

Post implementation review of saves and winbacks

Final report

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1	8 June 2017	Includes legal comments
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Executive summary

In 2015 the Authority introduced a switch save protection scheme (the scheme). The scheme prohibited a losing retailer from initiating contact to offer inducements to any of its customers that are acquired by another retailer (if the gaining retailer had chosen save-protection) until the switch was complete. A key variation to the original proposal was that the scheme did not prohibit the losing retailer from attempting to persuade a customer from returning after a switch was completed.

In the retail electricity market the incumbent retailer is notified that a customer intends to switch before the process is completed. This notification allows the losing retailer to use the information of a customer's intention to switch as a prompt to contact the customer to discourage them from switching, rather than use the information for its intended purpose, which was to complete the switch process.

It was considered that allowing retailers to opt for protection from retailer initiated saves would remove the advantage conferred on the losing retailer by providing them with information in the switching process.

In deciding to introduce the scheme, the Authority considered a qualitative cost-benefit analysis. That analysis concluded that the benefits (primarily driven by greater competition and reduced information asymmetry) were likely to exceed the costs (increased acquisition and retention costs).

We find that overall the scheme changed retailer behaviour to accelerate save protected switches; this allowed retailers to avoid the prohibition on saves and to subsequently win the customer back after the switch was completed. This behavioural change is likely to have affected the effectiveness of the scheme. As a result of retailers being able to substitute saves for win-backs, we considered that in order to make a meaningful assessment of the scheme both types of activities should be included in the review.

In addition, this post-implementation review of the scheme finds:

1. evidence that the number of saves fell and the number of win-backs increased as a result of the scheme
2. evidence that the scheme increased switching speed for both save protected and non-save protected retailers
3. evidence that the scheme slightly reduced the average time a switch survives before being withdrawn
4. evidence the scheme did not cause save protected switches to survive longer on average before being withdrawn, but may merely delay switch reversal
5. no evidence that the scheme improved or harmed retail competition
6. indications from respondents to our survey that the cost to acquire customers has increased since the Authority introduced the scheme; however this may be partly attributable to competitive pressures in the market which have increased due to factors other than the save protection scheme.

As a result of conducting this review, we have considered other sources of advantages conferred on the losing retailer as a result of the switching process. We hypothesise that the losing retailer is likely to have an information advantage over the gaining retailer, allowing it to make a more attractive offer. That is, notification of an impending switch, in itself, may not be a

material advantage. Therefore, we consider that any potential development of the scheme should consider assessing information asymmetries between gaining and losing retailers during the switch process.

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1 Post-implementation reviews assess the effectiveness of regulatory change

- 1.1 This paper presents the Authority's post-implementation review of the scheme. The purpose of a post-implementation review is to evaluate an initiative against its expected outcomes. From the Authority's perspective, this enables learning about how regulatory decisions—or decisions not to regulate—are affecting the sector and whether further policy action is required.

2 Background

- 2.1 Switching in the electricity industry is the act of a consumer making a choice about their retailer. Information about each installation control point (ICP) is held in the registry: a database that records information including the retailer for that particular ICP. When a customer chooses to switch, the losing retailer becomes aware of this through the registry.

- 2.2 The Authority's *Proposed Code amendment-Saves and early win-backs* consultation paper¹ stated the problem:

In most sectors, the incumbent supplier does not receive advance notice that a customer intends to change supplier. That information remains confidential to the customer and acquiring supplier until the switch is completed.

By contrast, in the retail electricity market, the incumbent retailer is notified that a customer intends to switch before the process is completed. The incumbent may use this information to seek to 'save' the customer.

- 2.3 That is, the losing retailer used the notification of a customer's intention to switch as a prompt to contact the customer to discourage them from switching.
- 2.4 As outlined in its *Competition effects of saves and win-backs*² paper, the Authority did not consider that a restriction on win-backs was necessary (at that time), because:
- (a) win-backs, unlike saves, do not rely on information provided to the losing retailer through the switch process
 - (b) the Authority has not seen evidence to demonstrate that win-backs are having a material negative impact on retail competition
 - (c) gaining retailers can mitigate the risk of win-backs through contractual means, for example by signing new customers up to fixed-term contracts.

3 The changes that were implemented

- 3.1 In response to the problem, the Authority amended Part 11 of the Electricity Industry Participation Code 2010 (Code) to allow a retailer to opt-in to being protected from saves initiated by a losing retailer. The changes made by the scheme came into force partially in January 2015 and fully in July 2015. In brief, the scheme prohibits the losing retailer

¹ Published 24 June 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/consultation/#c12826>

² Published 21 October 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/development/decisions-and-reasons-published/>

from attempting to persuade a customer from returning until a switch is completed if either the losing or gaining retailer (or both) are save protected.

- 3.2 The Authority paper *Competition effects of saves and win-backs*³ sets out what was implemented.

The Authority has decided to amend Part 11 of the Code to allow a trader (retailer) to opt-in to be protected from saves initiated by the losing retailer.

The Code amendment will prohibit a losing retailer from initiating contact to offer inducements to any of its customers that are acquired by another retailer, if the gaining retailer has chosen save-protection. The prohibition extends until the switch is complete. The losing retailer will still be able to save a customer by offering an inducement if the customer initiates contact with that retailer prior to the switch being complete.

In addition, if a retailer opts-in for save protection, it is prohibited from carrying out saves itself, unless the customer initiates the contact.

The Authority has decided not to prohibit the losing retailer from attempting to persuade a customer from returning after a switch is completed.

- 3.3 In summary, the Code amendment:

- (a) allows a retailer to choose to be protected from retailer-initiated saves
- (b) describes the limited circumstances in which a losing retailer may contact a customer that is switching to a save-protected retailer
- (c) places limits on how often a retailer can change its choice of being included or excluded from the scheme
- (d) applies to all retail market segments (residential, business, commercial and industrial consumers)
- (e) requires the Authority to publish a list of all retailers that have opted into the scheme
- (f) applies when a customer switches to a gaining retailer that has chosen to be protected from saves, or from a losing retailer that has chosen to be protected from saves.

Terminology

- 3.4 The registry switching process requires that the acquiring retailer notifies the losing retailer, through the registry, in order to process the switch. Either retailer can withdraw a switch during the switch process, or up to two calendar months after the event date.
- 3.5 The registry is a national database that contains information on every point of connection on local and embedded networks to which a consumer or embedded generator is connected. Switches of ICPs between traders (retailers) may be reversed using the switch withdrawal process and the approved switch withdrawal advisory code.
- 3.6 The switch withdrawal advisory codes changed in 2015 to separate consumer errors (CE) as a reason for withdrawal, from consumer request (CX). Note that the CX code

³ Published 21 October 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/development/decisions-and-reasons-published/>

could be a save or a win-back depending on timing. The Authority introduced withdrawal reason codes CE and CX on 31 July 2015, and both codes together replace the CR (customer request) code that participants used previously. There are also several codes that can be used for different types of switching errors. When these are used we refer to the switch being withdrawn for technical reasons.

3.7 We use two concepts to categorise withdrawn switches:

- (a) **saves**: a save occurs when an incomplete switch is withdrawn
- (b) **win-backs**: a win-back occurs when a completed switch is withdrawn.

3.8 We use gaining and losing to define two types of retailers:

- (a) **gaining trader or retailer**: a retailer that initiates the switch by gaining the customer.
- (b) **losing retailer**: a retailer that initially loses the customer to a gaining retailer, then possibly retains or wins that customer back.

3.9 We include all market segments, but limit our analysis to switch withdrawals that are coded either CR, CX, or CE unless otherwise stated.

3.10 Figure 1 is a graphic that shows how we define a save in this paper. Figure 2 is a similar graphic for win-backs.

Figure 1: The switch is withdrawn before completion (Save).

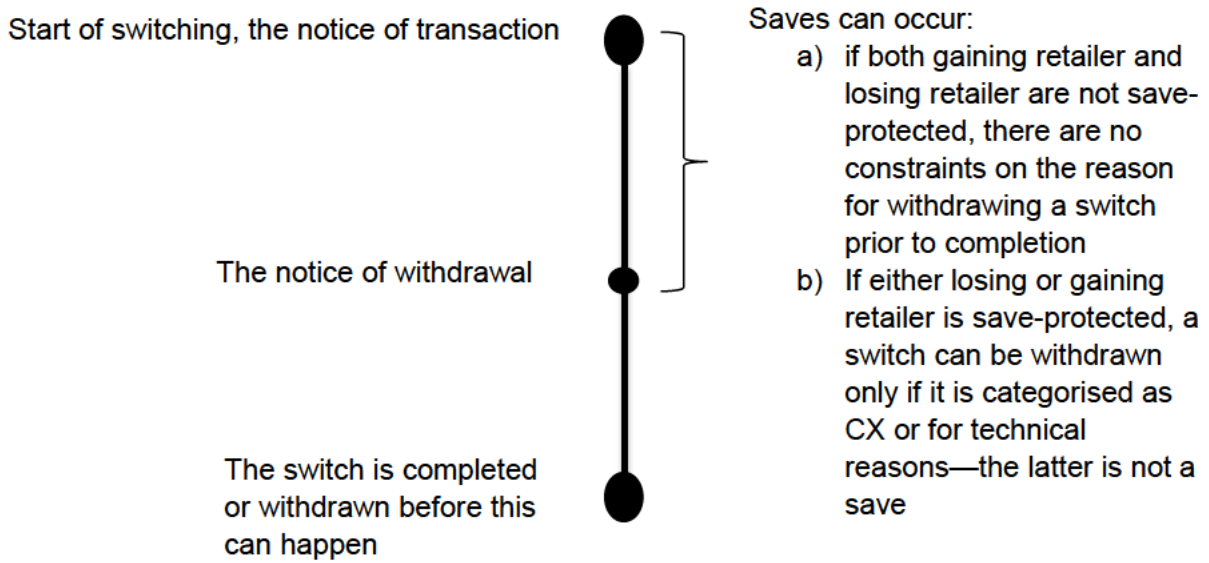
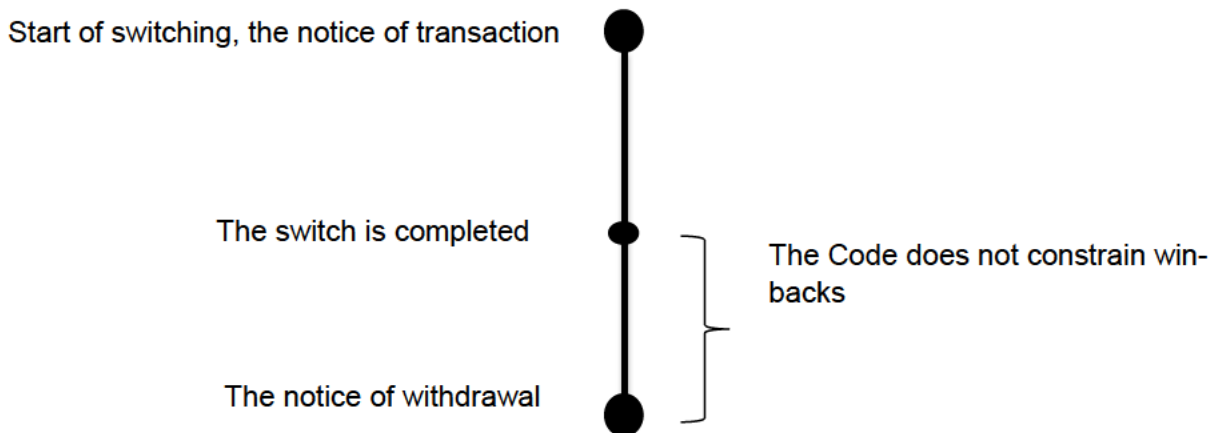


Figure 2: The switch is withdrawn after completion (Win-back).



4 While saves were prohibited by the scheme, retailers substituted them with win-backs

- 4.1 The Authority's *Competition effects of saves and win-backs* paper separated saves and win-backs, and stated that there was no evidence that win-backs were a problem. The evidence set out below suggests that retailers can substitute win-backs for saves relatively easily. Consequently, we analyse the two together as we do not believe that they are distinguishable in terms of their effect on competition for the purposes of this review.
- 4.2 We consider that saves and win-backs are substitutes because, as set out below—the scheme created an incentive to accelerate the switch so that the losing retailer could contact the customer after the switch was complete—effectively turning a save into a win-back and avoiding the prohibition on saves. So while the scheme did reduce saves, it increased win-backs, and the net result needs to be taken into account when assessing the impact on competition.

5 The benefits were identified in a qualitative analysis when the Code was amended

- 5.1 The consultation paper *Proposed Code amendment – Saves and early win-backs*⁴ provided a descriptive—but not quantified—overview of potential costs and benefits. These benefits are described in the quote below:

The Authority considers that the net increase in retail competition that would result from the amendment (for the reasons set out in Section 5.3) would be to the long-term benefit of consumers. The increase in competition would also result in a significant economic benefit through:

- a) *supporting innovation in the retail sector – which could deliver flow-on benefits to other parts of the electricity industry, including the generation, network, demand-side response and domestic energy efficiency sectors*
 - b) *driving reductions in retail cost-to-serve, which is estimated to cost over \$300M per year at present*
 - c) *enhancing customers' ability to find a deal that suits their individual needs*
 - d) *supporting the sustainability of the competitive retail electricity market, which delivers an ongoing stream of economic benefits.*
- 5.2 At the time, the costs of the proposed code amendment were thought to be retailer overhead costs due to:
- (a) Compliance costs
 - (b) Acquisition, retention, and win-back costs
 - (c) Overhead costs of retailers choosing to remain in the market.
- 5.3 The Authority's *Competition effects of saves and win-backs* paper⁵ went on to describe the Authority's reasons for believing that the Code amendment would improve retail

⁴ Published on 24 June 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/consultation/#c12826>

competition for the long-term benefit of consumers. The Authority considered these benefits would outweigh other direct positive and negative effects (which would largely cancel each other out).

The Authority considers that the amendment will:

- (a) *facilitate retail competition and innovation, by reducing undue barriers to the entry and expansion of independent retailers and the expansion of existing retailers*
- (b) *support the durability of the competitive retail market.*

The Authority considers that retailer initiated saves represent a barrier to the entry and expansion of retailers when they occur because the losing retailer uses information provided to it in the switching process (for the purpose of processing the switch) to attempt to retain switching customers. The effects of retailer initiated saves include:

- (c) *making acquisition activity less rewarding, because a proportion of customers cancel their switch before it is complete*
- (b) *disproportionately reducing the profitability of acquisition activity, because they can reduce benefits without a commensurate reduction in campaign costs*
- (c) *further reducing the profitability of acquisition activity because the losing retailer can 'cherry-pick' – that is, target save offers at the more profitable customers.*

Allowing retailers to opt for protection from retailer initiated saves will reduce these barriers, and will remove the advantage conferred on the losing retailer by providing them with information in the switching process.

