

10 October 2024

Ministry of Business, Innovation and Employment
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Nova Energy Limited
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By email: energyuse@mbie.govt.nz

Re: Electricity CDR Submission

Nova Energy (**Nova**) welcomes the opportunity to provide feedback on the introduction of a Consumer Data Right (**CDR**) for the electricity sector. Nova supports the concept and believes that if done well, it should provide benefits across the sector.

However, Nova expects to see Government and the industry working closely together to design and implement the CDR, leaning on learnings from its development in the financial sector and other parallel data workstreams in the electricity sector. In this regard Nova notes that:

- a) The time that has been spent on CDR in the financial sector is instructive that the new electricity CDR requirements should not be introduced too quickly.
- b) A key difference between 'open banking' and 'open electricity' are the established information sharing standards. The banking sector has been working on open banking API standards for over a decade with payments NZ (the industry-owned standards body). In contrast, there is no API standard for the electricity sector. Rather, the Electricity Authority (**The Authority**) currently uses a file-based standard which is not fit for purpose for a CDR regime.
- c) Greater clarification needs to be provided to the sector on how MBIE, the EA and the wider industry will work together, particularly to ensure that data disclosure regimes and compliance obligations align appropriately.

Nova also notes that there appears to be major support from electricity comparison service providers favouring the CDR regime, promoting the assumption that it will automatically benefit consumers if comparison service providers have better access to consumers' electricity consumption data. Nova supports better availability of consumers' information. However, while comparing electricity plans and products may seem straightforward, consumers who bundle electricity with other energy or telecommunications services risk overlooking the benefits and multi-service discounts of their bundling when looking at electricity in isolation.

Nova's answers to the specific questions on the discussion paper are in the appendix to this letter.

Yours sincerely

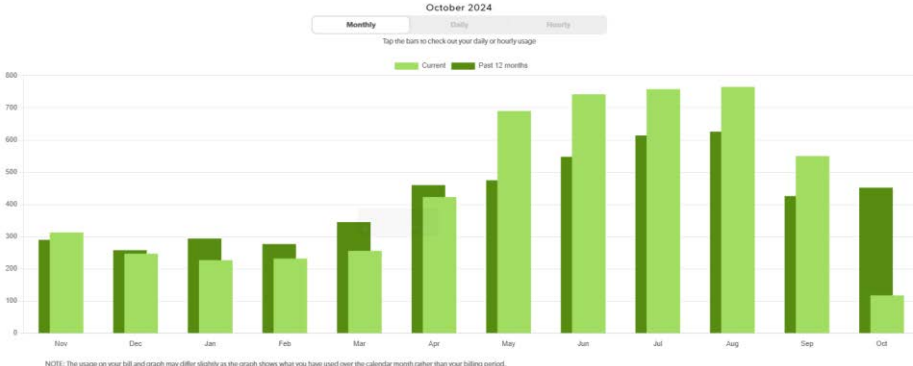


Tamiris Robinson
Regulatory Advisor

Nova submission: Exploring a consumer data right for the electricity sector

Question No.	Question	Response
Status quo and problem definition		
Q1.	What are your experiences of accessing consumer and product data for electricity under the status quo?	<p>Nova has received 150 EIEP13 consumption data requests from residential customers so far this year and has recorded similar statistics since the Authority first introduced this data service.</p> <p>This low number of requests is significant as it demonstrates:</p> <ul style="list-style-type: none"> • A distinct lack of demand and awareness for this readily available information from end customers. • Only a small subset of consumers have the capability to use the data for comparative purposes. <p>Many retailers also (and already) make much of this data available in more informative ways to their customers without request – for example on their bills, through online and app accounts access systems.</p> <p>Nova agrees with the benefits of CDR, but questions whether it will well utilised and justify the time and expense the industry will invest in making this happen.</p>
Q2.	Do you agree with our summation of the status quo and problem definition? Is anything missing or incorrect in your view? Please provide any evidence you may have to support your views.	<p>Nova agrees that the status quo methods of engagement and data provision are not as efficient and effective as they could be. Given the provision of data and plan information does not directly increase revenues, the CDR concept omits a possible negative impact that could arise from the project, which is an increase in retailer costs which in turn may need to be passed on to customers.</p>
Q3.	Do you think that regulatory arrangements are necessary to unlock better access to consumer and product data?	<p>Yes.</p>
Q4.	What do you consider to be the likely outcomes for access to consumer and product data in the absence of a CDR for electricity?	<p>Electricity retailers are making advances in providing (default) access to data as they enhance their customer online account access platforms and apps and seek to provide customers with an enhanced user experience.</p>

