

Electricity Authority

Spot price plan – business customer survey
Quantitative top-line tables

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Objectives and method

1.1 Background and objectives

The Electricity Authority (the Authority) is an independent Crown entity responsible for the efficient operation of the New Zealand electricity market. The Authority is the electricity market regulator - regulating the electricity market by developing and setting the market rules, enforcing and administering them and monitoring the market's performance.

The Authority promotes competition in, reliable supply by, and the efficient operation of, the New Zealand electricity industry for the long-term benefit of consumers.

There is a growing segment of electricity consumers on spot based electricity plans.

The Authority commissioned market research to explore and measure understanding, knowledge and attitudes towards the spot based product offering among residential and business consumers.

1.2 Method

The key objective of the research was to explore and measure understanding, knowledge and attitudes towards the spot based product offering across business consumers.

The results in this report are based on responses to an online survey of n=27 business customers. Fieldwork was conducted from 29th August – 3rd November.

Margin of error for a 50% figure at the 95% confidence level for a sample size of 27 is plus or minus 18.2%.

For the residential results the margin of error for a 50% figure at the 95% confidence level for a sample size of 523 is plus or minus 4%.

Due to rounding, some tables may not add to 100%.

Note: This report is based on small sample sizes.

Tables

2.1 Awareness of risk

KNOWLEDGE OF HOW PRICE PAID FOR ELECTRICITY IS DETERMINED

On a scale of 1 to 5, where 1 means fully informed and 5 means not informed at all - how well informed is your business about how the price you pay for electricity is determined? / On a scale of 1 to 5, where 1 means fully informed and 5 means not informed at all - how well informed are you about how the price you pay for electricity is determined?

	Business customers All %	Business customers Count N=	Residential customers All %	Residential customers Count N=
Base n=	27	27	523	523
1 - Fully informed				
2				
Total informed				
3				
4				
5 - Not informed at all				
Total not informed				
Unsure				

Base: All respondents

ADDITIONAL RISK OF SPOT PRICE PLANS COMPARED TO PREVIOUS PLAN

Compared to the previous plan for your business, do you think there is additional risk to being on a spot price plan? / Compared to your previous plan do you think there is additional risk to being on a spot price plan?

	Business customers All %	Business customers Count N=	Residential customers All %	Residential customers Count N=
Base n=	27	27	523	523
Yes				
No				
Unsure				

Base: All respondents

2.2 Benefits of spot

MAIN BENEFIT OF BUSINESS BEING ON A SPOT PRICE PLAN

What do you see as the main benefit of your business being on a spot price plan?/ What do you see as the main benefit of being on a spot price plan?

	Business customers All %	Business customers Count N=	Residential customers All %	Residential customers Count N=
Base n=	27	27	523	523
Cheaper power bill/ Saving money				
Control and choice over power consumption - Can shift demand to off-peak to save money				
Transparency of costs/ Honest/ Knowing costs				
More informed about usage/ Ability to track usage				
Not locked into a contract				
Fairer				
Can't see benefit/ Seems about the same				
Environmentally friendly - shift usage to clean energy, use less when CO2 emissions are high, more conscious consumption				
Other				
Unsure				

Base: All respondents

Note: Multiple response question

2.3 Quantification of risk

FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES – COMBINED MENTIONS [BUSINESS CUSTOMERS]

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Hydro lake levels/ Dam levels		
Weather/ Seasonal impact		
Demand		
Unforeseen events/ Power outages/ Lines failures/ Network fault		
Supply		
Type of power generation and associated cost/ Price of oil/ Price of fossil fuels		
Line charge changes/ Distribution costs		
Maintenance/ Infrastructure upgrades		
Peak times/ The time of day electricity is used		
Market manipulation/ Greed		
Wholesale price changes		
Tiwai Point Aluminium Smelter		
Tax		
Unsure		

Base: All respondents (n=27)

Note: Multiple response question

FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES – MOST INFLUENTIAL FACTOR [BUSINESS CUSTOMERS]

