

Improving transparency of consumers' electricity charges
The Authority is consulting on improving transparency of consumers' electricity charges.

- **Improving transparency of consumers' electricity charges**

Started: 24/06/2014; Ending: 26/09/2014 5pm

Not for public release please.

Response request to our submissions please.

Submission to Electricity Authority from;

Ken Crispin.
Director. CER Ltd.

Appendix-A-Format-for-submissions-Word-version

Current consultations EA Submission CERL 23rd September 2014.

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Improving transparency charges of consumers' electricity charges.

Full draft free form follows the A Draft word format seen here.

Appendix A Format for submissions

Question No.	Question	Submitter's response
Q1	Do you agree with the Authority's view of the role of transparency in promoting competition? Please explain your answer.	<p>We do not entirely agree. Reasons below; things not addressed.</p> <ul style="list-style-type: none"> • Not addressed - such as retailers/distributors offer of other related services. • Assistance to clarify each contracts complete list of services to consumers could be beneficial. • Consumers fear graduated (TOU) "Time of use", graduated tariff charges will not have capability to be gathered on customer billing when (TOU) charges are implemented. (so far no discussion from retailer/distributor is available.) <p>Explanation;</p> <p>As most of RAG submissions surround concerns only the economic benefit, deficits still exist.</p> <p>As our company handles consumers concerns over retailers/distributors issues other than cost only, we are often attempting to assist consumers ease of reading the meter register themselves to manage their power use they often find smart meters near impossible to read.</p> <p>Often due to their concerns they often ask how they can retain existing easy to read analogue register metering. Other customers also feel insecure from electronic metering either from health or security concerns and have difficulty finding reasonable service levels</p>

		from current retailers/distributors. More reasonable consultation and resolution toward consumers requirements are required.
Q2	Do you agree with the problem definition? Please explain your answer.	<p>Under 2.3 “Enabling consumers to make better choices about their retailers”</p> <p>Again in section 2 - there is a lack of other services targeted.</p> <p>Other than just the advantages of reading the current use of power. The graph is handy on a monthly bill. With current analogue metering, anyone can glance at the register and amount used to that date any time, so there is no problem to fix there. Quote; 2.3.1 “Consumer choice is a key element of competition. However, to realise the gains from competition, consumers need to be engaged, that is, to exercise this choice and make active decisions when there are benefits available (whether savings from switching retailer or from obtaining more valued service levels).”</p> <p>As we pointed out in Q1 there needs to be a wider general list of “more valued services” as said above. So before a consumer switches they should have available all those valued services and we mentioned some our clients are asking us to seek for them especially to retain analogue metering for those reasons they allude to in answer 1 plus the added advantage of receiving 100% return on any used power generation produced from their</p>

own (3.1.7.) (For example, solar photo voltaic (PV) flowing back to the grid though standard analogue metering and simply reversing the register.

Many consumers are out there now questioning this point.

Such questioned ask, are these power companies going to refund us 100% cost of power they charge for their input into the grid?

Considerable confusion already described in your summary also comes from lack of those issues adequately addressed for these consumers by retailers/distributors.

We think consumers require more choice of services that they are seeking, and this may require more consumer care resolution from those retailers/distributors.

This may then restore more respect for the industry.

3.1.6 A recent Electricity Networks Association article (included as Appendix D) implies that a culture of confusion may also exist in the electricity market.

3.1.7 Changes in technologies that use electricity (for example, electric cars) and those that generate it (for example, solar photo voltaic (PV)) will invariably mean that both retail and distribution/transmission providers will need to consider and respond to changes in consumer preferences.

3.1.8 Concerns around

		<p>transparency primarily present themselves at one of the 'moments of truth' described in paragraph 2.3.12, with the most obvious being when a price is changed. Confusion created either intentionally or unintentionally by participants at this time invariably leads to the start of a 'blame game' and has a corrosive effect on retail market confidence, potentially undermining the sustainability of current market arrangements for electricity. This in turn reduces incentives for new retailers and generators to enter the market.</p> <p>3.1.9 A loss or deficit in confidence or trust in the retail market can have an effect that could overshadow many of the other benefits from market reform:</p>
Q3	Do you agree with the Authority's proposal? Please provide reasons to support your answer.	<p>Under 4.3 Addressing the 'blame game' problem.</p> <p><u>If the public cannot see what the Retailer's proposing V/S what the Distributor is proposing how is this Transparent?</u></p> <p><u>We propose that a side by side proposal be used and give the consumer the facts to go with so they may chose another retailer/distributor.</u></p> <p><u>Blame game will become most shrouded in doubt if neither can differentiate from the other.</u></p>
Q4	Do you agree with the alternative options?	<p><u>Q4. Do you agree with the alternative options?</u></p> <p>(a) Option 1: Market forces</p> <p>(b) Option 2: Requiring retailers and distributors to issue separate</p>