Question No.	Question	Response
		<p>There is an element of 'chicken & egg' however in that only a small minority of consumers are engaging on (specific) data requests and can understand and apply the data to comparing retailer's tariffs.</p> <p>An improvement in the Powerswitch interface such that it could use consumption data and enable retailers to keep their product details up-to-date directly on the website would greatly enhance the value of both customer and product data, i.e., for tariff comparisons.</p>
<p>What a consumer data right for electricity could look like</p>		
Q5.	<p>Who else may be impacted by a designation of the electricity sector? Should particular groups or classes of entities be explicitly included or excluded from a potential designation?</p>	<p>The range of data holders and accredited requestors seems particularly broad and complex and Nova believes that these groups should be narrowly and clearly defined for the regime to work effectively.</p> <p>Nova's concern is the CDR could enable a new 'cottage industry' - attracting third party providers seeking to profit from acting as 'consultants' to customers with the potential consequences that customers are convinced to switch for little, no or negative gains. This may be looked at as being positive in terms of increasing competition. However, Nova would suggest that a high level of vetting of those who are allowed to request data would be advisable.</p> <p>There also appears to be a conflict regarding whether or not comparison services would or should be designated as accredited requestors (i.e., bullet point 2 states that "online comparison tools" would constitute an accredited requestor, but bullet point 3 states third parties such as "comparison services" would not be governed by the accreditation process or regulations under the bill). Nova considers that any price comparison service should be captured as an accredited requestor, and possibly also as a designated data holder (similar to retailers).</p>
Q6.	<p>What customer data do you think is the most important? And what else (now or in the future) would be important? And why? What are the benefits from consumers having ready access to this data?</p>	<p>Consumption data is the most important and useful as it can be used to drive behaviour, as well as identify consumptions patterns, including some that could be wasteful or costing the consumer more than necessary.</p> <p>Many retailers (including Nova) currently make electricity consumption data available in digestible, informative and easily accessible ways without request (e.g., on bills and through online and app accounts access systems). Below is an example of 24-month consumption data (which can also be broken down into daily and hourly consumption) readily available to Nova customers via the "Nova Hub". Nova is currently in the</p>

Question No.	Question	Response																																							
		<p>process of finalising a new option for customers to quickly download this information into a data file:</p>  <p>The chart displays electricity usage in kWh for each month from November to October. The y-axis ranges from 0 to 800 kWh. For each month, two bars are shown: a light green bar for 'Current' usage and a dark green bar for 'Past 12 months' usage. Usage generally peaks in the summer months (June, July, August) and is lowest in the winter months (November, December, January, February). The 'Current' usage for October is significantly lower than the 'Past 12 months' usage for the same month.</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Current (kWh)</th> <th>Past 12 months (kWh)</th> </tr> </thead> <tbody> <tr><td>Nov</td><td>310</td><td>280</td></tr> <tr><td>Dec</td><td>250</td><td>240</td></tr> <tr><td>Jan</td><td>220</td><td>290</td></tr> <tr><td>Feb</td><td>230</td><td>270</td></tr> <tr><td>Mar</td><td>250</td><td>340</td></tr> <tr><td>Apr</td><td>420</td><td>450</td></tr> <tr><td>May</td><td>680</td><td>470</td></tr> <tr><td>Jun</td><td>740</td><td>540</td></tr> <tr><td>Jul</td><td>760</td><td>610</td></tr> <tr><td>Aug</td><td>770</td><td>620</td></tr> <tr><td>Sep</td><td>540</td><td>420</td></tr> <tr><td>Oct</td><td>120</td><td>450</td></tr> </tbody> </table> <p>NOTE: The usage on your bill and graph may differ slightly as the graph shows what you have used over the calendar month rather than your billing period.</p> <p>All consumption data used directly for billing or payment should be included with data provided by electricity retailers and specified to include half-hourly consumption data if that is available. Switching data, plan contract date data, solar export and water heating usage data and average daily/ monthly temperature data may also be useful.</p> <p>This data would need be for verified and correctly formatted (rather than provided 'raw' from third parties like Metering Equipment Providers) but noting this could create intellectual property issues if not managed appropriately (see Nova's answer to question 18 below).</p>	Month	Current (kWh)	Past 12 months (kWh)	Nov	310	280	Dec	250	240	Jan	220	290	Feb	230	270	Mar	250	340	Apr	420	450	May	680	470	Jun	740	540	Jul	760	610	Aug	770	620	Sep	540	420	Oct	120	450
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Q7.	If access to customer data is designated for all consumers (residential, small business, large business and large consumers) what are the potential benefits, risks or costs associated with each type of customer? And why?	Consistent with ERANZ submission, Nova supports excluding businesses from the electricity CDR regime (beyond any SMEs using readily available residential electricity plans).																																							

