                                                          | ◇                                      | ◇                        |                                                            |                        |                                       |                        |                         |                        |        |
| Improving transparency of consumers' electricity charges | Board: receive rec 9/04                |                          |                                                            |                        |                                       |                        |                         |                        |        |
|                                                          | ◇                                      |                          |                                                            |                        |                                       |                        |                         |                        |        |
| Barriers to group switching                              | Staff: publish consultation paper 8/04 |                          | RAG: consider subs and draft rec 11/06                     | RAG: approve rec 09/07 | Board: receive rec 6/08               |                        |                         |                        |        |
|                                                          | ◇ Consult: 8/04-19/05                  |                          | ◇                                                          | ◇                      | ◇                                     |                        |                         |                        |        |
| Competition on embedded and customer networks            | RAG: discuss paper 9/04                | RAG: approve paper 14/05 | Board: comment on paper 4/06<br>Staff: publish paper 10/06 |                        | RAG: consider subs and draft rec 5/08 | RAG: approve rec 10/09 | Board: receive rec 1/10 |                        |        |
|                                                          | ◇                                      | ◇                        | ◇                                                          | ◇ Consult: 10/06-22/07 | ◇                                     | ◇                      | ◇                       |                        |        |
| Low fixed charge review                                  |                                        |                          |                                                            |                        |                                       |                        |                         | To commence early 2015 |        |