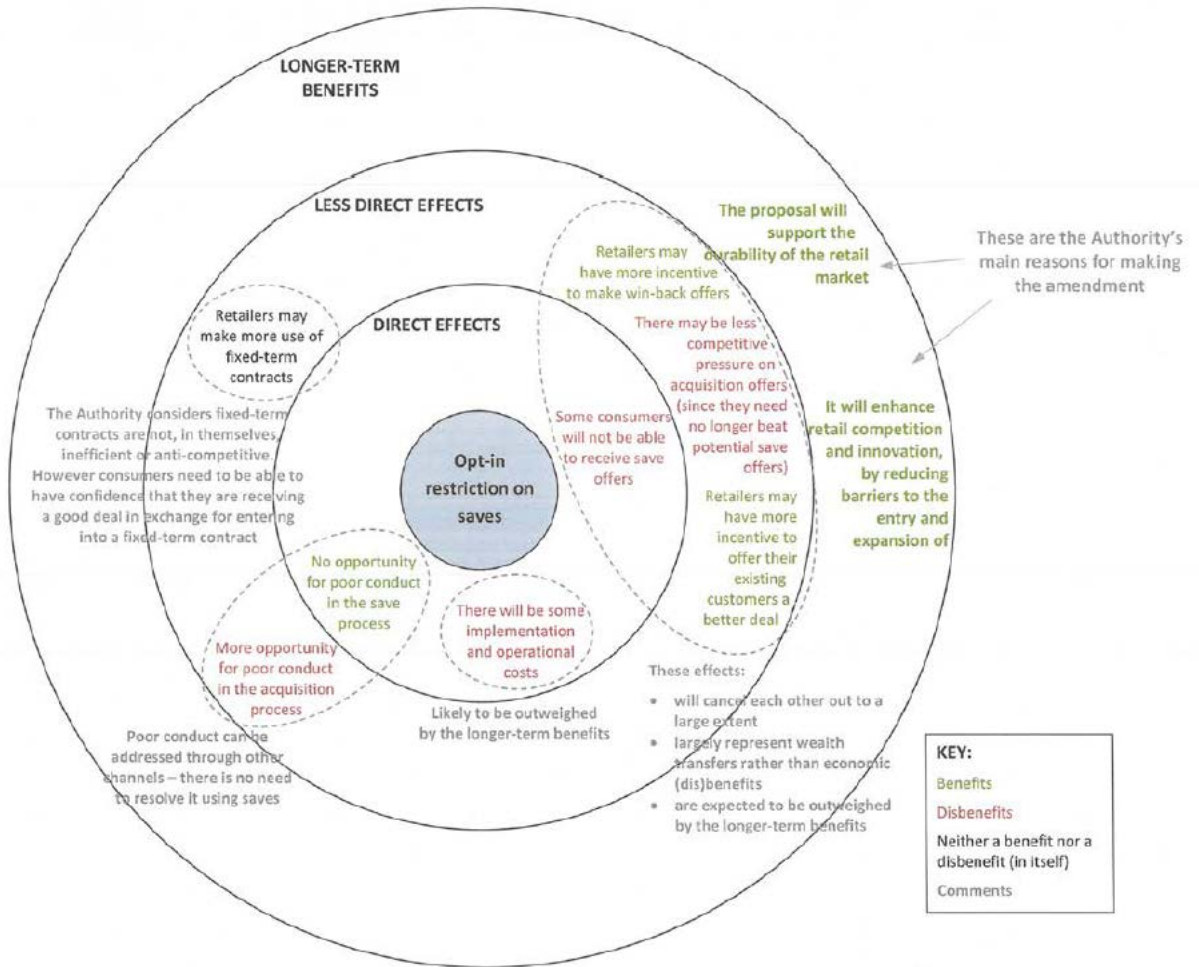
The Authority considers that retailer initiated saves detract from the durability of the competitive retail market in that they reduce competition and innovation, which are necessary for the sustainability of the market. Competition and innovation are driven in large part by acquisition activity and the threat of acquisition activity.

- 5.4 These impacts are summarised as: improved competition, increased innovation and dynamic efficiency, removing undue barriers to the entry and expansion of independent retailers, removing the advantage conferred on the losing retailer by providing it with information through the switching process, and lowering acquisition and retention costs. These benefits are shown graphically in Figure 3.

⁵ Published 21 October 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/development/decisions-and-reasons-published/>

Figure 3: Figure 2 from the decisions and reasons paper showing the anticipated benefits

Figure 2 The Authority's view of the direct effects and longer-term benefits of the amendment



6 Timeline for implementation

- 6.1 The Code amendment that introduced the option for a retailer to be save protected came into force on 12 January 2015. The new switch withdrawal advisory codes, and a flag indicating whether a retailer is save-protected, were implemented on 31 July 2015.
- 6.2 Table 1 shows the retailers that entered and exited the scheme as at 8 June 2017. Thirteen retailers entered the save protection scheme in 2015. Two retailers (three brands) exited the scheme in 2016. They were Genesis Energy, and its brand Energy Online, and Powershop. Energy Online is included in this analysis even though it is a brand belonging to Genesis Energy. We include Powershop which is owned by Meridian. As we are mostly aggregating all the data together, the various ownership arrangements in the industry are irrelevant.

Table 1: Retailers entry and exit dates

Participant name	ICPs on joining the scheme	Start date	End date
Ecotricity Limited	10	15/01/2015	
Electric Kiwi Limited	2	13/01/2015	
Energy Online	69,626	13/01/2015	15/02/2016
Genesis Energy	456,768	13/01/2015	13/01/2016
Giving Energy	0	15/01/2015	
GLOBUG	18,428	13/01/2015	
Hunet Limited	6,585	09/06/2017	
King Country Electricity Limited	17,667	2/04/2015	
NextGen Energy Limited	0	1/07/2016	
Plus Energy Limited	0	03/04/2017	
Powershop New Zealand Limited	57,521	13/01/2015	13/01/2016
Prime Energy	497	10/02/2015	
Property Power Limited	75	31/08/2015	
Pulse Energy	55,066	13/01/2015	
Switch Utilities Limited	1,427	01/03/2017	
Trustpower Limited	247,113	24/08/2016	

7 Understanding the effects of the scheme

Summary

7.1 We used switching data from 1 January 2013 to 28 February 2017, across all market segments. Overall, we find the scheme:

- (a) reduced saves and increased win-backs—but there was little overall change in the number of switches that were reversed
- (b) increased switching speed
- (c) reduced the average time a switch survives before being withdrawn

(d) increased the average time a save protected switch survives on average before being withdrawn.

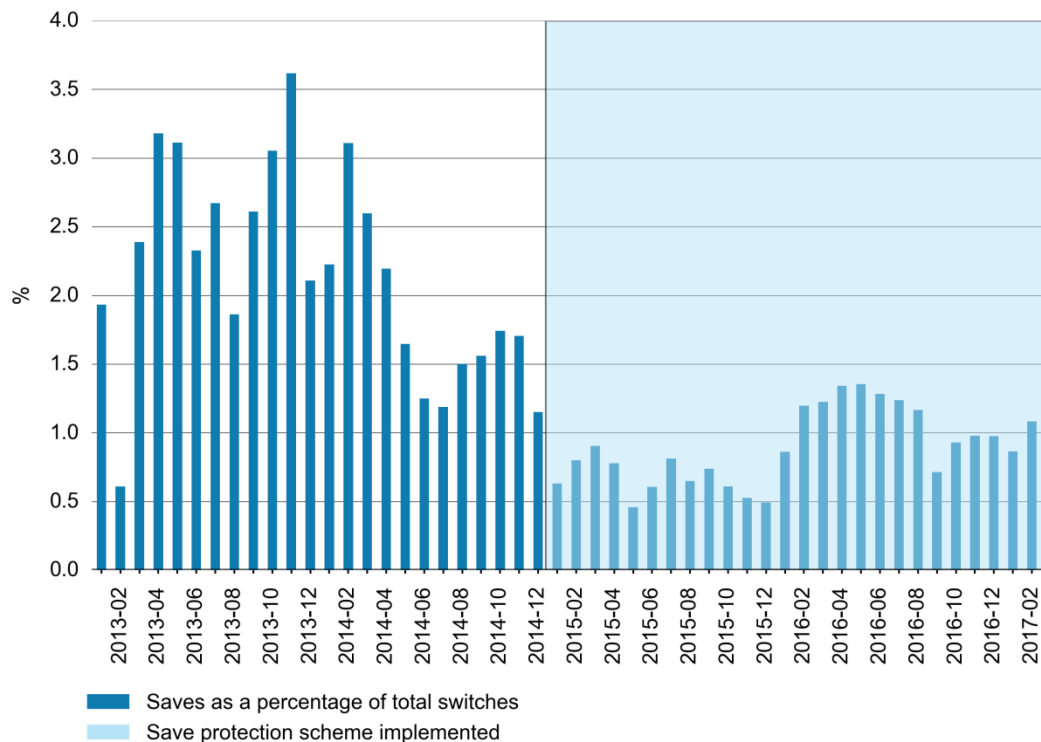
7.2 The data below shows very little change in overall switch reversals. This is consistent with section 9 below, which shows the switching process was unchanged by the scheme. However, the scheme did create incentives for losing retailers to switch quickly and win a customer back if it judged that customer to be worth it.

Description and analysis of the data

7.3 This section sets out some charts that show what has happened with switching, saves, and win-backs.

7.4 Overall, saves decreased and win-backs increased. Figure 4 shows monthly saves as a percentage of monthly total switches from 1 January 2013 to 28 February 2017. The percentage of the saves decreased after the scheme came into force on 12 January 2015. However, the percentage of saves increased in January and February of 2016 around the time that Genesis and its brands exited the scheme—although not to the levels that existed prior to the scheme.

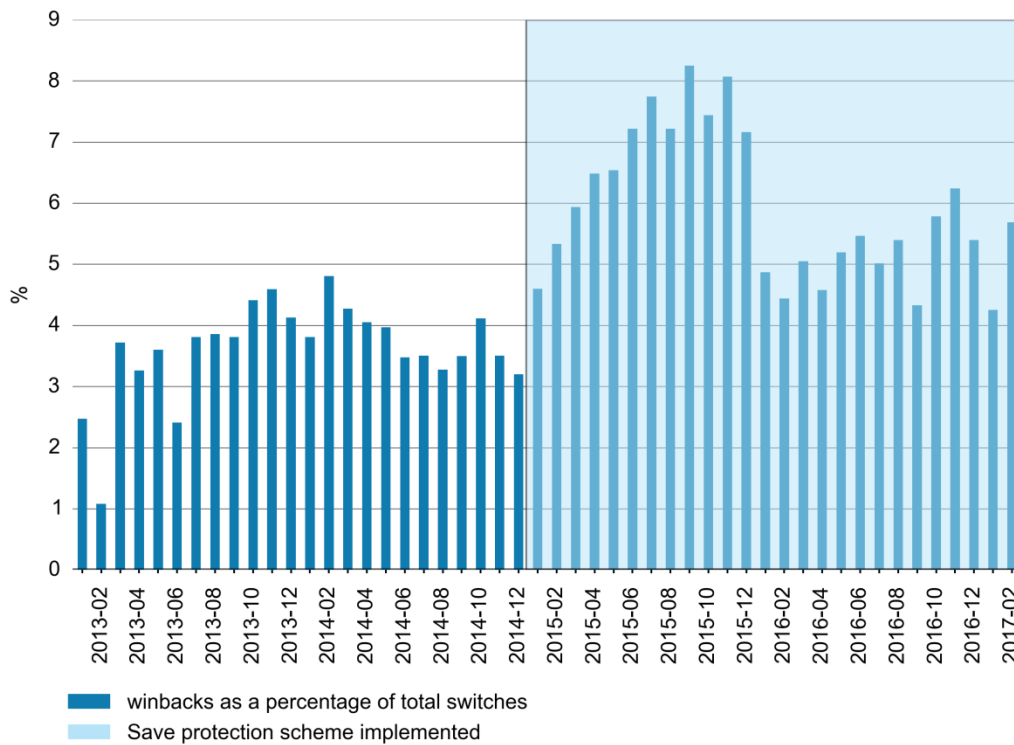
Figure 4: Saves as a percentage of total switches



7.5 We used a two-sample t-test to determine the reduction in the number of saves was statistically significant. The p-value was approximately 0, implying that mean monthly percentage saves before the scheme was implemented is statistically different from the mean monthly percentage saves after the scheme was implemented. This is evidence to

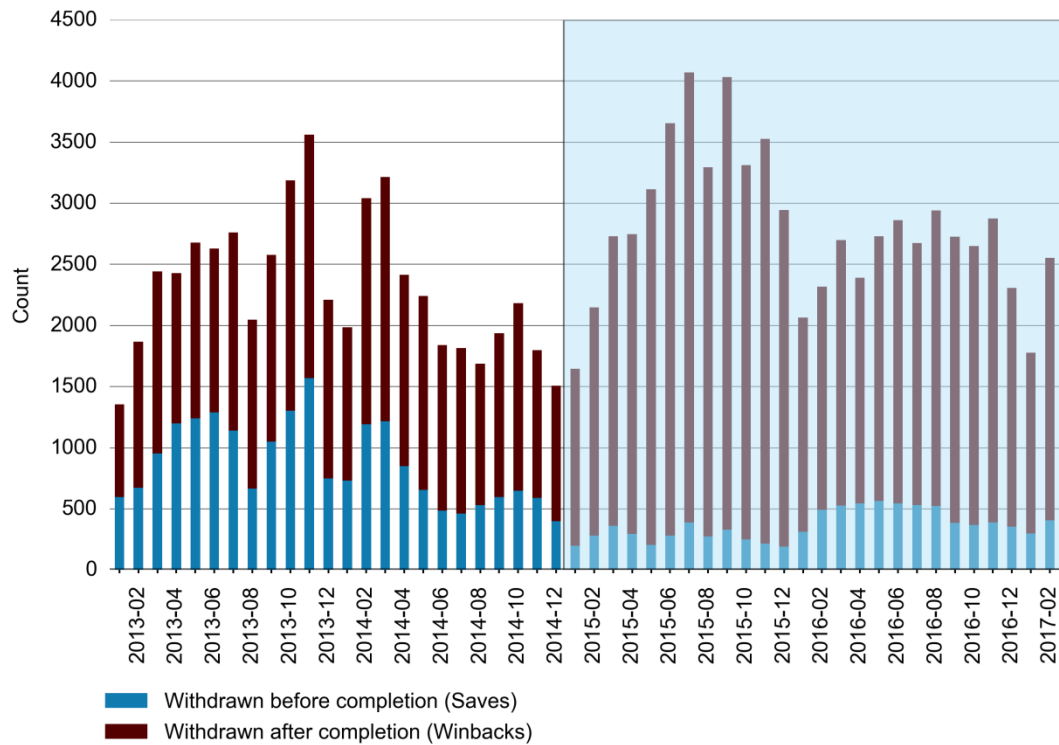
support the hypothesis that the scheme caused a decline in the mean monthly percentage of saves.

