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15 January 2018

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Electricity Pricing Review proposed terms of reference

Flick Electric welcomes the opportunity to comment on the Electricity Price Review proposed terms of reference.

Flick is an independent entrant retailer, we are champions of a 'fair deal' for electricity customers and are excited by the potential of new technologies to transform the way they consume, generate, manage and pay for electricity. We are interested in sharing this perspective with you as you consider how the electricity market and related policy currently works and could be improved.

Given the technological change impacting the electricity sector we believe that it's timely and prudent to review whether the structures in place will deliver the best outcomes for consumers into the future.

We are broadly supportive of the review and are interested in participating in the review process, below we have provided comments on the terms of reference that we are happy to discuss with you further.

Good industry design complimented by social policy to achieve fair, equitable and efficient outcomes

Throughout last year's election campaign we noted the political concern about the affordability of energy, particularly as household budgets are stressed by rising housing costs. Affordability is a multifaceted issue that needs to be addressed by considering energy prices and other factors including the amount customers are using and their disposable income.

If the issue the government seeks to address is affordability we believe the focus of this review needs to be repositioned to reflect that it is a multifaceted issue. We are concerned that a focus on fairness and equity of prices with limited regard to efficiency, or other factors (disposable income etc) may lead to inefficient policy making that costs consumers. We recommend the focus of this industry based electricity review be: are prices efficient/ cost reflective and what could be done to improve efficiency and reduce energy costs paid by consumers?

To address concerns about affordability, fairness and equity the Government also needs to consider other contributing factors. Achieving an efficient, fair and equitable outcome will require good market/ industry design to be complimented with Government social policy that targets specific issues/ inequities.

Operational efficiencies

We recommend the terms of reference consider whether operational efficiencies (operating cost reductions) could be achieved by standardising and/or centralising industry processes related to managing market and distributor relationships and/or data flows eg distribution agreements, pricing, data.

Customer data

Customer data usage and access rights should be considered as part of the review. Stakeholders across the sector increasingly see value in data for planning and/or commercial purposes. In the absence of firm rules around this there are concerning practices emerging regarding data use, control and monetisation. It is a space where we believe there needs to be regulation for consumer protection, privacy, efficiency and competition reasons.

Customer decision making

The terms of reference should include customer search costs. Many customers could save by switching retailer but they don't. There may be opportunities to support customers decision making and make it easier to find the best option. As the choice of consumption and generation technology (EV's, solar, battery) options increases making decisions about the best electricity provider and technology options will become more complex, there may be opportunities to make this decision simpler and more accurate for customers. For example, incorporating actual usage profile data into the Consumer Comparison website.

Please contact us if you have any further questions.

Kind Regards,

Nikki Bloomfield

General Counsel