

Submission on Access to Consumption Data

Prepared by Energy Link

for

The Electricity Authority



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1 Introduction

This paper is submitted in response to the Authority's Consultation paper *Retail data project: access to consumption data, Consultation Paper, 15 July 2014*.

We welcome the opportunity to make this submission and to contribute to the debate over retail data. Questions on this submission can be directed to Greg Sise, Managing Director, Energy Link Ltd, at 03 477 3572 or greg.sise@energylink.co.nz.

In our submission we refer to “volume agent” by which we mean a person who routinely deals with switches on behalf of a large number of ICPs simultaneously (perhaps thousands) and routinely requests data from retailers. Energy Link is a volume agent and has an interest in making the process of accessing consumer data as low cost and as fast as is reasonably practicable.

2 Summary

In most cases retailers already provide access to consumption data on request, but we agree that ensuring there is a consistent approach has a net benefit.

We believe the greatest benefit in the long term from ensuring interval data is available to consumers will be attained when the data is used to making energy efficiency improvements or new investments such as in heat pumps or installation of alternative energy sources such as solar PV.

Even with better data, the vexing issue of the complexity added by the vast array of line charges remains. We find that different retailers can provide line charges for the same ICP that are 20% different in some cases, even where the line charges are ICP-based. In networks where line charges are GXP-based the potential for these differences to be present is even greater. If a consumer wishes to compare two offers which are fixed for a period, apart from the pass-through of line charge increases, this can be very difficult if not impossible when retailers' line charges for an ICP are different or have different structures. We understand that simplification of line charges is not an option that is deemed cost effective, so we propose that line charges be shown separately on all invoices, and that retailers be required to follow a prescribed methodology for calculating line charges. Under this proposal, all retailers should agree on and show the same line charges in pricing plans for each ICP.

There are a number of issues raised in our submission around the details of the proposed Code amendment, including:

- charging for more than four data transfers when consumers typically receive 12 invoices in a year;
- the details of the EIEP3A formats, especially for large numbers of ICPs (possibly thousands in an individual request);
- streamlining of the authorisation process for volume agents.

3 Responses to Questions

Q1. Do you have any comments on the description of the current situation, including:

- a) The link between consumer engagement and retail competition?**
- b) Current levels of consumer engagement?**
- c) Current limits on access to consumption data?**

As far as we are aware, New Zealand has the second highest rate of switching in the world, lagging only behind Victoria, which suggests a relatively high level of engagement. It's still not clear to us whether mass market consumers that don't switch are limited by access to data, or by complexity of tariffs, or by having higher priorities in life. In the sector that we operate in, it is more or less taken for granted that consumers will shop around for the best deal prior to contract expiry.

From our perspective, retailers are already good at providing data on request, with the majority of exceptions arising around upgrades of billing and related systems, some of which have in the past, or are currently, caused substantial delays in getting data (and in some cases invoices as well).

Notwithstanding the above, if there is a clear net benefit from improving access to data, then it won't hurt the market to make the improvements.

Our bigger concern is over the complexity of line charges and the handling of these by retailers, as more fully described in section 4. We do not agree that "the net outcome of regulated simplification would be less engaged consumers, less vigorous competition and reduced consumer benefits" if only the line charges were simplified by regulation. That would not restrict retailers from innovating and introducing new pricing plans to take advantage of smart meters, for example.

Given that switching is already at a high level in this country, in our opinion the main long term benefits from improving access to data are:

1. reducing the time and cost of accessing consumption data;
2. creating a standard protocol for transferring data;
3. ensuring that consumers have good data to base consumption and investment decisions on, e.g. should we buy a heat pump? Should we install solar water heating? Should we install solar PV?

Q2. What are your comments on the Authority's assessment of the problems arising from limited access to consumption data?

There is an implicit assumption in the consultation paper, and in the views expressed by some of the submitters quoted, that improving access to data, and providing complete tariff information, would eliminate uncertainty and risk around switching. Even with improved data access and tariff information there will always be significant uncertainty when a customer switches.

Other factors creating uncertainty include:

- changes in consumption patterns (up or down) which may be due to weather, changes in patterns of use, changes in technology, e.g. heat pump installed where previously there was none;
- price reductions in the pricing plans available from other retailers post-switch;
- the costs of dealing with switching issues, e.g. customer gets switched to the wrong pricing plan and has to spend time getting this sorted with the new retailer;
- reduction in service levels, e.g. customer switches to a new retailer who's service levels are lower than their old retailer;
- changes in pricing resulting from changes in line charges, which could vary from one retailer to the next.

While we don't disagree that improving access to data, in a consistent format and in timely fashion, would have benefits, this is not the be all and end all, and possibly not even the biggest issue, in our opinion. We expand on the last bullet above in section 4 and we believe this needs attention as much as the issues of access to data and access to complete tariff information.

Q3. Do you have any comments or suggestions about whether the criteria used in developing the proposal are a suitable basis for the proposed Code amendment?