Figure 5: Win-backs as a percentage of total switches



- 7.6 Figure 5 shows monthly win-backs as a percentage of monthly total switches from 1 January 2013 to 28 February 2017. The percentage of win-backs increased after the save protection scheme was implemented, but dropped in early 2016 around the time that Genesis and its brands exited the scheme. This is likely to be because Genesis was by far the largest retailer in the scheme, and when it exited the scheme Genesis no longer had to do win-backs and was again able to do saves (when the gaining retailer was not save protected).
- 7.7 We used a two-sample t-test to determine if the change in the number of win-backs was statistically significant. The p-value is approximately 0, implying that mean monthly win-backs before the scheme was implemented are different from after the scheme implementation. This is evidence to support the hypothesis that the scheme caused an increase in the mean monthly percentage of win-backs.

Figure 6: Saves and Win-backs



- 7.8 Figure 6 shows all saves and win-backs from 1 February 2013 to 28 February 2017—these are all switch reversals that were coded using CX, CE, or CR codes. Win-backs increased after the scheme was implemented. However, win-backs dropped in early 2016 when Genesis exited the scheme. Saves decreased after the scheme was implemented in early 2015, but increased by a small amount in early 2016 when Genesis exited the scheme.
- 7.9 Overall, it seems that the scheme may have increased win-back activity—possibly due to the incentives on Genesis when it was in the scheme. It seems little has changed in the overall numbers of switch reversals (both saves and win-backs). This is consistent with the information set out in section 9 below which shows that the switch process itself was not changed by the switch save protection scheme.
- 7.10 The Authority’s consultation paper⁶ suggested that an effect of the scheme would be to increase win-backs:

The proposal may lead to increased win-back activity after the save and early win-back protection ends – because retailers that cannot save a high value customer may instead seek to win them back after the switch is complete. At this stage the Authority is less concerned by the prospect of increased win-back activity (for the

⁶ Published on 24 June 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/consultation/#c12826>

reasons set out in Section 3.6 – i.e. win-backs are less likely to be successful than saves, and can be prevented to some extent by the use of fixed term contracts).

- 7.11 The Authority has no information on the increased use of fixed term contracts or their effectiveness at preventing win-backs. However, anecdotally we understand that retailers are reluctant to enforce the terms of a fixed term contract when the customer has recently being gained.
- 7.12 However, the contention that win-backs are less likely to be successful than saves appears at odds with the data which shows win-backs can be substituted for saves as shown in Figure 6.

Genesis’ movements in and out of the scheme had a large effect

- 7.13 Figure 7 shows the monthly percentage saves for Genesis and its brand Energy Online as a percentage of monthly total switches. The percentage of saves decreased when Genesis and its brand entered into the scheme in January 2015 then increased when they exited the scheme in early 2016. This is the reason for large swings in the data seen in the charts in this section.

Figure 7: Saves by Genesis as a percentage of total switches

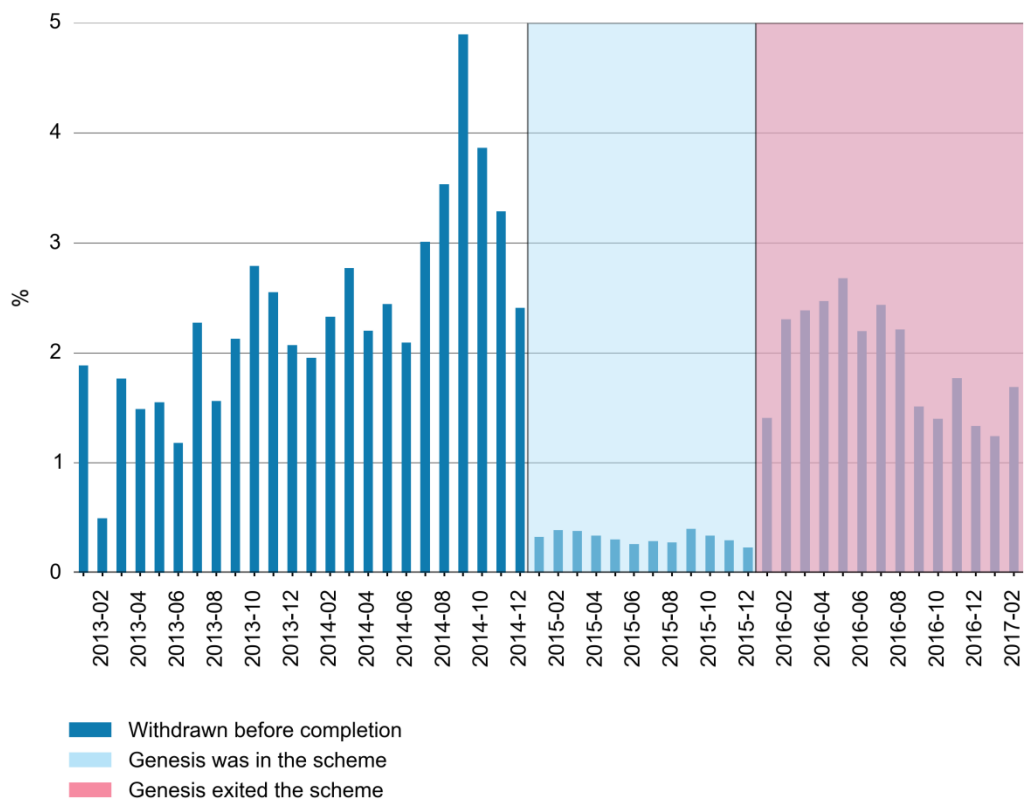
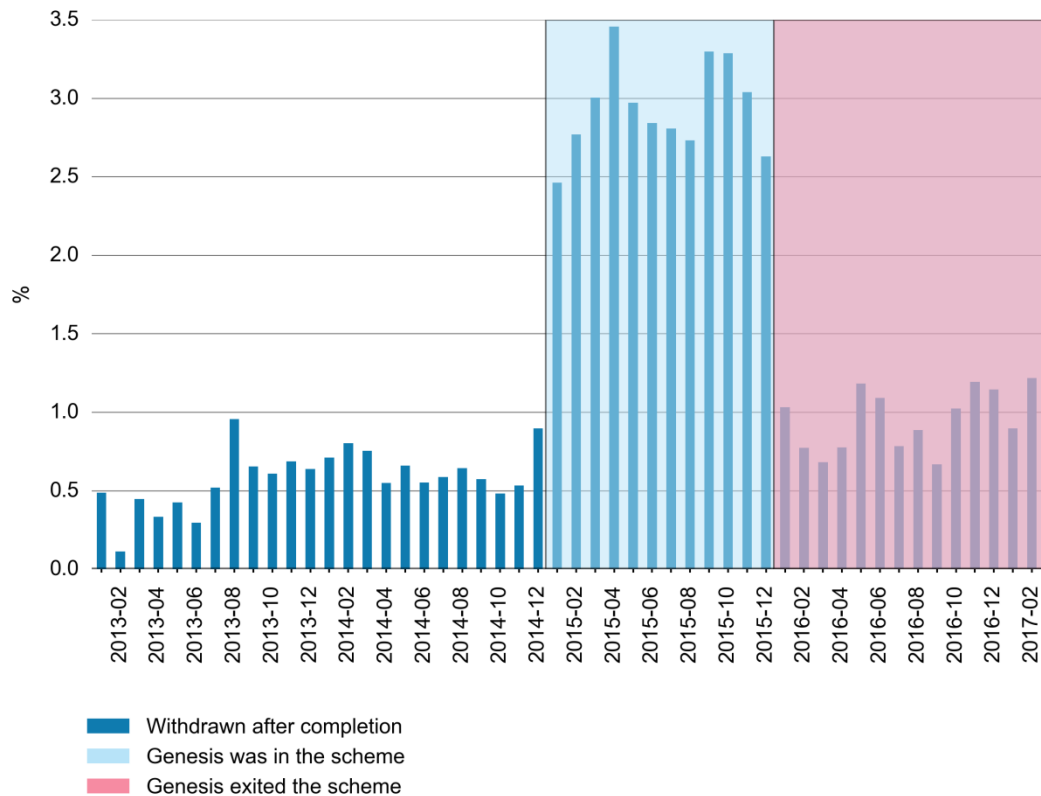


Figure 8: Win-backs by Genesis as a percentage of total switches



7.14 Figure 8 shows the monthly percentage win-backs for Genesis and its brand Energy Online as a percentage of monthly total switches. The percentage of win-backs increased when Genesis and its brand entered into the save protection scheme in January 2015, then decreased sharply when they exited the scheme in early 2016. These changes are consistent with the changes shown in Figure 4 and Figure 5 above, so we are confident that the dramatic shifts we see in the data are a result of Genesis’s movements in and out of the scheme.

7.15 Figure 8 also shows the effect of the scheme on an individual retailer. The scheme clearly influenced Genesis’s behaviour but the effect was to create an incentive to use win-backs more than saves. To enable a switch withdrawal to be a win-back, the obvious action is to complete the switch rapidly before calling the customer to persuade them back. Figure 16 and Figure 17 below suggest that this is what happened.

Save protected retailers were more likely to be subject to win-backs

7.16 Figure 9 shows the monthly count of saves for save protected retailers and non-save protected retailers since the scheme was implemented. As described in Figure 7, we think that the significant increase in saves for non-protected retailers in February 2016 was due to Genesis’s exit from the scheme in January 2016. Note that the number of

saves for save protected retailers was around 400 per month when Genesis was in the scheme and fell to about 100 per month once it exited.

Figure 9: Count of saves for save protected retailers and non-save protected retailers since the scheme was implemented

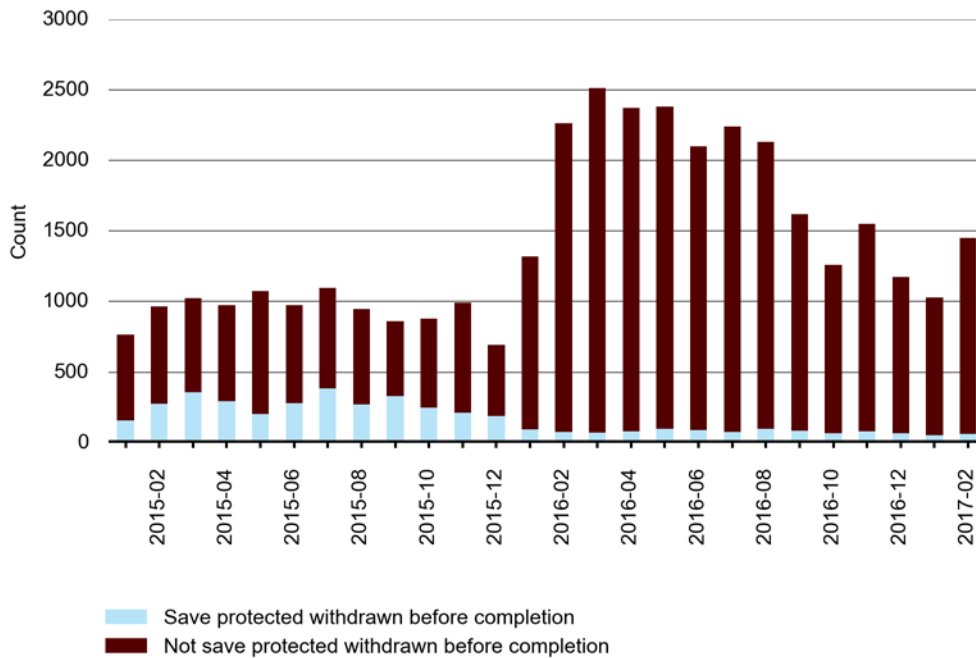
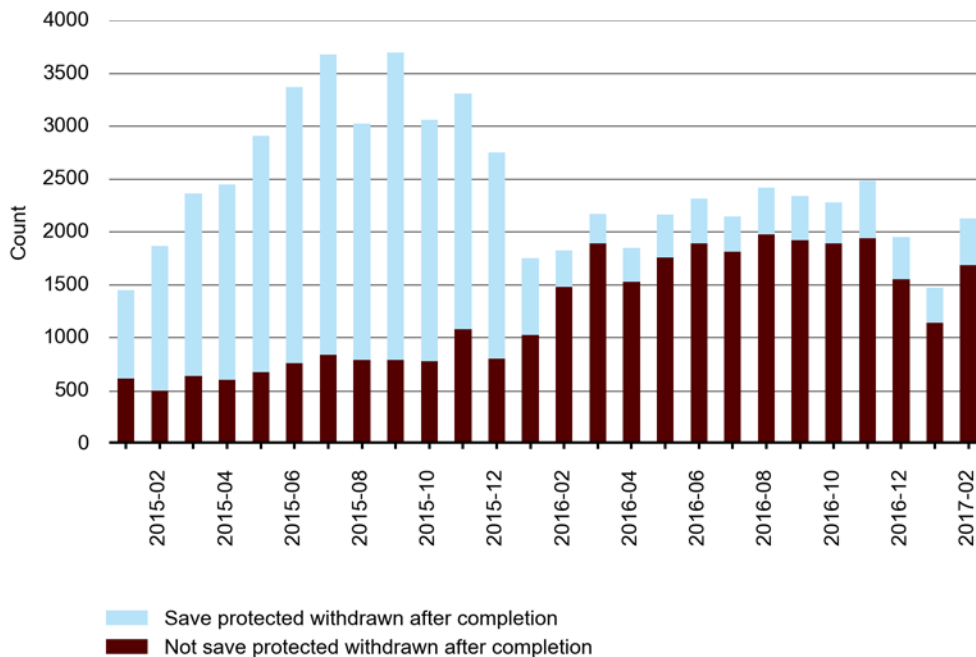