Question No.	Question	Response
		<p>Part of the main problem may be customer education, and the CDR concept omits a possible negative impact that could arise from the project -which is an increase in retailer costs which in turn may need to be passed on to customers, particularly given the current file based standard used in the electricity sector (EIEP13A, B and C) is not fit for purpose for a CDR regime, so retailer investment in new API systems and standards will be required.</p> <p>Nova also notes that issues with electricity consumption data provision (for any customer) include:</p> <ul style="list-style-type: none"> • Not all electricity meters are advanced meters, therefore the data systems need to be ready for this; and • There are times when advanced meters cannot or do not send HHR data, meaning retailers need to estimate / input derived data to 'plug the gaps'. • Customers / electricity connections can often change retailers and retailers do sometimes upgrade customer meters – so a customer's data may actually be a complex to aggregate. Equally a customer can move premises – and therefore have multiple connection points in their data request.
Q8.	What product data do you think is the most important? And what else (now or in the future) could be important? And why? What are the benefits from this data?	Nova considers that “product data” should not extend to include non-electricity services and non-monetary bundle benefits (as these are not core electricity products), but Nova strongly recommends that subsequent regulations should provide for clear disclosure obligations by comparison service providers in this regard (given risk of bundling benefits and multi-service discounts being overlooked when comparing ‘pure’ electricity plans and products (e.g. tariffs, meter set up etc).
Q9.	Are there any other issues with product data we should be aware of? And why? Please provide examples.	The CDR will need to ensure customers are not supplied data that is not theirs or is out of date (e.g. customers can be on plans that are no longer sold by the retailer). For example, a customer should not be sent data for a connection that they were not in prior to moving to that address.

Question No.	Question	Response
Q10.	What factors should be considered when identifying who the best data holder is under a potential CDR regime? And how might contracting agreements affect the application of a CDR in regard to data holders? (e.g., contracts between metering equipment providers and retailers to share data).	<p>Retailers are the most appropriate data holder in respect of individual ICP consumption data.</p> <p>However, retailers contract out the provision of complete metering datasets because the MEP is best suited to providing access to single files across an electricity distribution network. Retailers' systems are not generally set up to provide data in this way. On the other hand, distributors are not set up to identify residential consumers and provide data to the authorised party for individual ICPs, and voltage and power quality data is network data that is not specific to ICPs and can be provided to consumers on specified parts of the network without compromising the privacy of individual consumers.</p>
Q11.	Do you agree with our initial framework for how to identify/designate data holders? Why or why not?	<p>Yes.</p> <p>However, as noted in Q5 above, the range of data holders and accredited requestors seems particularly broad and complex, and Nova believes that these groups should be narrowly and clearly defined for the regime to work effectively.</p>
Q12.	What actions could be designated for electricity under a CDR? And why? What are the potential benefits from these? Please provide examples.	<p>Nova agrees no actions should be designated for data holders. If a need is identified for a designated action to take place it would be appropriate to include this in the electricity industry participation code (Code) in the first instance.</p>
Potential benefits and risks		
Q13.	What are your thoughts on the potential impacts of a designation on the interests of consumers? Are there any specific benefits that are likely to be enabled with designation? What is the likely scale of these benefits, and over what timeframe would they occur?	<p>Based on the experience of consumer's use of data to date, the expected benefits seem to be exaggerated in the short term (under 2 years). In the longer term (3 years plus) we may expect to see systems that can use the data highly effectively and efficiently and then there should be true competitive benefits accruing to customers.</p> <p>In the meantime, with manual handling of consumers data moving to mandated and automated processes, the expected transaction costs limit the expected net benefits in the short term.</p>

Question No.	Question	Response
Q14.	Do you have any comments on the specific interests of different types of consumers, such as, residential, business, industrial, rural, Māori, or other groups of consumers?	<p>The consumers most likely to benefit are those being supported by social agencies that have the resources and capability to make use of the data to benefit the consumer and are not expecting a financial return for providing that service.</p> <p>Another group of consumers to benefit will be commercial enterprises or individuals with the interest and expertise to use the data available to improve their own position.</p>
Q15.	What are your views on the nature and scale of costs/benefits? Who would these costs/benefits apply to and when?	<p>The largest cost will be borne by the electricity retailers, and they will need to recover those through their retail margins. The magnitude of the cost will be heavily influenced by the timeframes given for any new requirements under the CDR, i.e. if retailers are given a year or more to incorporate the provisions in their core systems, refining their Apps, and identifying customer permission rights etc, the costs should be manageable. In any case, the competitive market will be an incentive for retailers to be at the forefront of any enhanced customer services if their systems are capable of delivering those.</p> <p>However, if retailers are forced to make rapid changes to their systems, this will come at a cost to other developments and potentially require a systems rewrite at a later date when updating and incorporating other changes. As an example, the phase out of the low fixed charge for low users is expected to enable retailers to introduce more innovative retail tariffs across their customer base. The forced adoption of the CDR in a similar timeframe will likely adversely impact such developments.</p>
Q16.	Would you be able to quantify the potential additional costs to your organisation associated with designation under the Bill?	<p>No. As stated above, the costs are as dependant on the timeframes as well as other uncertainties.</p> <p>This said, Nova believes the longer-term benefits to competition and consumers will exceed the costs if the introduction is done well and with appropriate timeframes.</p>
Q17.	Do you have any comments on the benefits and risks to security, privacy, confidentiality, or other sensitivity of customer data and product data?	<p>This is extremely important, but manageable.</p> <p>It will always be very difficult to protect systems from a determined bad actor, but competent systems management should be able to protect against errors or mass releases of data.</p> <p>Clarification of expectations and an understanding of what protocols will be both necessary and acceptable from a security and privacy perspective (e.g. a uniform verification process for any request received, whether from an individual consumer or an accredited requestor, would also be useful).</p>