Section 4.2.2(a) of the consultation paper refers to "the rights of consumers to access data about their electricity usage" and other sections of the paper note that the Privacy Act gives individual consumers rights to their data but not companies. We note the proposed Code amendment refers to 'consumer' which is defined as a 'person' in Part 1 of the Code and also note the example in section 4.3.35 relating to small companies. While the legal meaning may be precise and include a natural person, a company, a trust, and so on, we wonder - are there exceptions that need better definition in the Code amendments? For example, what if an unregistered society or club owns or maintains an asset and wants consumption data – would they be covered by the definition of consumer in Part 1? What level of authority would be required in these cases?

Another situation that could arise is that a landlord wishes to get data about one of their tenancies and approaches the relevant retailer for data – what are their rights to access the data? Would this be different for an individual as tenant as opposed to a business as tenant?

Or if an organisation wishes to set up a group purchase scheme, would the scheme manager (who in this example might receive electricity invoices on behalf of its members) automatically have access to members' data without having to obtain individual authorisation, other than membership in the scheme as de facto authorisation?

We are concerned there may be quite a large number of exceptions or grey areas that will need to be tested over time if they are not identified up-front and included in any guidelines or protocols that are developed by the Authority.

Q4. Do you have any comments or suggestions about the requirement for retailers to provide consumption data?

Apart from once again noting that retailers already provide data, we agree that standardising the protocols and data formats would provide benefits.

Section 4.3.5 notes that requests for data may be for multiple ICPs (also item 20 of draft EIEP3A). In some cases we could be talking about thousands of ICPs, e.g. for a large consumer with many sites under its control. So data transfer protocols need to cater efficiently for thousands of ICPs at a time.

A situation might also occur where a consumer or an agent is not sure which retailer serves each ICP and sends the same list of ICPs to several retailers – one or more retailers could conceivably serve none of the ICPs on the list. In the best case this might happen infrequently and merely be an annoyance for retailers, but if it happens often then it could become a major nuisance with substantial costs. This is something to consider in the final design of data transfer and other protocols.

Q5. Do you have any comments or suggestions about the process for responding to requests to provide consumption data?

The wording of the proposed 11.32A(2) and 11.32A(3) is not entirely clear, on first reading, in respect of accumulation data. The consultation paper does make it explicit that the new requirements for data requests and transfers would apply to accumulation data as well as interval data, but we suggest the Authority review the wording in these two clauses so the meaning is ‘crystal clear’.

We also found section 4.3.15 confusing as it states (emphasis added) “the requirement to provide up to 24 months of consumption data is consistent with the existing requirement for retailers to keep 48 months’ of **raw meter data** by clause 18 of schedule 15.2, and clauses 4 and 8 of Schedule 10.6, of the Code.” For avoidance of doubt, can the Authority confirm that references to monthly data mean data that is in end-use units, correctly scaled and allocated to each month, and that raw metering data in some form would not be acceptable?

Q6. Do you have any comments or suggestions about the development of procedures requiring the supply of data using standardised formats and structures?

Item 4 of the Business Requirements of the draft EIEP3A (under Business Requirements) appears to confuse agents of retailers (reconciliation participants) with agents of consumers.

Item 15 of the Business Requirements covers provision of reactive metering data, but it is unclear whether reactive data provision could incur additional costs.

The draft EIEP3A looks OK as far as it goes, but we would like to see sample data from a variety of situations to allow us to make a more comprehensive assessment of the

proposed data format. For example, how would the EIEP3A cope with a request for thousands of ICPS with a mix of TOU and non-TOU metering?

Q7. Do you have any comments or suggestions about whether retailers should be required to hold consumption data?

The consultation paper hints at an interesting point – what if a retailer gives a discount to customers that don't require access to interval data from their smart meter? Would the Code amendments force the retailer (in particular, a small new retailer) to incur additional costs even though the consumer doesn't value having access to interval data?

Q8. Do you have any comments or suggestions about the requirements of the process for providing interval data?

Section 4.3.30 covers charges that a retailer would be allowed to make for providing data, and we are puzzled by the requirement for only four free data requests. At present, retailers provide accumulation data free of charge on invoices, and most will provide interval data free of charge each month along with invoices (providing billing and other systems are capable of this, which they are not always).

We would not want retailers to start charging for data sent with invoices in eight out of twelve months in a year. We suggest the proposed Code amendments need to be explicit that a retailer may only charge for data requests where these exceed four requests in any given year¹, under one or more of the following circumstances:

1. the customer is on a non-TOU pricing plan, **and** receives cumulative consumption data on their invoices, **and** doesn't normally request data each month;
2. the customer has access to interval data each month with their invoice through a retailer's web site but submits a data request anyway.

In all other cases, particularly where the consumer is on a TOU pricing plan, consumption data should be supplied free of charge on a monthly basis.

Q9. The Authority has investigated a prescribed approach to customer authorisation to provide high levels of privacy and data security and considers that retailers are best place to provide this service in an efficient and cost-effective manner. Do you have any comments or suggestions on privacy, confidentiality and security of consumer data?