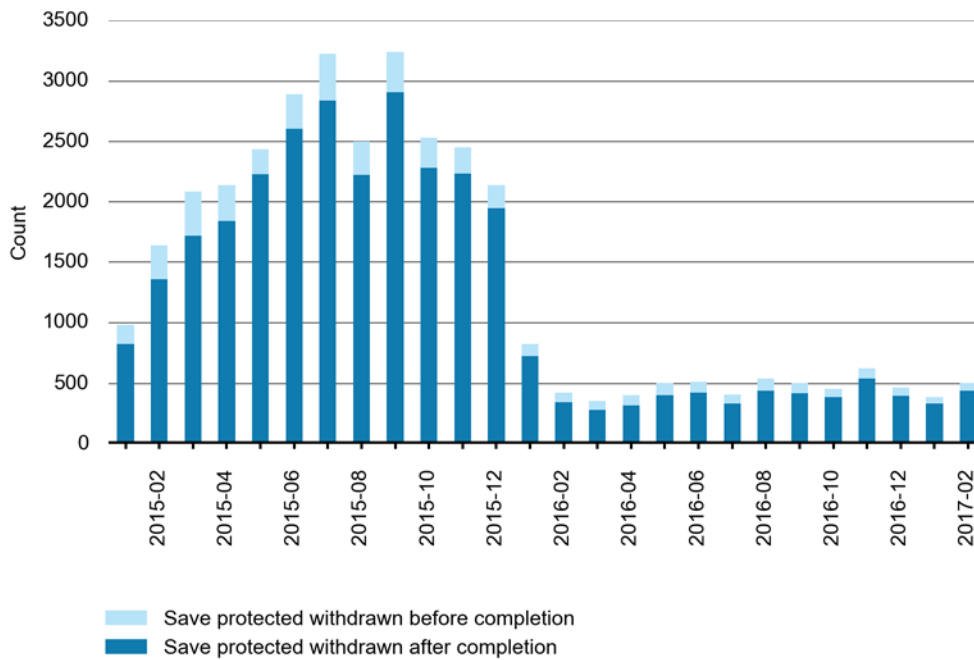
Figure 10: Count of win-backs for save protected retailers and non-save protected retailers since the scheme was implemented



7.17 Figure 10 shows the monthly count of win-backs for save protected retailers and non-save protected retailers after the scheme was implemented. The monthly count of win-backs, for save protected retailers, increased through 2015 but decreased dramatically

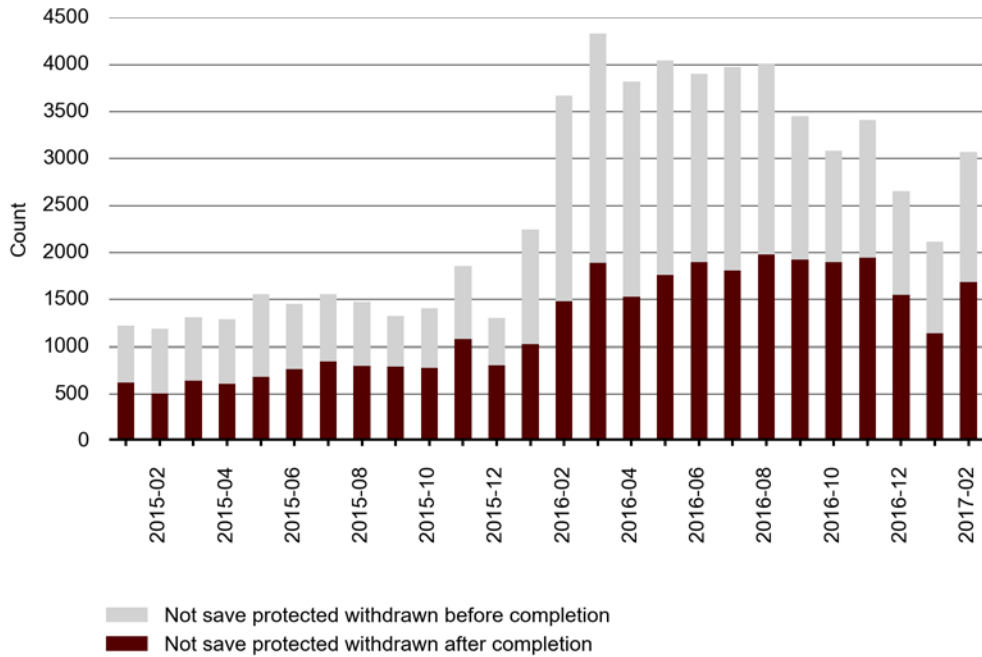
in February 2016. The monthly count of win-backs for the non-save protected retailers increased slightly in 2015, and then more than doubled in 2016 compared with 2015. Again, the increase in non-save protected retailer win-backs in February 2016 was likely due to Genesis’s exit from the scheme as shown in Figure 8.

Figure 11: Count of saves and win-backs for save protected retailers



7.18 Figure 11 shows monthly saves and win-backs for save protected retailers from the point when the scheme was implemented. Monthly saves and win-backs both increased until the end of July 2015, and then decreased from October 2015 onwards before dropping significantly from early 2016. During 2015 it seems that total switch reversals (saves plus win-backs) for save protected retailers increased—peaking at over 3,000 per month. Once Genesis exited the scheme total switch reversals for save protected retailers fell to under 500.

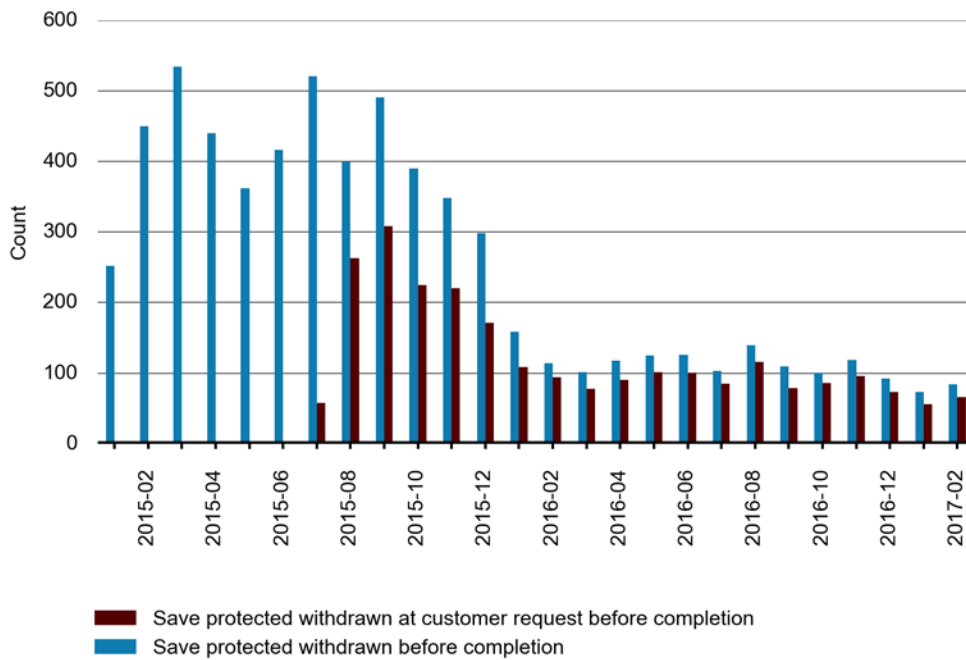
Figure 12: Count of saves and win-backs for non-save protected retailers



- 7.19 Figure 12 shows monthly saves and win-backs for non-save protected retailers from the point where the scheme was implemented. Monthly saves and win-backs both increased slightly in 2015, and then jumped dramatically in 2016. This was due to Genesis’s exit from the scheme from mid-January 2016.
- 7.20 The relative size of the bars indicating win-backs (withdrawn after completion) in Figure 11 and Figure 12 show that save protected retailers are relatively more likely to be subjected to a win-back than non-save protected retailers.

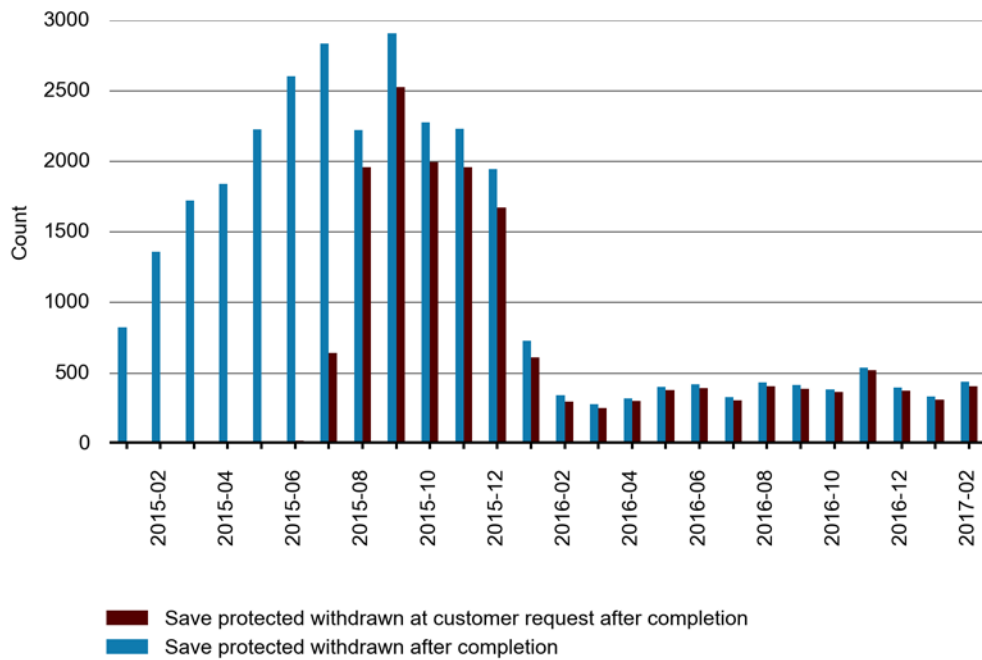
Most save protected switches that were withdrawn were customer requested

Figure 13: Save protected saves withdrawn at customer request



- 7.21 As set out above, since July 2015 retailers have used the CX withdrawal code when switches are cancelled at the customer’s request. The CE withdrawal code is used when switches are cancelled due to customer error. Retailers use the CX code for the majority of withdrawn switches—it accounts for 64 percent of total switches withdrawn since the code was introduced on 31 July 2015.
- 7.22 Figure 13 shows the monthly count of saves that were withdrawn at the customer’s request for save protected retailers compared to total monthly saves for save protected retailers. The CX code was used for more than half of the saves for save protected retailers in 2015 and more than 70 per cent in 2016. Figure 13 also shows the effect of Genesis’s exit from the scheme.

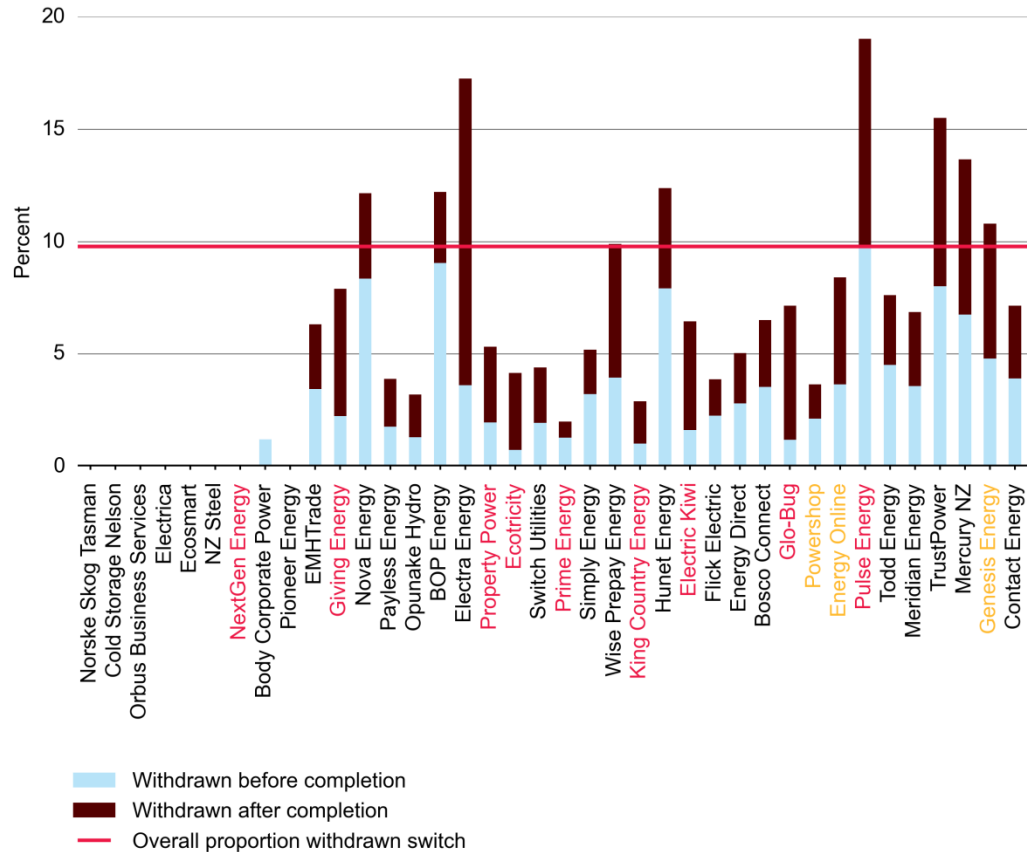
Figure 14: Save protected win-backs withdrawn at customer request



7.23 Figure 14 shows monthly win-backs where the CX withdrawal code was used for save protected retailers compared to total win-backs for save protected retailers. Win-backs due to customer request by save protected retailers were more than 80 per cent in 2015 and have been more than 90 per cent since March 2016. Again, this chart shows the effect of Genesis’s exit from the scheme in early 2016.

Save protection doesn't seem to affect the percentage of withdrawn switches

Figure 15: Switch withdrawals for all retailers



7.24 Figure 15 shows the percentage of saves and win-backs, and the overall proportion of withdrawn switches as a percentage of total switches by gaining retailer from 1 January 2013 to 28 February 2017. The retailers in red are in the scheme, and the retailers in yellow were in the scheme at one point. Pulse Energy—a save protected retailer—has the largest percentage of switches withdrawn regardless of whether by save or win-back.