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Supply		
Demand		
Weather/ Seasonal impact		
Unforeseen events/ Power outages/ Lines failures/ Network fault		
Hydro lake levels/ Dam levels		
Line charge changes/ Distribution costs		
Type of power generation and associated cost/ Price of oil/ Price of fossil fuels		
Tiwai Point Aluminium Smelter		
Peak times/ The time of day electricity is used		
Market manipulation/ Greed		
Unsure		

Base: All respondents (n=27)

FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES – SECOND MOST INFLUENTIAL FACTOR [BUSINESS CUSTOMERS]

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Hydro lake levels/ Dam levels		
Maintenance/ Infrastructure upgrades		
Supply		
Weather/ Seasonal impact		
Market manipulation/ Greed		
Type of power generation and associated cost/ Price of oil/ Price of fossil fuels		
Unforeseen events/ Power outages/ Lines failures/ Network fault		
Wholesale price changes		
Peak times/ The time of day electricity is used		

Base: Respondents who mentioned two or more factors (n=23)

FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES – THIRD MOST INFLUENTIAL FACTOR [BUSINESS CUSTOMERS]

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Hydro lake levels/ Dam levels		
Demand		
Type of power generation and associated cost/ Price of oil/ Price of fossil fuels		
Weather/ Seasonal impact		
Supply		
Peak times/ The time of day electricity is used		
Market manipulation/ Greed		
Line charge changes/ Distribution costs		
Wholesale price changes		

Base: Respondents who mentioned three or more factors (n=19)

**FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES –
FOURTH MOST INFLUENTIAL FACTOR [BUSINESS CUSTOMERS]**

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Hydro lake levels/ Dam levels		
Unforeseen events/ Power outages/ Lines failures/ Network fault		
Demand		
Supply		
Weather/ Seasonal impact		
Wholesale price changes		
Tax		

Base: Respondents who mentioned four or more factors (n=13)

**FACTORS THAT MIGHT CAUSE ELECTRICITY PRICE INCREASES OR DECREASES –
FIFTH MOST INFLUENTIAL FACTOR [BUSINESS CUSTOMERS]**

As far as you are aware, what factors might cause the price your business pays for electricity to either increase or decrease?

	All %	Count N=
Weather/ Seasonal impact		
Unforeseen events/ Power outages/ Lines failures/ Network fault		
Line charge changes/ Distribution costs		
Demand		
Peak times/ The time of day electricity is used		
Maintenance/ Infrastructure upgrades		

Base: Respondents who mentioned five factors (n=9)

PERCENTAGE INCREASE IN BILL IN EVENT OF A SOUTH ISLAND DROUGHT

Events such as South Island droughts can cause electricity prices to increase for a number of months. In such a situation, how much higher percent do you think your businesses electricity bill could go per month? Please record how much higher your bill could go as a percentage

	All %	Count N=
Less than 20%		
20%-29%		
30%-49%		
Over 50%		
Unsure		

Base: All respondents (n=27)

LIKELIHOOD OF PRICES BEING THREE TIMES HIGHER THAN AVERAGE FOR THREE MONTHS

Thinking about how likely it is for prices to be 3 times higher than average for 3 months – once in how many years do you think this is likely to happen?

	All %	Count N=
Every year		
1 in 3 years		
1 in 5 years		
1 in 10 years		
1 in 15 years		
1 in 20 years		
1 in 50 years		
1 in 100 years		
Never		
Unsure		

Base: All respondents (n=27)

AWARENESS OF PERIODS OF ABNORMALLY HIGH SPOT PRICES

In early June 2016 there were two trading periods with abnormally high spot prices. Were you aware of this?

	All %	Count N=
Yes		
No		

Base: All respondents (n=27)

IMPACT OF ABNORMALLY HIGH SPOT PRICES ON BILL

Did the abnormally high spot prices materially affect the size of your electricity bill?

	All %	Count N=
Yes		
No		

Base: Respondents who were aware of abnormally high spot prices in June 2016 (n=19)

FREQUENCY OF PRICE SPIKE CAUSED BY AN OUTAGE

How often do you think such a price spike caused by an outage could occur?