Question No.	Question	Response
Q18.	Are there any risks from the designation to intellectual property rights in relation to customer data or product data?	<p>Derived data should be excluded from the definition of customer data, as this poses risks in relation to retailer intellectual property rights.</p> <p>Consistent ERANZ's submission, derived data refers to data generated or calculated by retailers from raw consumption data provided by MEPs, which may include proprietary algorithms, insights, or analyses performed by the retailer, usually combined with other data sets such as weather information.</p> <p>Retailers treat derived data as intellectual property, and sharing this data with competitors would infringe on the commercial investment made to understand better and, therefore, serve their customers. This total commercial investment can run into the millions of dollars.</p>
Other aspects of a potential designation		
Q19.	What do you consider to be important if designing an accreditation regime for the sector?	<p>It may seem obvious, but in addition to the elements identified in paragraph 100 of the discussion paper, the accredited party must be able to demonstrate an appropriate purpose for which it wishes to access or hold data, and in a review process, be able to demonstrate that it has only used the data for that purpose and no other.</p> <p>A uniform verification process for any request received, whether from an individual consumer or an accredited requestor, would also be useful.</p>
Q20.	What are your views on fees for requests for customer electricity data under the Bill? If fees are charged, what limits or restrictions should be placed on fees? Do you have any comments on the costs and benefits of the various options?	<p>For individuals or enterprises seeking data for their own ICPs, or non-profit agencies supporting families etc, no fees should be payable.</p> <p>Fees should be chargeable by the provider where the accredited requestor is accessing data for commercial purposes, e.g. where consultancy fees are being charged for the analysis of the data and making recommendations to others.</p> <p>The provider of the data should be able to make this discrimination and an appropriate agency given the role to address appeals should the fee seem excessive or incorrectly applied.</p> <p>This regime should help avoid excessive use of the free service and yet still be simple to administer.</p>

Question No.	Question	Response
Q21.	Are there any particular considerations for electricity that should be taken into account for a consumer consenting process?	<p>The benefit for electricity is that there is much less at risk of serious harm (compared to the banking sector) if the customers consent is not correctly verified or if data is provided to the wrong person.</p> <p>A complicating factor is that the identification of an ICP is associated with a property, and the party responsible for an account sometimes changes without any form of formal notification, e.g. changes to a tenancy, separation of partners, etc. In such cases retailers should be allowed to use their discretion to manage the account manager without liability or needing to go through the same level of personal identification etc that needs to occur when control over a bank account changes hands.</p>
Q22.	Do you think that standards should be led by industry, by government or co-led? What is the role of industry in developing standards? And why?	<p>Nova favours co-development, with a secretariat funded by either MBIE or the Electricity Authority, and industry members contributing time at their own cost.</p> <p>Industry members are more likely to understand the intricacies of different processes and impact on systems changes etc, as well as customer requirements.</p> <p>As noted in the discussion paper (paragraphs 42-43), the Electricity Authority has recently completed work and actively continues to undertake work (e.g., open consultations on “Code amendment omnibus #4” and “Improving retail market monitoring”) regarding improved consumer access to consumer data under the Code and regarding the Authority’s own collection of retail market data.</p> <p>Given these overlapping parallel / related data workstreams in the electricity sector, Nova requests that greater clarification be provided to the sector on how MBIE, the EA and the wider industry will work together, particularly to ensure that data disclosure regimes and compliance obligations align appropriately.</p>
Q23.	How do you believe a CDR and the Code could/could not work together?	<p>Nova recommends the CDR spell out the broad parameters required while the Code is used to specify the detailed requirements.</p> <ul style="list-style-type: none"> • Market participants are accustomed to the structure of the Code and identifying parts of their businesses operating under relevant sections of the Code. • The Code also has a compliance and audit regime that will help ensure the CDR is implemented appropriately.