7.25 Figure 15 indicates that the percentage of switches that are withdrawn is independent of whether or not a retailer is save protected. Pulse Energy Limited, for example, has the highest percentage and is save protected. The second, third, and fourth highest are not save protected. In contrast, there are a number of retailers that have low percentage withdrawals that are not save protected.

Switching speed increased after the save protection scheme commenced

Figure 16: Switching time before the save protection scheme commenced

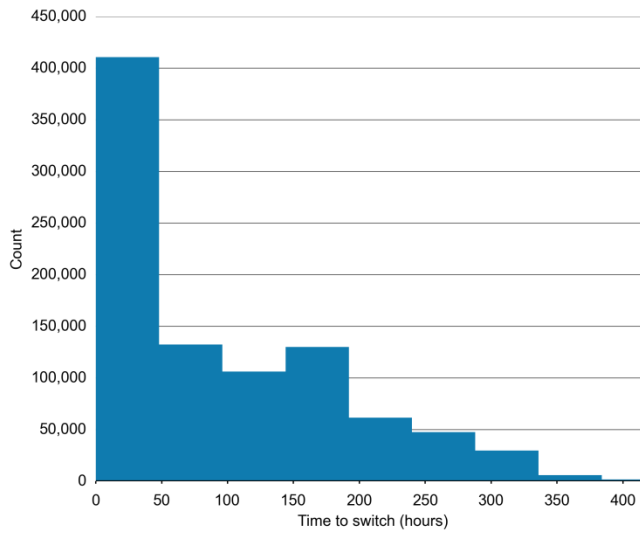
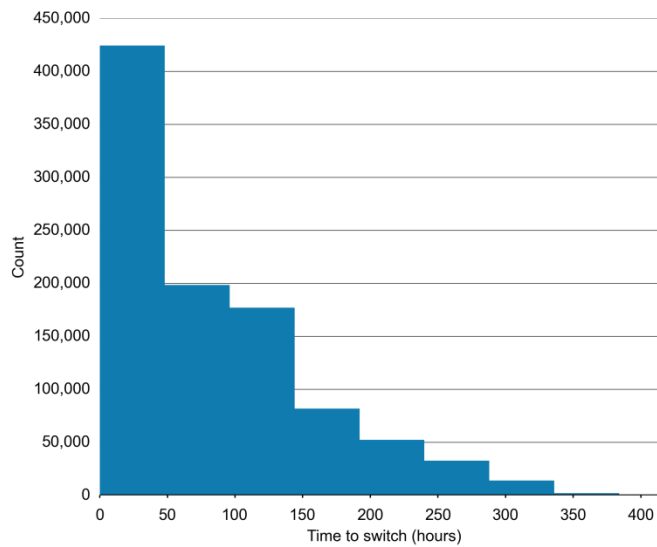


Figure 17: Switching time after the save protection scheme commenced



7.26 Figure 16 and Figure 17 show the switching time for each switch in hours before and after the scheme commenced. This time is the number of hours from when the switch

was initiated to when it was completed. The data time range is from 1 February 2013 to 11 January 2015 and from 12 February 2015 to 28 February 2017 respectively. This is to avoid any overlap of switches that were initiated before the scheme commenced, and completed after.

Table 2: Switching times before and after the scheme commenced

	before	after
mean hours	97	82
median hours	67	63

7.27 Table 2 shows the mean hours of switching and the median hours of switching before and after the scheme commenced. Both mean and median hours to switch after the scheme commenced are less than the mean and median hours before the scheme commenced suggesting that the scheme caused retailers to switch customers faster.

7.28 We used a two-sample t-test to test whether the switching times before and after the scheme commenced are statistically different. The p-value from the two sample t-test is 0, implying that the mean switching time before the scheme commenced is statistically different from the mean switching time after the scheme commenced—so the differences shown in Table 2 are statistically significant.

Table 3: Switching times for Genesis before the scheme, while it was in the scheme, and after it exited the scheme

	before	in the scheme	exit scheme
mean hours	117	89	108
median hours	126	69	94

7.29 Genesis was the largest retailer in the scheme. Table 3 shows the mean hours for switching and the median hours for switching for Genesis as a losing retailer before the scheme commenced, while it was in the scheme, and after it exited the scheme. Both Genesis' mean and median hours to switch while in the scheme are less than the mean and median hours before the scheme commenced. Genesis' mean and median hours to switch increased after it exited the scheme, although not to the levels that existed before the scheme was implemented. This data is consistent with the incentives that the scheme placed on Genesis—to switch quickly and win customers back while it was in the scheme.

7.30 The p-value from the two sample t-test—comparing the switching times for Genesis before the scheme with the switching time for Genesis when it was in the scheme—is 0. This implies that the mean switching time before the scheme commenced is statistically different from the mean switching time when Genesis was in the scheme. The same is true when we compare switching times when Genesis was in the scheme with switching times after it exited—the mean switching time when Genesis was in the scheme is statistically different from the mean switching time when Genesis exited the scheme.

Switches for save protected retailers survive almost exactly as long as switches for non-save protected retailers

- 7.31 For the data before the scheme commenced, we chose the date from 1 January 2013 to 11 November 2014 (the Code gives two months to withdraw a switch).⁷ We use this timeframe to avoid switches that started before the scheme commenced but withdrawn after the scheme commenced. We use 12 January 2015 to 28 February 2017 for the period after the scheme commenced.
- 7.32 We measure the withdrawal time as being the hours between when the switch was notified and the time the switch was withdrawn. When this time exceeds two months or 1344 hours, we ignore it in this switch survival analysis. We use hours as this is the easiest time to use given the data we have. And we approximate two months with 8 weeks or 1344 hours. We check the dropped data—where the switch withdrawal time is more than 1344 hours—to identify which switch withdrawal codes were used.

Figure 18: Percentage of withdrawal advisory codes



- 7.33 Figure 18 shows the percentage of withdrawal advisory codes for withdrawal time less than and equal to 1344 hours and withdrawal time greater than 1344 hours. The codes are explained in Appendix A. CR and CX are the main codes used when withdrawal time is less than or equal to 1344. WP and CR are the main codes used when withdrawal time is more than 1344.
- 7.34 While there are switch withdrawals being categorised as CE and CX after 1344 hours, we will use 1344 hours as a cut off for the following analysis. This is partly because we are interested in switches that are withdrawn soon after they are initiated rather than two months after, as the former were posited to affect competition in the decision paper. Further as shown in Figure 19 and Figure 20 below, there are relatively few switches withdrawn after 1344 hours.

⁷ There are switches that are withdrawn over longer time frames, but we have assumed that these are errors of some sort and ignore them.

Figure 19: Count of withdrawn switches within the first 5000 hours

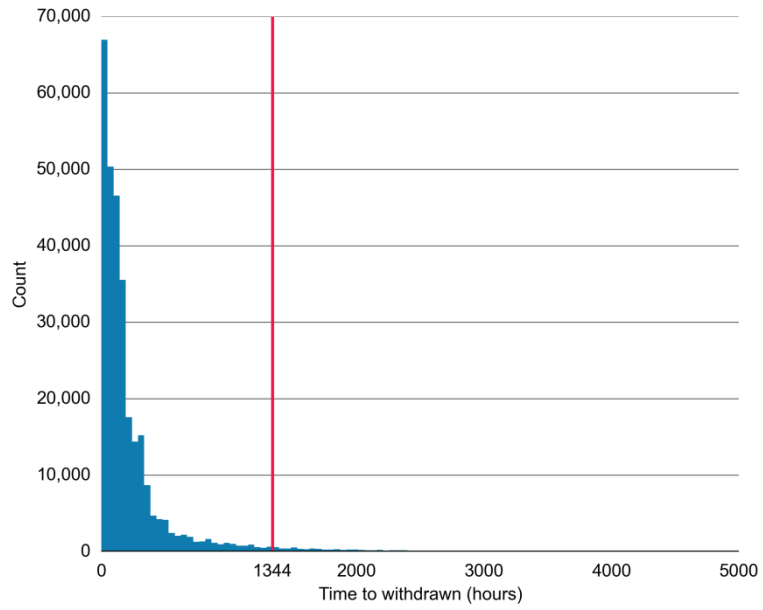
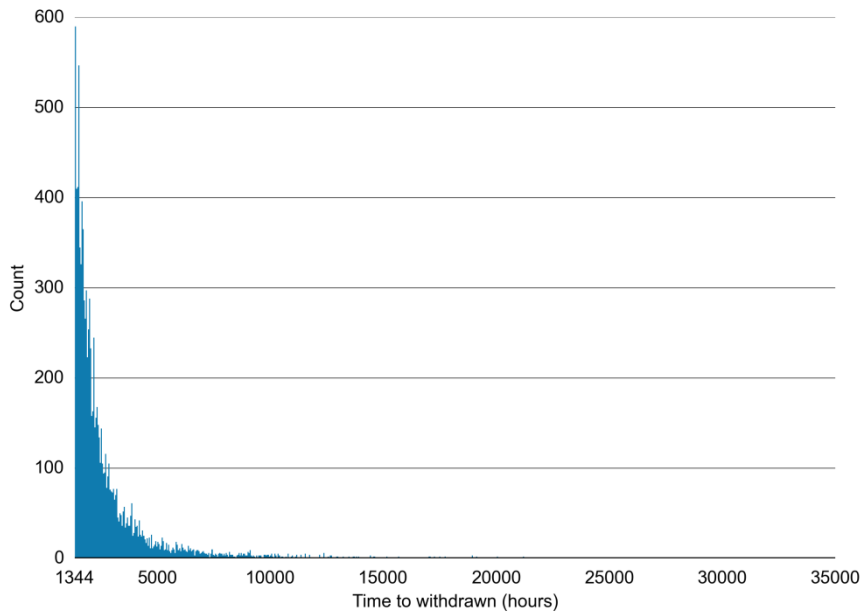


Figure 20: Count of withdrawn switches with withdrawal time greater than 1344 hours



7.35 Figure 19 and Figure 20 show the count of withdrawn switches when the withdrawal time is less than 5000 hours and the withdraw time is greater than 1344 hours respectively. Figure 19 shows that 75 percent of switch withdrawals happen within the first 265 hours. Comparing the two graphs, most withdrawals happen within 1344 hours. The count of withdrawals within 1344 hours is 289,898. The count of withdrawals when the withdrawal time is greater than 1344 hours—excluded from the analysis below—is 10,084. So over 96 per cent of switch withdrawals occur in the first 1344 hours. This means that the approach of dropping switch withdrawals longer than two months is unlikely to distort any results.

Figure 21: Probability of a switch not being withdrawn against time—before the scheme commenced—all switches

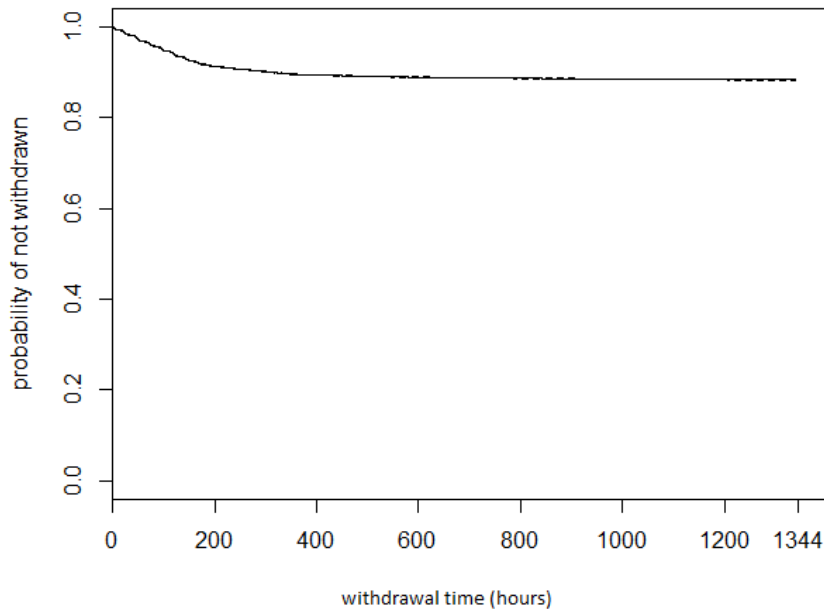
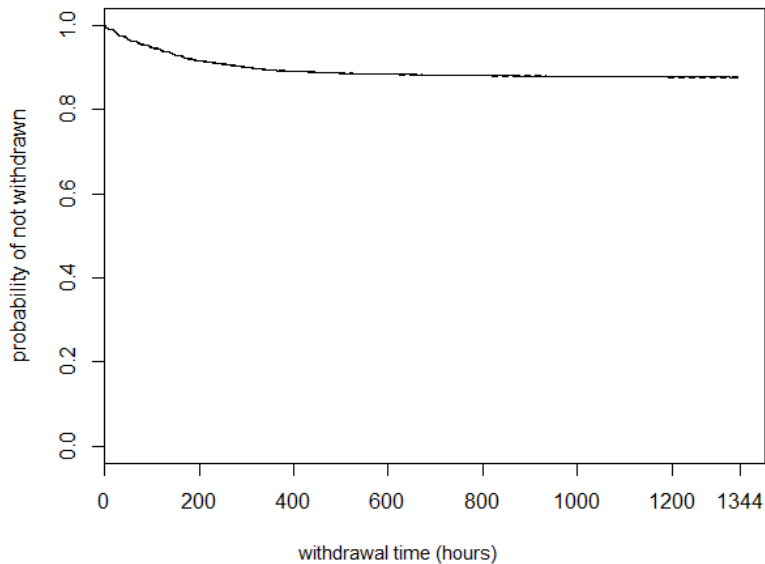


Figure 22: Probability of a switch not being withdrawn against time—after the scheme was implemented—all switches



7.36 Figure 21 and Figure 22 show the probability of switches surviving—not being withdrawn—against time in hours before and after the scheme commenced respectively. The charts represent a way of viewing the effect of the scheme in terms of making switches “survive” past the two months allowed for withdrawal.

