

# Electricity Authority

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

August 2016



Released under the Official Information Act

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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 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 consumers.

The results in this report are based on responses to an online survey of n=581 Flick customers. Fieldwork was conducted from 14th – 24th July.

Margin of error for a 50% figure at the 95% confidence level for a sample size of 581 is plus or minus 4%.

Weighting has been used to ensure an accurate representation of Flick's customer database, based on age, gender and network.

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

# Tables

## 2.1 Information collection

### SPOT PRICE PLAN

*As you may be aware the spot price is the price retailers pay when they buy electricity from the wholesale market. Some retailers now offer spot price plans, which means that what you pay for your electricity will vary depending on the spot prices. Spot prices change every half-hour, so you would be charged variable rates. Are you currently on a spot price plan?*

	All %
<b>Base n=</b>	581
Yes	
No	
Unsure	

Base: All respondents

### HISTORY OF SPOT PRICE PLAN

*Have you ever been on a spot price plan?*

	All %
<b>Base n=</b>	
Yes	
No	
Unsure	

Base: Respondents not on spot price plans

## 2.2 Awareness of risk

### KNOWLEDGE OF SPOT PRICE PLANS

On a scale of 1 to 5, where 1 means fully informed and 5 means not informed at all - how well informed do you think you are about spot prices?

	All %
<b>Base n=</b>	523
1 - Fully informed	
2	
<b>Total informed</b>	
3	
4	
5 - Not informed at all	
<b>Total not informed</b>	
Unsure	

Base: Respondents who said they are on spot price plans

### CONSIDERED THE RISKS OF SPOT PRICE PLANS

Have you previously thought about the price risks of being on a spot price plan?

	All %
<b>Base n=</b>	523
Yes	
No	
Unsure	

Base: Respondents who said they are on spot price plans

### ADDITIONAL RISK OF SPOT PRICE PLANS COMPARED TO PREVIOUS PLAN

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

	All %
<b>Base n=</b>	523
Yes	
No	
Unsure	

Base: Respondents who said they are on spot price plans

**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 are you about how the price you pay for electricity is determined?*

	All %
<b>Base n=</b>	<b>523</b>
1 - Fully informed	
2	
<b>Total informed</b>	
<b>3</b>	
4	
5 - Not informed at all	
<b>Total not informed</b>	
Unsure	

Base: Respondents who said they are on spot price plans

**MONITOR PRICE PAID FOR ELECTRICITY**

*Do you monitor the price you pay for electricity?*

	All %
<b>Base n=</b>	<b>523</b>
Yes	
No	

Base: Respondents who said they are on spot price plans

**FREQUENCY OF MONITORING PRICE PAID FOR ELECTRICITY**

*And how often do you monitor the price you pay – around about...?*

	All %
<b>Base n=</b>	
Every half hour	
Every hour	
Every couple of hours	
Every half day	
Every day	
Every couple of days	
Every week	
Every month	
Other	

Base: Respondents on spot price plans who monitor the price they pay

**AWARENESS OF FACTORS THAT MIGHT CAUSE A PRICE INCREASE**

*Are you aware of the following factors that might cause an increase in the price you pay for electricity?*

	All %
<b>Base n=</b>	<b>523</b>
Unexpectedly high demand	
Lack of rain and low hydro lakes	
A generator or lines outage	
Other	
Unsure	

Base: Respondents who said they are on spot price plans

Note: Multiple response question

**CURRENT WEEKLY ELECTRICITY BILL**

*About how much is your current weekly electricity bill?*

	All %
<b>Base n=</b>	<b>523</b>
Less than \$20 a week	
Between \$20 up to \$30 a week	
Between \$31 up to \$40 a week	
Between \$41 up to \$50 a week	
More than \$50 a week	

Base: Respondents who said they are on spot price plans

## 2.3 Quantification of risk

### IMPACT OF A DAILY PRICE SPIKE ON WEEKLY ELECTRICITY BILL

*In a worst case scenario involving a daily price spike - how much do you think your electricity bill could increase?*

	All %
<b>Base n=</b>	<b>523</b>
Up to \$25 a week	
Between \$25 up to \$50 a week	
Between \$50 up to \$75 a week	
Between \$75 up to \$100 a week	
More than \$100 a week	
Unsure	

Base: Respondents who said they are on spot price plans

### LIKELIHOOD OF A DAILY PRICE SPIKE

*On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely do you think that the worst case scenario will happen?*

	All %
<b>Base n=</b>	<b>523</b>
1 - Very likely	
2	
<b>Total likely</b>	
3	
4	
5 - Not likely at all	
<b>Total not likely</b>	
Unsure	

Base: Respondents who said they are on spot price plans



## 2.4 Risk management

### HOUSEHOLD APPLIANCES/ITEMS FREQUENTLY USED

From the list below, please tick the items that your household generally uses in your every day living. Only tick those that are powered by electricity.