The issue of access by agents is one that concerns us. We certainly agree that consumption data should only be given to agents if the customer has provided a valid authorisation. However, it can be a cumbersome process for a volume agent to have each and every customer sign a letter of authority as is currently common practice, and there is room for innovation in this area. Item 4 of the General Requirements of the draft EIEP3A states that "it is the responsibility of participants to meet the principles of

¹ Even four could be too high a number, for example, if a consumer has easy access to their data with monthly invoices, but routinely requests data from their retailer, say once per quarter.

the Privacy Act when exchanging customer details” which means that there might be a number of different approaches to this issue, which could add cost to the services provided by volume agents.

We could also foresee one retailer disputing whether a customer has actually given authority to an agent if the agent does not follow the particular retailer’s prescribed process for authorisation, even when the authorisation is accepted by other retailers.

A volume agent would want to streamline the authorisation process, for example by having retailers recognise and accept an alternative to the use of scanned authorisation letters when dealing with that particular agent, subject to having approved the authorisation process.

We’re not sure how alternatives to the traditional letters of authority might be implemented in the Code amendments or related guidelines and procedures, but some approaches could include:

1. requiring retailers to recognise an alternative approach subject to vetting the approach and approving it, such approval not to be unreasonably withheld; or
2. having the Authority vet the alternative approval process put up by a volume agent, which then all retailers would be required to accept as authorisation by customers of the volume agent (perhaps with annual review).

Q10. Do you have any other comments or suggestions on the proposal?

Yes – see section 4 below.

Q11. Do you agree that the purpose and objectives of the proposal as set out in section 5.2 are appropriate and consistent with the Authority’s statutory objective? If not, why not?

Yes we agree.

Q12. Do you agree that the proposal is preferable to other options? If not, please explain your preferred option in terms consistent with the Authority’s statutory objective.

For the purposes of switching, 12 months of accumulation data for each register would suffice at present in the vast majority of cases (mass market), the main exceptions being where a pricing plan has a component which is charged in dollars per peak unit (kW, kVA or kVAr). In future there may be a significant number of real-time pricing plans which would require more data (so may as well provide interval data), but this is some time off yet.

We believe the long term benefits of ensuring access to interval data are more likely to be gained from improved decision making around energy efficiency and investments, e.g. around installation of solar panels.

Q13. In particular, do you agree that option 1 is better than option 4?

We agree.

Q14. What are your views on the establishment of a centralised meter data store at some point in the future?

We think the additional setup and maintenance cost of a central data store is not justified. We also would be concerned that dealing with a third party could add transaction costs including delays and mistakes.

Q15. Do you agree with the assessment of benefits, costs and net benefits? If not, please explain your reasoning.

The greatest benefits over the long term could arise from consumers' use of their information to make informed decisions about how and when to consume energy, as briefly outlined in sections 3.2.11 to 3.2.15 of the consultation paper and as mentioned elsewhere in our submission.

Q16. Do you agree that with the Authority's assessment that the proposed Code amendment meets the requirements of Section 32 of the Act?

Yes, we agree.

4 Additional Comments Concerning Line Charges

Ensuring that consumption data is available is one step in the process of ensuring that consumers can assess pricing plans for switching and for other purposes, e.g. making investment decisions. However, there is an issue that concerns us which is closely related, specifically the way that line charges are reflected in retail pricing plans and the data associated with calculating them.

We are on record in our response to the retail data consultation paper of January 2014 as being in favour of limiting the choice of line tariffs to a small set of standardised templates, and if this cannot be achieved then requiring line charges to be disclosed separately on invoices. But even the latter approach has problems which will remain even once consumption data is provided consistently by retailers.

Consider a customer in a network in which the retailer pays a GXP-based charge in proportion to the retailers' aggregate GXP peak demand when the network has a peak (coincident peak charge) – such pricing structures do exist. Then our question is how does the retailer bundle this charge into a pricing plan for consumers with accumulating meters (or, equivalently, on a pricing plan which does make use of TOU data)?

The meter may not record peak kW, let alone the kW during periods when the network load is at a peak. The retailer could choose to use the residual profile at the GXP, or

they could use a deemed profile of their own to work out the lines cost relating to the customer. Then they might bundle this up into a fixed or a variable charge. Let's now suppose that the customer wants a fixed price for more than a year, and the retailer agrees to this subject to passing through any increase in line charges. How does the customer work out how large that increase might be? And how do they compare this with the estimated impact of a change in line charges in another retailer's pricing plan who may have bundled the GXP coincident peak charge in a quite different way into their pricing plan?

Even where line charges are ICP-based it is not uncommon to find differences of 10% to 20% between the line charges provided by different retailers for the same ICP.

If retailers provide a consumer with offers in which the energy components are fixed for a period, but changes in line charges are passed through, then where retailers use different methods for calculating line charges the percentage escalations in the charges if underlying line charges rate increase in future, are probably going to be different. Because of this, it can be difficult choosing between retailers' offers, when in fact the consumer should be indifferent to the line charges. Ideally, all retailers would calculate the same line charges for each and every ICP, even if these were then bundled into an overall retail pricing plan.

Since moving to a small set of standardised line tariffs is not an option, we propose that:

1. line charges be separated out on all invoices; and
2. there be a standard methodology prescribed for retailers to use when calculating line charges, e.g. for the GXP-based kW peak example mentioned above, the methodology could make use of the residual profile at the relevant GXP.