- 7.37 The analysis has a finite time horizon because we are truncating the data at 1344 hours as set out above. The probability that the switch is not withdrawn up to this point we take as the probability that the switch “survives”. Figure 21 shows the probability of a switch surviving before the scheme commenced drops quickly within 200 hours, then flattens out until 1344 hours. There is about a 10 per cent probability of the switch being withdrawn in less than 200 hours and this stays steady to 1344 hours so at 1344 hours, the probability of survival is 90 per cent.
- 7.38 Figure 22 shows a similar shape to Figure 21. Figure 22 shows that after the scheme commenced, the probability of a switch surviving at 1344 hours is also 90 per cent. This suggests that the scheme made no difference to the probability of a switch surviving after two months.
- 7.39 To test whether there is a difference in switch survival time due to the scheme, we applied the Kaplan-Meier estimator to the data. In medical research, the Kaplan-Meier estimator is often used to measure the fraction of patients living for a certain amount of time after treatment. In other fields, Kaplan–Meier estimators may be used to measure the length of time people remain unemployed after a job loss, and the time-to-failure of machine parts. We use it to measure the fraction of switches that survive for 1344 hours after they are initiated.

Table 4: mean time from KM estimator before save protection

number of observations	events (withdrawn)	mean
1,080,000	251,000	362

* restricted mean with upper limit = 1344

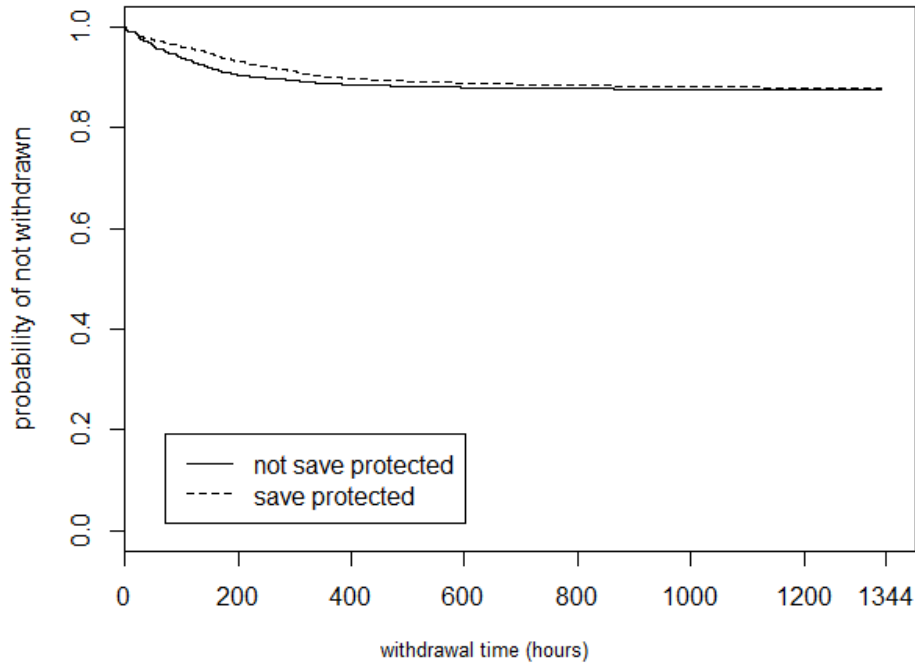
Table 5: mean time from KM estimator after save protection

number of observation	events (withdrawn)	mean
1,210,000	204,000	316

* restricted mean with upper limit = 1344

- 7.40 Table 4 and Table 5 show that, before the scheme commenced, the mean time to withdraw a switch was 362 hours, and 316 hours after the scheme commenced. This is consistent with the results in Table 2. Together with the fact that both before and after the scheme was introduced, a switch has a 90 per cent chance of surviving to 1344 hours, this means that while the shapes of Figure 21 and Figure 22 maybe slightly different, the lines end up in the same place.
- 7.41 Next, we analyse the difference between save protected retailers and non-save protected retailers using the same technique.

Figure 23: Probability of a switch surviving for save protected and non-save protected retailers against time



- 7.42 Figure 23 shows that the probability of a switch surviving is slightly higher for save protected retailers than for non-save protected retailers for the first 1344 hours—although it is difficult to imagine that this difference has any material effect on the retail market. This suggests switches for non-save protected retailers survive very slightly less time on average than those of save protected retailers. Both lines flatten out and are converging, meaning there is very little difference in the probability of a switch surviving between save protected and non-save protected retailers at the end of two months.
- 7.43 The probability of a switch surviving to the end of 1344 hours is 83.3 percent and 83.5 percent for non-save protected retailers and save protected retailers respectively. So while switches by save protected retailers are slightly more likely to survive at all points—and this difference is statistically significant—it is unlikely that there is any effect on the retail market.

Table 6: Mean survival times from KM estimator for save protected and non-save protected retailers

Retailer type	number of observation	events (withdrawn)	mean
save protected	461,112	113,304	389
non-save protected	671,023	169,326	271

* restricted mean with upper limit = 1344

- 7.45 Table 6 shows the mean time to withdraw for save protected retailers is 389 hours and for non-save protected retailer is 271 hours. This suggests that the switch withdrawal time for save protected retailers is longer than the switch withdrawal time for non-save protected retailers.
- 7.46 Table 6 also shows that the results shown in Table 5 are driven by non-save protected switches—so the reduction in survival time on average for all switches is due to a large reduction in survival time for non-save protected switches.
- 7.47 We conclude from this analysis that the scheme does not ultimately affect the chances of a switch surviving, because at the end of two months the probability of a switch surviving is virtually identical—Figure 21 and Figure 22 show this. The scheme may delay switch reversal, causing save protected switches to be slightly more likely to survive at any point on the line, but ultimately makes no difference—Figure 23 shows this. The slightly longer survival time may simply be an artefact of retailers having to go through an extra step—complete the switch—when a save protected retailer is involved before making a counter-offer and reversing the switch. Figure 16 and Figure 17 suggest that retailers have done this intermediate step—completing the switch—faster as a result of the scheme so that they can make their counter-offer. So while the switch is completed sooner, the extra step taken seems to have slowed down the process of switch reversal for save protected retailers—Table 6—by forcing retailers to complete switches and win-back customers rather than save them.

8 Assessment of the benefits of the scheme: approach and methodology

- 8.1 Our approach to post implementation reviews, in descending order of preference, is to:
- estimate the likely benefits and costs achieved and/or test whether key indicators that were directly expressed in the cost benefit analysis (CBA) have changed
 - measure changes in other indicators that are mentioned in the problem definition or policy objective.
- 8.2 Our approach is constrained by the availability and quality of data, as well as the environment and other market changes, which may make it too difficult to disentangle effects of this initiative versus other concurrent market changes or events.

8.3 Table 7 provides an overview of the predicted changes from the scheme⁸, the expected results, and an assessment of our ability to measure these.

Table 7: The anticipated benefits of the save protection scheme

Note	Measure	Direct assessment made in CBA?	Expected result	Ability to measure	Captured in this review
1	competition	N	Increase	Medium	Y
2	innovation	N	Increase	Indirectly through competition	Y
3	dynamic efficiency	N	Increase	Indirectly through competition	Y
4	undue barriers to the entry and expansion of independent retailers	N	Decrease	Indirectly through competition	Y
5	advantage conferred on the losing retailer by providing them with information in the switching process	N	Decrease	High: indirectly through switching data and process	Y
6	Acquisition, retention and win-back costs	N	Increase	Medium: via survey	Y

8.4 The Authority uses a structure, conduct, and performance framework to organise its assessment of competition in markets. We apply this framework below to assess (1) above.

8.5 Our view is that innovation, dynamic efficiency, and barriers to entry are not directly measurable. However, if any of these have moved in the direction indicated, then competition should improve. If a sector becomes more dynamically efficient it will improve the timing and quantity of the innovations it creates and deploys. In economics this will tend to reduce costs or create new markets. In retail electricity it is more likely to reduce costs and create the ability to service new markets. In either case the retail electricity sector should become more efficient as competition drives change. Likewise, if

⁸ Sourced from the Authority's consultation paper *Proposed Code amendment – Saves and early win-backs* available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/consultation/#c12826>

barriers to entry were lowered by the scheme we would expect to see an increase in competition and a consequent reduction in market concentration.

- 8.6 So we assess (2) to (4) above using the same structure, conduct, and performance framework as we use to assess (1).
- 8.7 Little was changed in the switching process as set out in section 9 above, and overall switch reversal numbers were steady in the long term as shown in Figure 6 above. In addition, the retail electricity market has been becoming more competitive through time since 2010—this is confirmed by survey results set out in section 11 below. So this suggests that discerning a change in competition that is attributable to the scheme will be difficult—and this proves to be the case as set out below.
- 8.8 We have conducted a survey of retailers and asked what changes have occurred to acquisition and retention costs since the scheme commenced. The results are set out in section 11 below.

9 The losing retailer is still informed about a switch through the switching process

- 9.1 The scheme was aimed at neutralising the advantage that the losing retailer had because it was notified that the customer was going to switch. The Authority's *Competition effects of saves and win-backs*⁹ paper states that:

The switching process provides the losing retailer with information belonging to the customer and the new retailer – i.e. that the customer intends to switch. This information is provided to enable the losing trader to process the switch, but it also gives the losing retailer the ability to respond by attempting to save the customer. In most other markets this opportunity does not arise, because the losing retailer is not notified until the supply relationship with the gaining retailer is established.

(Source: Competition effects of saves and win-backs)

- 9.2 The switch process was unchanged by the scheme with the exception of changing the codes that are used to categorise switching. The process is as follows:
- (a) A customer asks the gaining retailer to arrange for the customer to switch to that retailer.
 - (b) The gaining retailer considers whether it wants to acquire the customer.
 - (c) The gaining retailer reaches an agreement with the customer.
 - (d) Details such as metering are sorted out.
 - (e) The gaining retailer categorises the switch as a move in switch or a retailer switch.
 - (f) The gaining retailer creates the appropriate file—called an NT file—and sends it to the registry. From this point onwards the switch must be either completed or withdrawn.
 - (g) The losing retailer is notified at this point and can do one of:

⁹ Published on 21 October 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/development/decisions-and-reasons-published/>

- (i) note that the switch is in progress—no action from either retailer and the switch proceeds
 - (ii) complete the switch—the switch is completed at this point
 - (iii) note that the switch is to be withdrawn, enter the reason into the registry, and ensure compliance with the save protection scheme
 - (h) If the losing retailer has noted a switch withdrawal, the gaining retailer can either accept or not accept the withdrawal and at this point the switch is either completed or withdrawn.
- 9.3 This process—outlined graphically in Appendix B—shows that the losing retailer is still notified of the switch early in the process.

10 Analysis of retail competition shows no discernible change in pre-existing trends

Summary

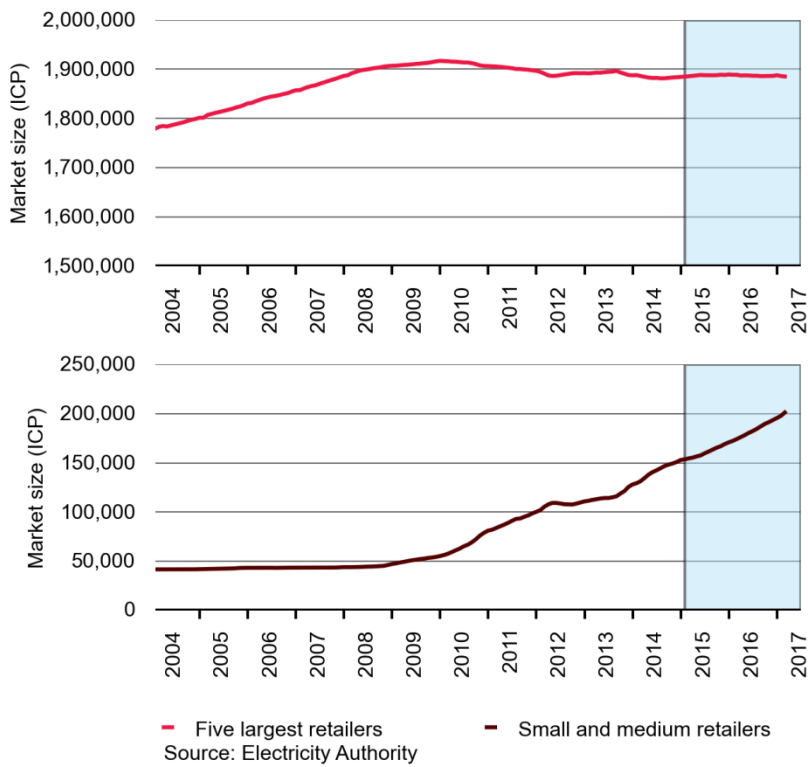
- 10.1 We conclude from the analysis below that the scheme has had no discernible effect on retail competition. Although indicators of competition suggest retail market competition is improving, and our survey results set out in section 11 below suggest that retailers perceive that retail market competition has increased, we do not attribute this to the scheme. This is consistent with section 9 above which shows that the switch process was unchanged by the scheme so we would not expect to see any dramatic effect on competition.

Structure

- 10.2 Structure refers to market size and concentration. We use the HHI and CRX¹⁰ to measure concentration. These measures are indicators of the degree of competition that exists in an industry as it is generally accepted that a less concentrated industry will be more competitive. We also look at the market sizes on incumbents versus smaller retailers, and recent market entry.

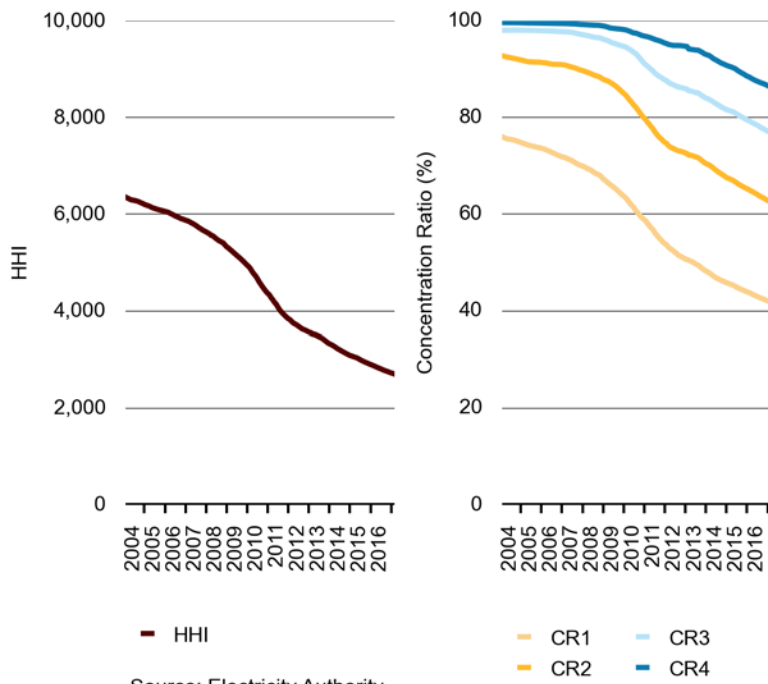
¹⁰ HHI is the sum of squares of the percentage market shares in a particular market—this calculation gives more weight to players with large market shares. CRX is the sum of the market shares for X players (for example, CR4 is the sum of market shares for 4 players). As New Zealand is split into regional markets, we calculate national figures using customer weighted averages of the regional HHIs and CRXs.