	All %
<b>Base n=</b>	<b>523</b>
Refrigerator	
Lighting	
Other electronics – TV, computer etc.	
Washing machine	
Cooking	
Hot water for bathing, showering	
General heating	
Dish washer	
Hot water for washing dishes by hand	
Clothes dryer	

Base: Respondents who said they are on spot price plans

Note: Multiple response question

### REDUCE USAGE OF HOUSEHOLD APPLIANCES/ITEMS WHEN ELECTRICITY PRICES ARE HIGH

And from the same list, thinking about when electricity prices are high, which would you reduce usage?

	All %
<b>Base n=</b>	<b>523</b>
Washing machine	
Clothes dryer	
Dish washer	
General heating	
Hot water for bathing, showering	
Lighting	
Hot water for washing dishes by hand	
Other electronics – TV, computer etc.	
Cooking	
Refrigerator	
Would not change my usage for any of the above	

Base: Respondents who said they are on spot price plans

Note: Multiple response question

**INCREASE USAGE OF HOUSEHOLD APPLIANCES/ITEMS WHEN ELECTRICITY PRICES ARE LOW**

*And from the same list, thinking about when electricity prices are low, which would you increase usage?*

	All %
<b>Base n=</b>	<b>523</b>
Washing machine	
General heating	
Clothes dryer	
Dish washer	
Hot water for bathing, showering	
Cooking	
Other electronics – TV, computer etc.	
Hot water for washing dishes by hand	
Lighting	
Refrigerator	
Would not change my usage for any of the above	

Base: Respondents who said they are on spot price plans

Note: Multiple response question

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**SCENARIO ONE: POWER BILL WAS THREE TIMES HIGHER THAN NORMAL FOR THREE MONTHS**

*In a dry winter, where hydro lake levels are considerably lower than usual, electricity prices could rise considerably for an extended period of say three months. If your power bill was three times higher than normal for three months, how likely are you to do the following. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
<b>Demand responses</b>								
Shift electricity use to off peak hours								
Use alternative heating sources								
Use alternative cooking sources								
<b>Payment responses</b>								
Do nothing and pay the bill								
Ask for a payment plan								
Not be able to afford to pay the bill								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO ONE: POWER BILL WAS THREE TIMES HIGHER THAN NORMAL FOR THREE MONTHS**

*And how likely are you to do the following - if your power bill was three times higher than normal for three months. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
Switch supplier								
Complain on social media								
Write to your local MP or electricity watchdog								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO ONE: ACTIVELY REDUCE AMOUNT OF ELECTRICITY USED IF BILL WAS THREE TIMES HIGHER THAN NORMAL FOR THREE MONTHS**

*If your power bill was three times higher than normal for three months, would you actively reduce the amount of electricity your household uses?*

	All %
<b>Base n=</b>	<b>523</b>
Yes	
No	
Unsure	

Base: Respondents who said they are on spot price plans

**SCENARIO TWO: ELECTRICITY PRICES ARE 30 TIMES HIGHER FOR A SINGLE DAY**

*If electricity prices are 30 times higher for a single day how likely are you to do the following. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
<b>Demand responses</b>								
Shift electricity use to off peak hours								
Use alternative heating sources								
Use alternative cooking sources								
<b>Payment responses</b>								
Do nothing and pay the bill								
Not be able to afford to pay the bill								
Ask for a payment plan								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO TWO: ELECTRICITY PRICES ARE 30 TIMES HIGHER FOR A SINGLE DAY**

*And how likely are you to do the following - if your power bill was 30 times higher for a single day. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
Switch supplier								
Complain on social media								
Write to your local MP or electricity watchdog								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO TWO: AWARENESS OF HIGH SPOT PRICES**

*Do you think you would know if spot prices got this high?*

	All %
<b>Base n=</b>	<b>523</b>
Yes	
No	
Unsure	

Base: Respondents who said they are on spot price plans

**SCENARIO TWO: NOTICE OF HIGH SPOT PRICES**

*And how much notice do you think you will get if spot prices got this high?*

	All %
<b>Base n=</b>	<b>523</b>
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	
Unsure	

Base: Respondents who said they are on spot price plans

**SCENARIO THREE: RECEIVING NOTIFICATION THAT THERE WAS A POSSIBILITY PRICES WOULD BE 30 TIMES HIGHER FOR AN EIGHT HOUR PERIOD**

*If you received notification from your electricity retailer telling you that there was a possibility that prices would be 30 times higher for an 8 hour period during the day how likely are you to do the following. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
<b>Demand responses</b>								
Shift electricity use to off peak hours								
Use alternative heating sources								
Use alternative cooking sources								
<b>Payment responses</b>								
Do nothing and pay the bill								
Not be able to afford to pay the bill								
Ask for a payment plan								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO THREE: RECEIVING NOTIFICATION THAT THERE WAS A POSSIBILITY PRICES WOULD BE 30 TIMES HIGHER FOR AN EIGHT HOUR PERIOD**