	All %	Count N=
Once a month		
Once a quarter		
Once every six months		
Once a year		
Once every couple of years		
Other		
Unsure		

Base: All respondents (n=27)

2.4 Monitoring the spot price

MONITOR PRICE PAID FOR ELECTRICITY

<i>Does your business monitor the spot price?/ Do you monitor the price you pay for electricity?</i>				
	Business customers All %	Business customers Count N=	Residential customers All %	Residential customers Count N=
Base n=	27	27	523	523
Yes				
No				
Unsure				

Base: All respondents

FREQUENCY OF MONITORING PRICE PAID FOR ELECTRICITY

<i>And how often does your business monitor the spot price?/ And how often do you monitor the price you pay – around about...?</i>				
	Business customers All %	Business customers Count N=	Residential customers All %	Residential customers Count N=
Base n=				
Constantly				
Every half hour				
Every hour				
Every couple of hours				
Every half day				
Every day				
Every couple of days				
Every week				
Every fortnight				
Every month				
Other				

Base: Respondents who monitor the price their business pays/ Respondents who monitor the price their household pays

WAYS OF MONITORING THE SPOT PRICE

Does your business monitor the spot price in any of the following ways?

	All %	Count N=
Notice from retailer		
5-minute real time prices		
Phone		
Pre-dispatch prices (PRS—the price responsive schedule)		
Newsletter		
None of the above		

Base: Respondents who monitor the price their business pays (n=)

Note: Multiple response question

MONTHLY BILL

Approximately how much was your latest monthly bill?

	All %	Count N=
Less than \$500		
\$500- \$4,999		
\$5,000 - \$19,999		
\$20,000- \$99,999		
Over \$100,000		

Base: All respondents (n=27)

NOTICE OF HIGH SPOT PRICES

If spot prices were 100 times higher than average – how much notice would you expect to receive?

	All %	Count N=
Advanced notice of 24 hours		
Advanced notice of 18 hours		
Advanced notice of 12 hours		
Advanced notice of 6 hours		
Instantly (as soon as the price rises)		
Within 60 minutes of high prices occurring		
Within 1-6 hours of high prices occurring		
Within 6-12 hours		
12 hours or longer		
When you received your weekly bill		
No notice		

Base: All respondents (n=27)

2.5 Responding to the spot price

PLAN TO RESPOND TO SPOT PRICE

Does your business have a plan to respond to high spot prices?

	All %	Count N=
Yes		
No		
Unsure		

Base: All respondents (n=27)

TYPES OF EVENTS OR WORST CASE SCENARIOS SPECIFIED IN PLAN

What are the types of events or worst case scenario(s) that are specified in your plan?

Verbatim comment	n=

Base: Respondents whose business has a plan for responding to high spot prices

ACTIONS TAKEN TO RESPOND TO HIGH SPOT PRICES

You noted that your business has a plan to respond to high spot prices - what key actions does your business take?

Verbatim comment

n= [REDACTED]



Base: Respondents whose business has a plan for responding to high spot prices

2.6 Demographics

DEMOGRAPHICS		
	All %	Count (n=)
Which of the following describes the industry your business is in?		
Manufacturing		
Agriculture, Forestry and Fishing		
Information, Media and Telecommunications		
Electricity, Gas, Water and Waste Services		
Retail Trade		
Accommodation and Food Services		
Transport, Postal and Warehousing		
Financial and Insurance Services		
Rental, Hiring, and Real Estate Services		
Professional, Scientific and Technical Services		
Other Services		
How many people are employed by your business, including yourself?		
Self-employed (Sole operator/work by myself)		
1-5		
6-9		
10-19		
20-49		
50-99		
100 or more		
Which of the following regions best describes where you are answering the survey from?		
Auckland Region		
Canterbury Region		
Wellington Region		
Bay of Plenty Region		
Taranaki Region		
Tasman/Nelson Region		
Waikato Region		
Manawatu-Whanganui Region		
Otago Region		
Network (From Electricity provider)		
VECT		
CKHK		
ORON		
POCO		
NELS		
MPOW		
HAWK		
WAIK		
ALPE		
Multiple networks		

Base: All respondents (n=27)

DEMOGRAPHICS (CONTINUED)

	All %	Count N=
Retailer		
Flick		
Meridian Energy		
Mercury		
Genesis Energy		
Contact Energy		

Base: All respondents (n=27)