Figure 24: Large and small retailers



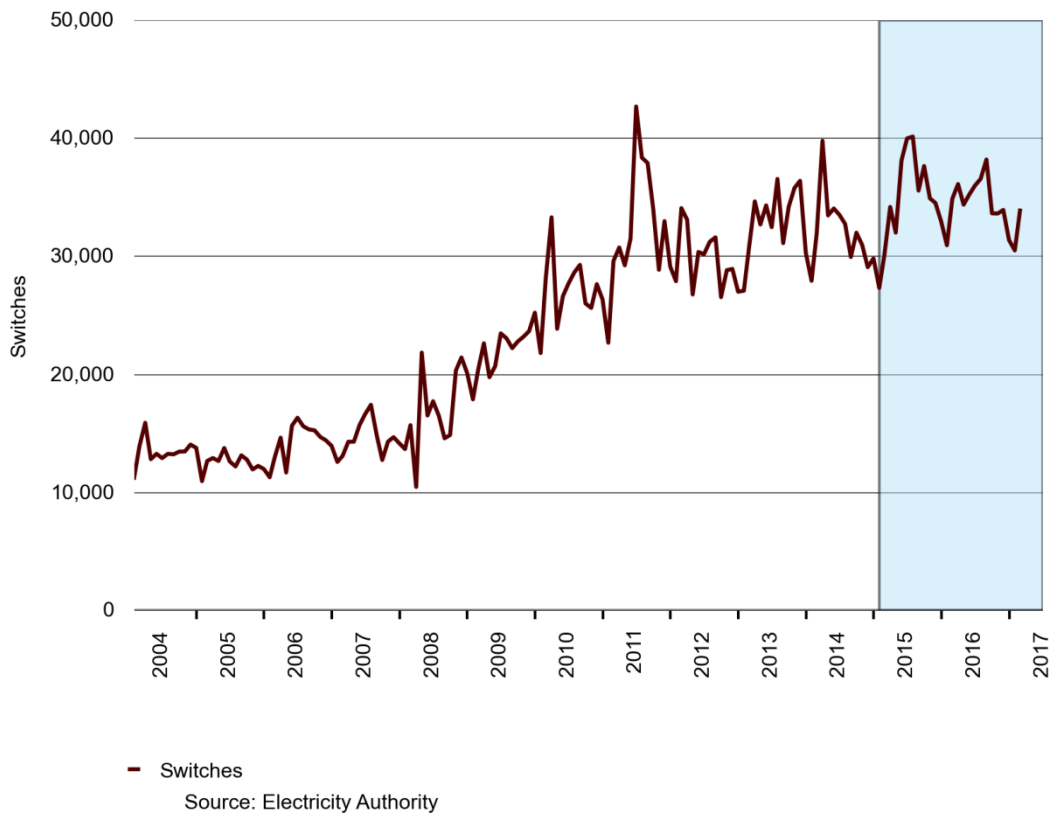
10.3 Figure 24 shows the market size for the five largest retailers, and all the other retailers, from 2004 to the end of February 2017. The lower chart shows that smaller retailers were growing before the scheme commenced, and that they continued to grow after it commenced.

Figure 25: HHI and CRX for the retail market (all sectors)



10.4 Figure 25 shows the national HHI and concentration ratios (CR) 1-4 for the residential market. From 2004 to February 2017, the HHI value decreased from a high of 6,200 in 2004 to 2,700 at the end of February 2017. This reduction in concentration is an indication of the increased competitiveness of the retail market. The charts do not show any dramatic movement either way from 2015 when the scheme commenced.

Figure 26: National switching



10.5 Figure 26 shows total national switching from 2014 to February 2017. Although this is a volatile series, we think that switching continued at about the same level after the scheme commenced.

Table 8: Consumer choice—the number of brands that consumers can choose

Rank	Regions	2015 Measure	Increase
1	Auckland	27	▲ 6
2	Wellington	23	▲ 3
3	Waikato	19	● 0
3	Manawatu-Wanganui	19	▲ 2
5	Bay of Plenty*	18	▲ 2
5	Canterbury	18	▲ 3
7	Taranaki	17	▲ 1
8	Otago	16	▲ 1
9	Northland	15	▲ 1
10	Hawke's Bay	14	● 0
11	Marlborough	13	▲ 2
11	Southland	13	● 0
13	Gisborne	12	● 0
14	Nelson	11	▲ 1
15	Tasman	10	▲ 1
15	West Coast	10	▲ 1
	North Island	30	▲ 7
	South Island	20	▲ 3
	New Zealand	31	▲ 7
Change Summary			
		Regions Decreased ▼	0
		No Change ●	4
		Regions Increased ▲	12
<p><i>Note: The consumer choice measure is a count of brands operating in the residential market segment on any network within the regional council boundaries. These retailers may not be operating on all networks in the regional council boundary. Retailers supplying three or less connections have not been counted in these results.</i></p> <p><i>*This savings figure excludes the Tauranga Energy Consumer Trust payment which is made to Trustpower customers.</i></p>			

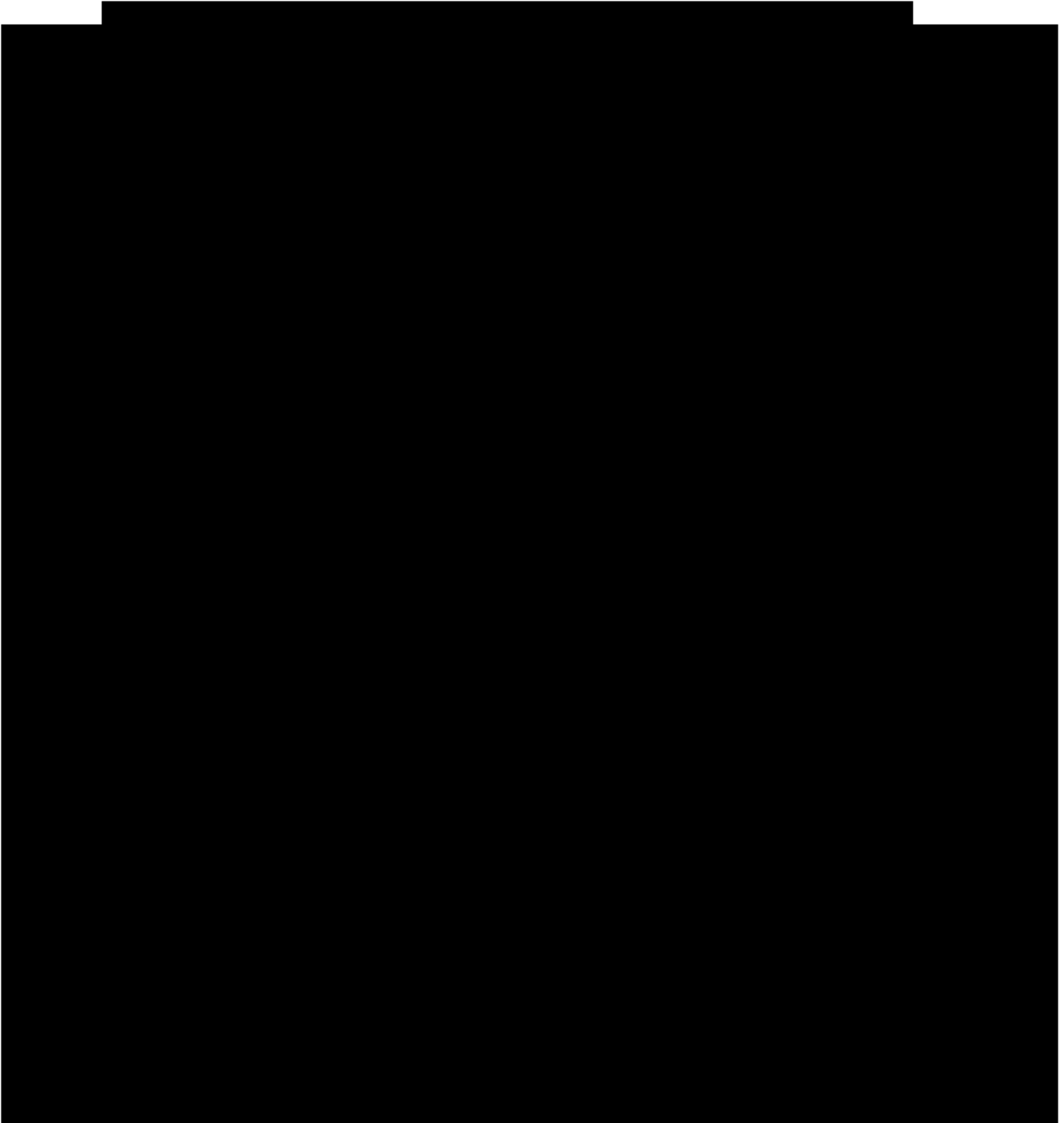
10.6 Table 8 shows that 12 out of 16 regions experienced an increase in retail brands for 2015. This is a continuation of a trend we have seen since the 2010 Ministerial review and is reflected in the fall in national concentration shown in Figure 25.

Conduct

10.7 Conduct refers to a retailer's behaviour. The Authority's consultation paper *Proposed Code amendment – saves and early win-backs*¹¹ posited an increase in marketing activity due to the scheme. In this section we look at advertising expenditure and approaches to customers, to see if there were any changes in this conduct.

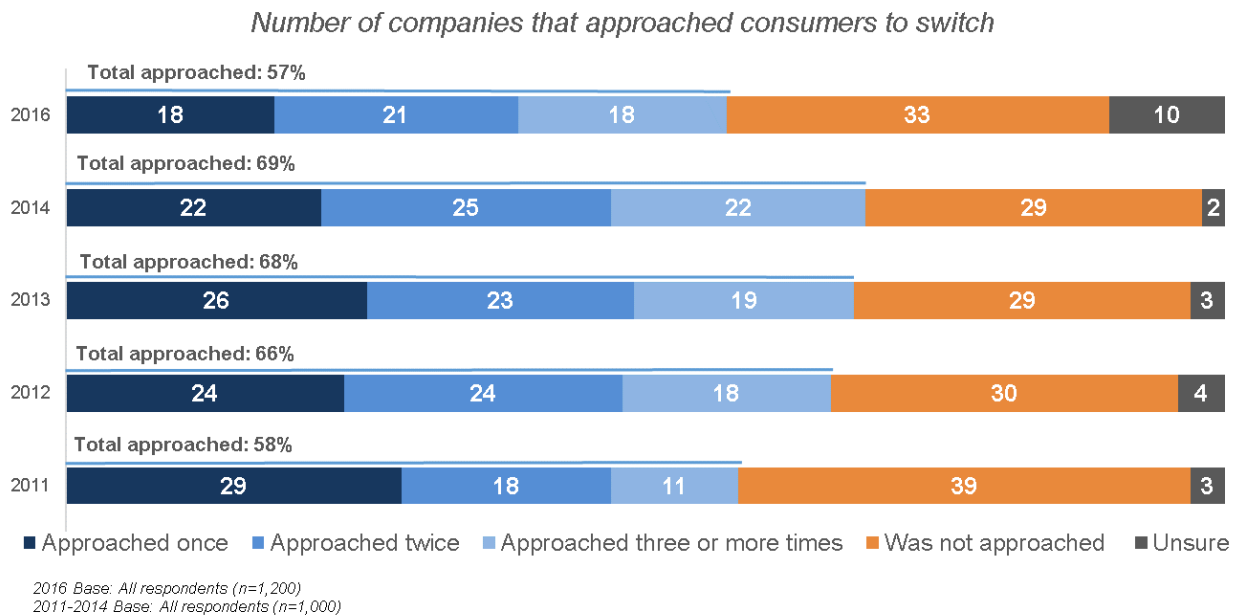
¹¹ Published 24 June 2014 and available here: <http://www.ea.govt.nz/about-us/what-we-do/our-history/archive/dev-archive/work-programmes/market-wholesale-and-retail-work/winbacks-and-saves/consultation/#c12826>

Figure 27: Advertising expenditure



10.11 We also surveyed consumers and asked how many times they had been approached to switch retailers.

Figure 28: Consumer survey results showing how often consumers are approached by retailers

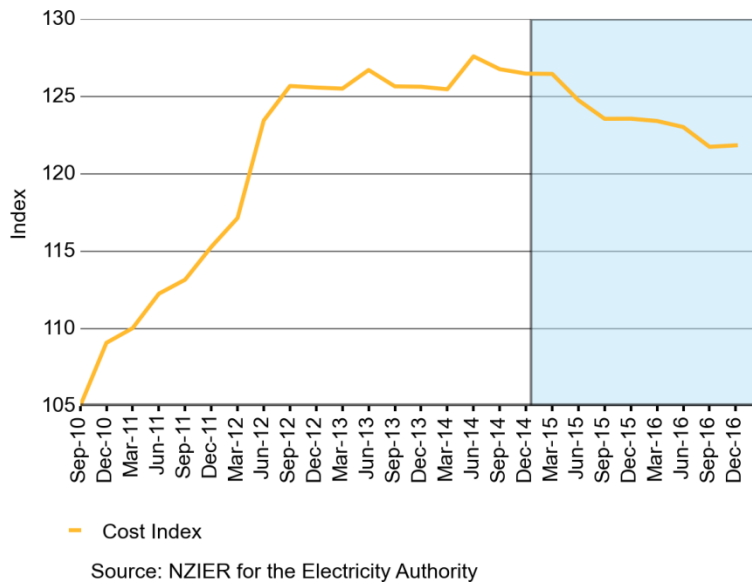


10.12 Figure 28 shows survey results from asking consumers how often retailers have approached them to switch retailers. It seems that approaches from retailers peaked in 2013 and 2014 and fell in 2016. Again it is difficult to discern what, if any, effect the scheme has had on approaches from retailers.