*If you received notification from your electricity retailer telling you that there was a possibility that prices would be 30 times higher for an 8 hour period during the day how likely are you to do the following. On a scale of 1 to 5, where 1 means very likely and 5 means not likely at all - how likely:*

	1 - Very likely %	2 %	Total likely (1 + 2) %	3 %	4 %	5 -Not likely at all %	Total not likely (4+5) %	Unsure %
Switch supplier								
Complain on social media								
Write to your local MP or electricity watchdog								

Base: Respondents who said they are on spot price plans (n=523)

**SCENARIO THREE: ACTIVELY REDUCE AMOUNT OF ELECTRICITY USED IF PRICES WOULD BE 30 TIMES HIGHER FOR AN 8 HOUR PERIOD**

*If your power bill prices would be 30 times higher for an 8 hour period during the day, would you actively reduce the amount of electricity your household uses?*

	All %
<b>Base n=</b>	<b>523</b>
Yes	
No	
Unsure	

Base: Respondents who said they are on spot price plans



## 2.5 Benefits of spot

### SAVINGS MADE BEING ON A SPOT PRICE PLAN

Compared to your previous electricity plan, how much money do you think you save being on this plan?

	All %
<b>Base n=</b>	<b>523</b>
I did not make savings	
Between \$1 and less than \$5 per week	
Between \$5 and less than \$15 per week	
Between \$15 and less than \$20 per week	
More than \$20 per week	
Unsure	

Base: Respondents who said they are on spot price plans

## 2.6 Demographics

Demographics – whole sample	
	All %
<b>Base n=</b>	<b>581</b>
<b>Gender</b>	
Male	
Female	
<b>Age group</b>	
18-29	
30-39	
40-49	
50-59	
60 or over	
<b>Area</b>	
Auckland	
Wellington	
Christchurch	
Other North Island	
Other South Island	
<b>Work status</b>	
Full time	
Part time	
Work casually	
Self-employed	
Unemployed	
Retired	
Student	
Homemaker	
Other	
Unsure	
<b>Household income</b>	
\$20,000 or less	
\$20,001-30,000	
\$30,001-40,000	
\$40,001-50,000	
\$50,001-60,000	
\$60,001-70,000	
\$70,001-80,000	
\$80,001-90,000	
\$90,001-100,000	
More than \$100,000	
Unsure	
Prefer not to say	

Base: All respondents

<b>Demographics – whole sample</b>	
	All %
<b>Base n=</b>	<b>581</b>
<b>Highest qualification</b>	
No qualification	
Secondary school qualification	
Polytech degree	
Other Polytech qualification	
University qualification	
Trade qualification	
Prefer not to say	
<b>Which of the following describes the home you live in?</b>	
I own my home with a mortgage	
I am renting and not looking to buy	
I own my home freehold	
I am renting and looking to buy	
I live at home with parents	
Refused	
<b>How many people 18 years of age or older are currently living in your household, including yourself?</b>	
1	
2	
3	
4	
5 or more	
Prefer not to say	
<b>Do you live in a rural area or district that has a population of less than 2,000 people?</b>	
Yes	
No	
Unsure	
Base: All respondents	

**Demographics – Spot price respondents**

	All %
<b>Base n=</b>	<b>523</b>
<b>Gender</b>	
Male	
Female	
<b>Age group</b>	
18-29	
30-39	
40-49	
50-59	
60 or over	
<b>Area</b>	
Wellington	
Auckland	
Christchurch	
Other North Island	
Other South Island	
<b>Work status</b>	
Full time	
Self-employed	
Part time	
Retired	
Homemaker	
Student	
Work casually	
Unemployed	
Unsure	
Other	
<b>Household income</b>	
\$20,000 or less	
\$20,001-30,000	
\$30,001-40,000	
\$40,001-50,000	
\$50,001-60,000	
\$60,001-70,000	
\$70,001-80,000	
\$80,001-90,000	
\$90,001-100,000	
More than \$100,000	
Unsure	
Prefer not to say	

Base: All respondents

**Demographics – Spot price respondents**

	All %
<b>Base n=</b>	<b>581</b>
<b>Highest qualification</b>	
No qualification	
Secondary school qualification	
Polytech degree	
Other Polytech qualification	
University qualification	
Trade qualification	
Prefer not to say	
<b>Which of the following describes the home you live in?</b>	
I own my home with a mortgage	
I am renting and not looking to buy	
I own my home freehold	
I am renting and looking to buy	
I live at home with parents	
Refused	
<b>How many people 18 years of age or older are currently living in your household, including yourself?</b>	
1	
2	
3	
4	
5 or more	
Prefer not to say	
<b>Do you live in a rural area or district that has a population of less than 2,000 people?</b>	
Yes	
No	
Unsure	

Base: All respondents