		<p>bills to consumers</p> <p>(c) Option 3: Requiring retailers to separately itemise transmission and distribution costs on consumers' bills</p> <p>(d) Option 4: The Authority publishing an annual report on current and future price trends.</p> <p><u>We agree with this evaluation.</u></p> <p><u>(a)</u></p> <p><u>5.2.3 This option would impose no additional cost, but is unlikely to achieve the proposal's objectives</u></p> <p><u>This section was well thought out and difficult to blend into a single bill. However if clearly outlined it is the best option, but leaves the retailer to foot the bill which will pass onto consumers anyway.</u></p>
Q5	Are there any other options the Authority should consider?	<p>Q5. Are there any other options the Authority should consider?</p> <p>5.6.1 The Authority has also considered the following approaches:</p> <p>(a) requiring distributors to directly notify every customer on their network of any price adjustments in distribution (including transmission pass through) charges</p> <p>(b) requiring retailers and distributors to agree on the statements each would make to their customers and the media, which would include the reasons for price changes</p> <p><u>EA could go to Commerce Commission & request changes to allow EA to have Commerce Commission to enact changes to use 5.6.1. quote,</u></p> <p>(EA this is something that the Commerce Commission is</p>

		authorised or required to do.)
Q6	Do you have any comments on the proposed Code amendment?	<p>6.2.3 The proposal will do this by reducing the transaction costs for consumers of making energy-related investment decisions. Better information about the drivers of energy and network price changes will reduce consumers' costs in making decisions about when it is economically efficient to use demand-management technologies or to substitute alternative energy sources such as gas, wood or solar.</p> <p>6.2.4 The proposed amendment is not expected to deliver reliability benefits.</p> <p><u>There must be inclusion here for 100% credits from power generated by consumer that flows back to grid when excess power is available.</u></p>
Q7	Do you have any comments on the draft template?	No comment
Q8	Do you agree with the statement of the objectives of the proposal? Please explain your answer.	<p><u>Q8. Do you agree with the statement of the objectives of the proposal? Please explain your answer</u></p> <p>We again applaud E.A. for thoughtful approaches here, as we said if a consumer wishes to retain an analogue meter and install quote;</p> <p>"Economically efficient to use demand-management technologies or to substitute alternative energy sources such as gas, wood or solar."</p> <p>In the case of some alternative energy sources the customer will benefit by utilising electrical generation by 100% return on</p>

		<p>power cost by supplying unused power back to the grid by reverse register action from Analogue metering.</p> <p><u>Importantly,</u></p> <p>This will promote consumers use of any alternative energy and reduce reliance on heavy demand during peak hours.</p>
Q9	Do you agree with the assessment of the costs and benefits of the proposal?	<p><u>Q9. Do you agree with the assessment of the costs and benefits of the proposal?</u></p> <p>Basically they seem fair but the reservation should be on other issues consumers may request in services such as administration of self generating power supply and feedback to grid return supply credits.</p> <p>With Analogue metering no credit is needed hence the cost reduction in accounting, but electronic metering will require some form to credit accounting.</p>
Q10	Are there any other costs or benefits that should be included in the assessment?	<p><u>Q10. Are there any other costs or benefits that should be included in the assessment</u></p> <p><u>Estimated ongoing costs</u> More consumer import and service quote; “Increased consumer engagement will drive firms to deliver what consumers want.”</p> <p>This is a potential benefit that can help to enhance constructive consultation between all parties, consumer/retail/distributor relations if enacted and we would encourage this “increased consumer engagement”.</p> <p>Net assessment of costs and benefits 6.3.2 “The midpoint estimates of</p>

		<p>the total value of the costs and benefits described in this section are summarised in Table 2. This demonstrates that the proposal is expected to deliver benefits that clearly exceed the expected costs. The net benefit is equivalent to \$29.75 per residential consumer in present value terms.”</p> <p>We are unsure if consumers will be interested in this figure of a \$29.75 per residential benefit of this means that during peak time power prices will rise dramatically.</p> <p>We don’t see the projected cost increase per Kwh that may double or more during this time.</p> <p>It would be helpful if a projected cost was put forward to customers firstly perhaps, so avoiding the time of increase?</p>
Q11	Do you agree with the evaluation of the alternative options? If not, why not?	<p><u>Q11. Do you agree with the evaluation of the alternative options? If not, why not?</u> Quote “components of their electricity bill. This accountability is expected to result in improved consumer confidence in the retail market and increased consumer engagement. Increased consumer engagement will promote retail competition.”</p> <p>Because our involvement is at the ground level of most consumers we do receive considerable feedback from those who request industry changes to a more flexible consumer/ industry relationship, again we advise If this increased “consumer engagement” develops a reasonable mutual understanding for each others needs yes,</p>

		because the consumer is at the coal face and must be regarded as pivotal to any changes.
Q12	Do you agree with the assessment of the proposed amendment against the requirements of section 32(1) of the Act? If not, why not?	<p>The proposal promotes competition in the retail electricity market by enabling consumers to better understand the magnitude of, and responsible parties for, price changes for each of the components of their electricity bill. This accountability is expected to result in improved consumer confidence in the retail market and increased consumer engagement. Increased consumer engagement will promote retail competition.</p> <p>“increased consumer engagement. Increased consumer engagement will promote retail competition”</p> <p>We want more consumer choice of services as repeated in previous questions, and has been mentioned by EA other sections but not here.</p> <p>Perhaps mention here also?.</p>
Q13	Do you agree with the assessment against the Code amendment principles? If not, why not?	<p>6.6.6 Principle 3 – Quantitative Assessment” use quantitative cost-benefit analysis to assess long-term net benefits for consumers”,</p> <p>That is a wish that may well occur, but only if consumers are treated as partners not disregarded by industry participants as many appear to think presently.</p> <p>As a provider of services in this industry we would welcome a new relationship of co- operation between consumer, retailer, distributor, and the EA.</p> <p>Then we are confident the potential for long term benefits for all will be achieved.</p>