Performance

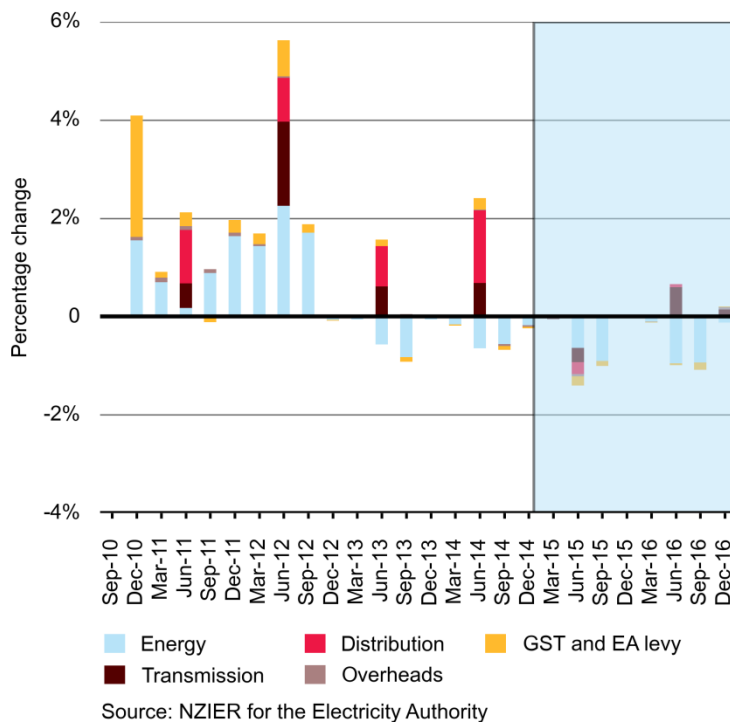
10.13 Performance in economics is about efficiency, static and dynamic. It is unlikely that we can measure a change in dynamic efficiency caused by any individual regulation so we monitor overall competition which should improve with dynamic efficiency. Static efficiency is price being close to cost, or moving closer to cost. The Authority measures cost using a cost index. This is calculated using data on energy, distribution, transmission and overhead cost, as well as GST and the Authority's levy. We have data on prices from two sources: the Ministry of Business, Innovation and Employment's (MBIE) Quarterly survey of domestic energy prices (QSDEP) and the electricity component of the consumer price index.

Figure 29: New Zealand Institute of Economic Research (NZIER) cost index for retail



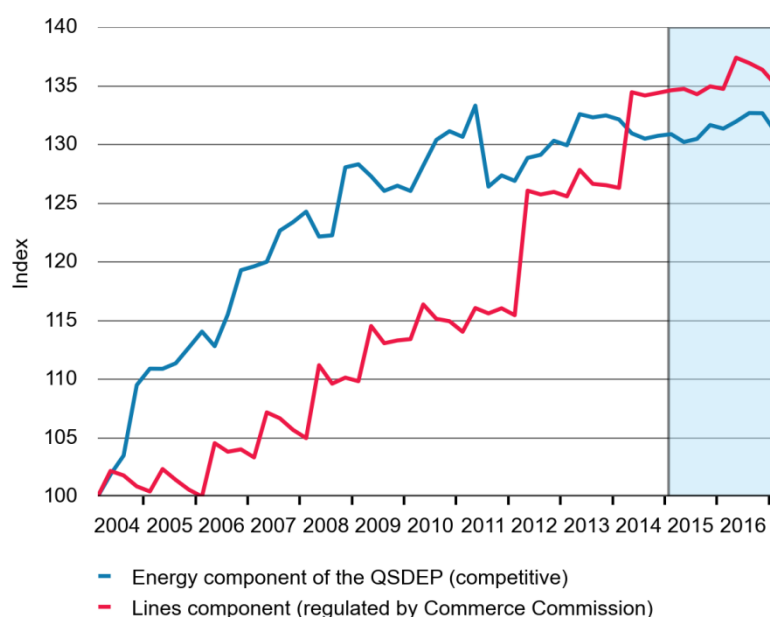
10.14 Figure 29 shows the index of costs for retail electricity businesses. It shows that costs have been falling since the scheme commenced.

Figure 30: Components of the cost index



10.15 Figure 30 shows the components of the cost index calculated by NZIER. It shows that transmission, distribution and energy are the main drivers of the cost index. The save protection decisions paper anticipated an increase in overhead costs. However, the overheads cost is such a small portion of overall costs in the index it would be difficult to detect a change using this tool. Since the scheme commenced, decreases in energy prices have driven costs down as shown in Figure 29.

Figure 31: The energy and lines components of the QSDEP indexed (real)



Source: MBIE

10.16 Figure 31 compares changes in the components that make up MBIE’s QSDEP price series until the end of the first quarter of 2017, after adjusting for inflation. The data is indexed so it shows the relative rate of change of the two components of the QSDEP. The chart shows how the energy component of the QSDEP has levelled off since 2012, and that lines charges have increased over the same period. The energy component of QSDEP increased slightly after the scheme commenced in January 2015. Most of the increase in the QSDEP has come from increases in transmission and distribution costs—collectively known as lines charges.

11 Survey respondents stated that acquisition, retention and win-back costs increased

11.1 We asked UMR Research Ltd (UMR) to survey retailers to determine whether the scheme had an impact on retail competition. Survey respondents stated that the scheme had little impact on retail competition. The respondents suggested that the main reason for this was the time that the switch was protected by the scheme is too short. This had the effect of not allowing new customers to experience the gaining retailer before the win-back process began.

11.2 Respondents suggested that competition was increasing due to other factors such as more new entrants or better deals rather than because of the scheme.

- 11.3 Twelve out of 20 respondents noted increases in acquisition costs since the scheme had been in place. Seven out of 20 respondents noted the acquisition costs stayed about the same. One respondent noted a decrease, but did not attribute the reduction in its acquisition costs to the scheme.
- 11.4 The respondents stated one of the reasons for the increase in acquisition costs was that win-backs from existing retailers had become more aggressive. Our analysis above shows that win-back activity increased when the scheme commenced as shown in Figure 5.
- 11.5 A few respondents suggested that the scheme had added administrative costs. The other reasons cited by the respondents for the increase in acquisition costs was increased competition from new entrants, and from all retailers offering better deals.
- 11.6 The respondents that had joined the scheme stated that they had hoped the scheme would provide protection especially for the small retailers and their customers. The respondents not in the scheme stated that the scheme has little benefit as it only provides limited protection.
- 11.7 Three respondents exited the scheme (Genesis, Energy Online, and Powershop). Two of them stated they exited because of additional constraints the scheme placed on them. One of these three respondents stated the scheme had made no difference to their acquisition results.
- 11.8 These survey conclusions are consistent with our findings—the scheme has had little impact on retail competition. The full UMR report is attached as Appendix C.

12 The Code is not being enforced

- 12.1 The scheme was the subject of a Code breach allegation. The breach allegation was not upheld because:

The breach had no impact. The investigator considers breaches of this provision have little impact. The telephone call that Bosco made would have complied with the Code had it been made two days later (the day after the event date).¹²

- 12.2 This statement by the investigator encapsulates the findings of this review: that the scheme may have changed the timing of approaches to save protected consumers, but overall has had no effect.

13 Conclusion and recommendation

- 13.1 Overall we conclude that the scheme increased switching speeds, allowing participants to win-back customers and largely negating any impact of the scheme. Ultimately, save protected switches were no more likely to survive than non-save protected switches. We can see no effect of the scheme on competition—which has continued a long-term trend of increased intensity. Survey results suggest that acquisition costs have increased, and that the scheme has been largely ineffective.
- 13.2 Importantly, the problem of the losing retailer being notified that their customer is about to leave has not changed—see section 9 above. What has happened is that actions by losing retailers that had previously constituted a save, were modified to produce a win-back.

¹² Investigator's report on an alleged breach of clause 11.15AB(4) by Bosco Connect Limited on 9 September 2015

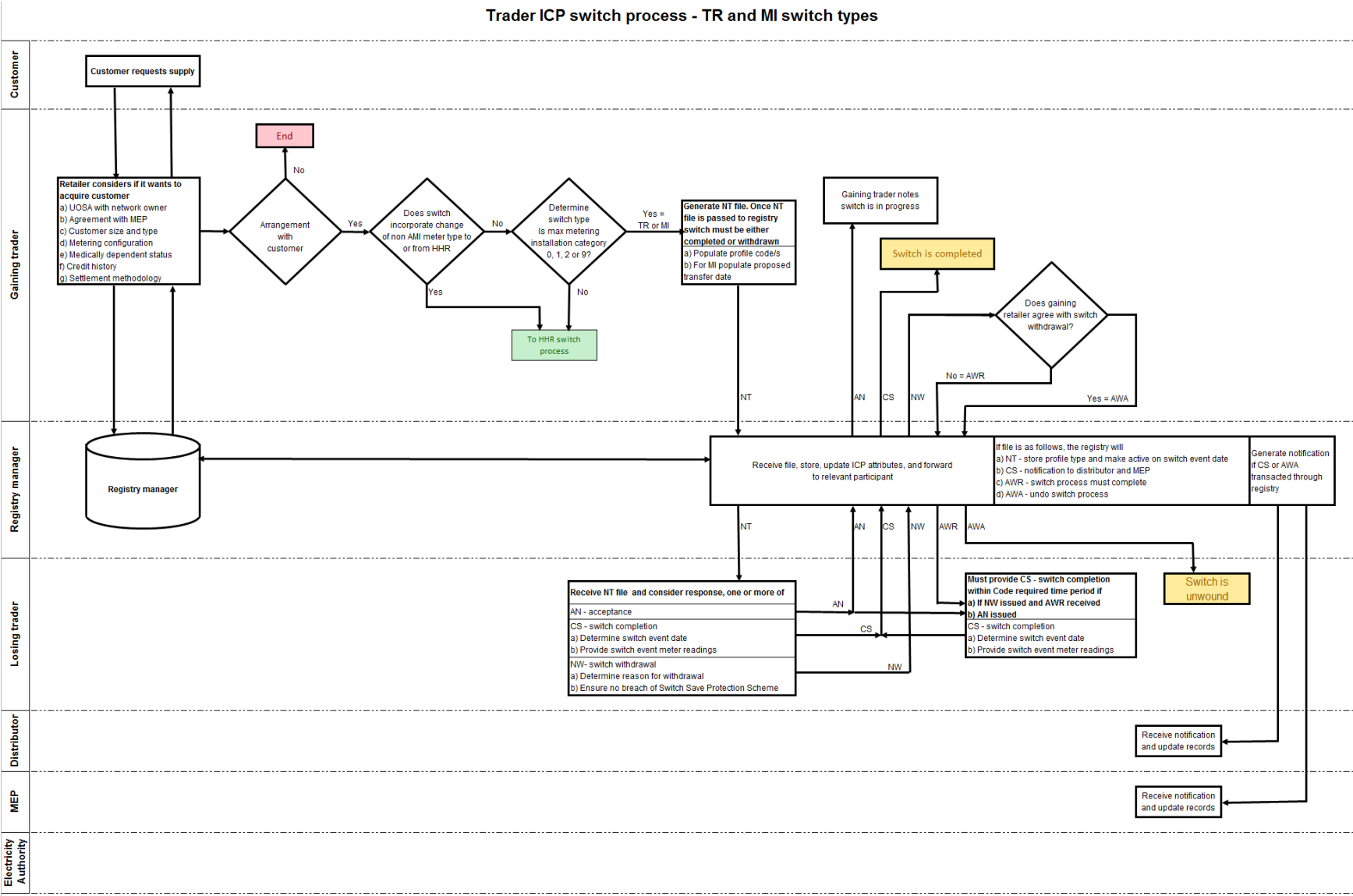
- 13.3 Since customers still receive an inducement offer to switch back to the losing retailer after having agreed to switch to the gaining retailer, there was no material change to the dynamics of customer retention. This is reflected in a lack of evidence of an impact to retail market competition—see section 8.
- 13.4 As retailers can substitute between saves and win-backs relatively easily, we consider that saves and win-backs need to be considered in total rather than separately in any future development of this scheme.
- 13.5 During our review of the scheme we have come to the view that notification of an impending switch, in itself, may not be a material advantage. This is because the losing retailer will rely on other information to successfully retain a customer that is about to, or has already switched, including such attributes as:
- (a) the credit history of the customer
 - (b) the consumption of the customer, including its load shape and overall quantity
 - (c) how long the customer has been with it
 - (d) how costly the customer is such as how often they call the call centre etc.
- 13.6 We consider that these attributes allow the losing retailer to decide on whether to try to win the customer back, and if so, how generous an offer to make. While this asymmetric information was not considered in the design of the scheme, the fact that retailers are able to substitute saves for win-backs means that in practical terms the advantage conferred on the losing retailer as a result of the switching process remains. As a result, further measures are required to improve the effectiveness of the scheme.
- 13.7 We recommend that the scheme be reviewed, and consideration be given to options that would put both retailers on a similar information footing if the losing retailer attempts a win-back. For example, the losing retailer could be required to provide the consumer with relevant information (such as the attributes listed above) before it attempts a win-back. The consumer could then choose to share this information with the gaining retailer. This potential option would avoid the problem of a “cooling off” period for switches, as this effectively denies consumers access to what may be a better offer.
- 13.8 The asymmetric information could mean that losing retailers only win back those customers that are at the higher end of the value spectrum leaving gaining retailers with a lower quality customer base. In the long run this could mean that entrant retailers are less viable and this in turn could undermine competition in the retail market.
- 13.9 Further analysis of how the scheme affected smaller entrant retailers could also help inform the regulatory design.

Appendix A NW withdrawal advisory codes

Code	Description	Explanation of use
CR	Customer requests cancellation	Customer has changed their mind and wishes to cancel.
IN	Invalid ICP status	Site is in the process of being decommissioned.
UA	Unauthorised switch	Account holder did not authorise switch request.
WS	Wrong switch type	Switch notification received is being withdrawn.
MI	Withdrawn on metering issue	Gaining trader requests withdrawal because of metering issue.
WP	Wrong premises	The wrong premises have or are being switched (due to the trader's error).
DF	Date failed	Requested transfer ate greater than 10 business days in the future.
WR	Losing trader not current Trader	Withdrawn, as the losing trader is not the current trader for the ICP. ICP has been switched to another trader and the registry has not been updated to reflect that switch.
MG	Temporary withdrawal code	Used only during transition to indicate that the switch was withdrawn due to transition requirements.
CE	Customer error	Customer cancels the switch because the original switch request was an error (e.g. customer provides incorrect information).
CX	Customer cancellation	Customer cancels the switch for a reason other than that in CE (e.g. the customer changes its mind)
TD	Trader default	Switch withdrawn as trader is in a trader default situation. Reserved for system use.

Appendix B The switch process

Trader ICP switch process - TR and MI switch types



Appendix C UMR Save protection scheme