

# **Retail market competition**

## **Consumer participation and choice of energy service**

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# Overview

- Why we focus on competition
- Why consumer participation is a key requirement of effective retail competition
- Two significant projects the Authority is progressing to enhance consumer participation

# The Electricity Authority's statutory objective

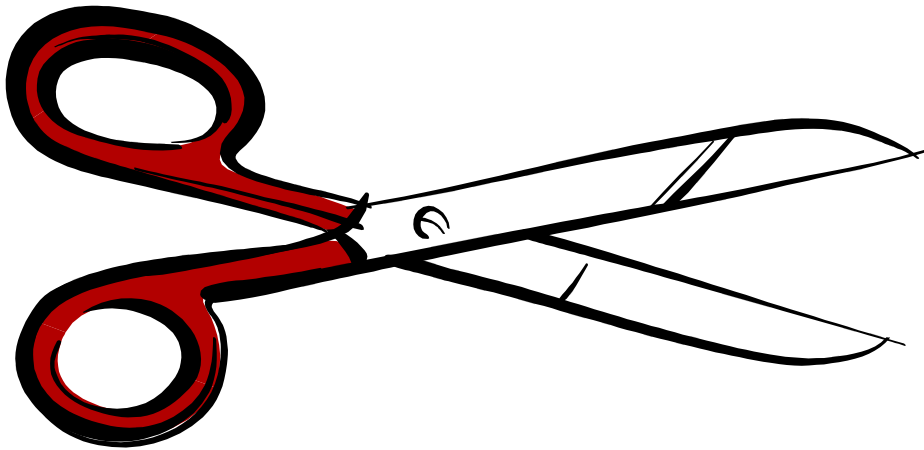
For the long term benefit of consumers



# Authority Retail competition initiatives

## ❑ Requires both blades to cut!

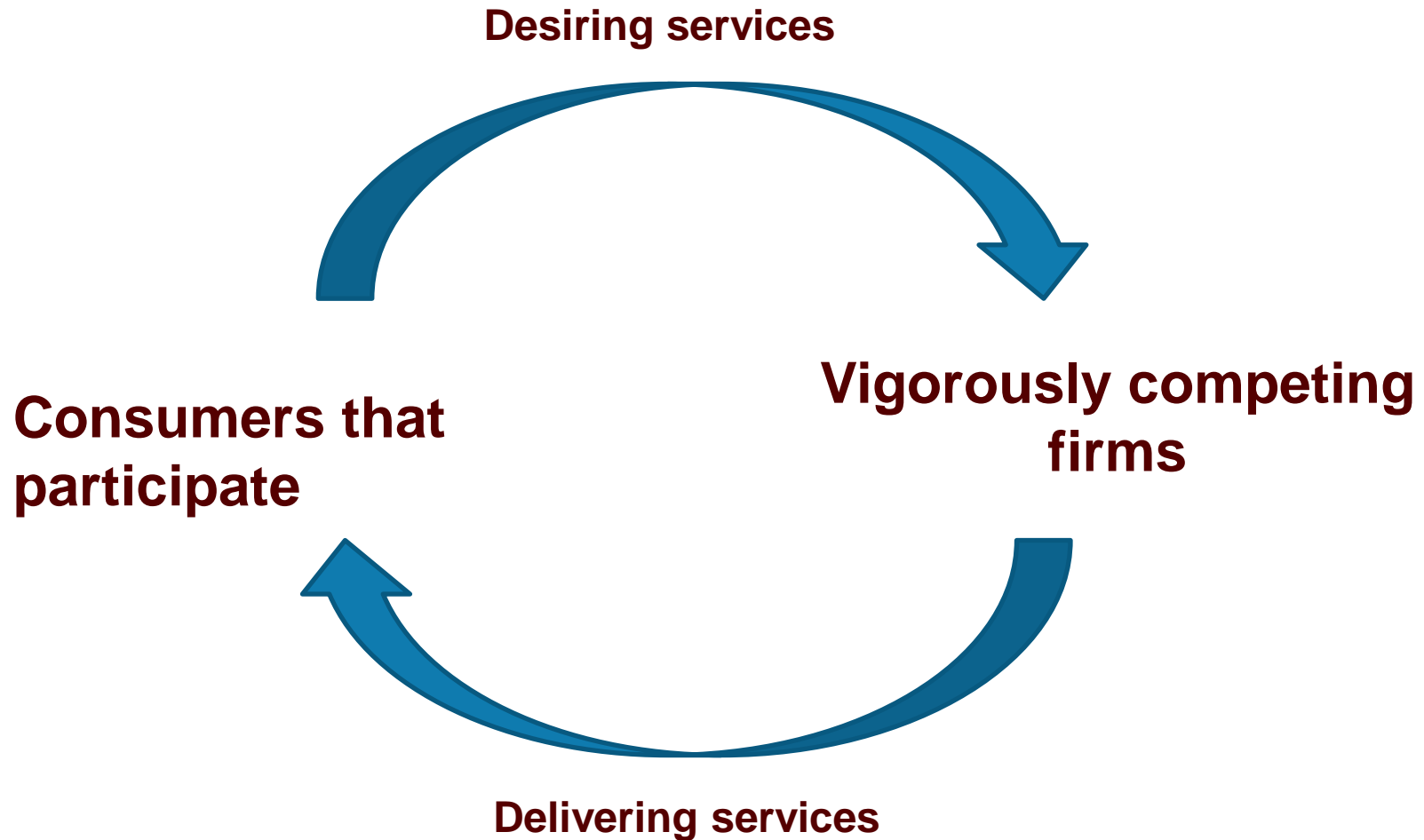
- reducing barriers to retail entry/expansion (supply side); and
- consumer participation (demand side).



Reduced barriers to retail entry and expansion

Increased customer participation in retail market

# The objective is to promote competition



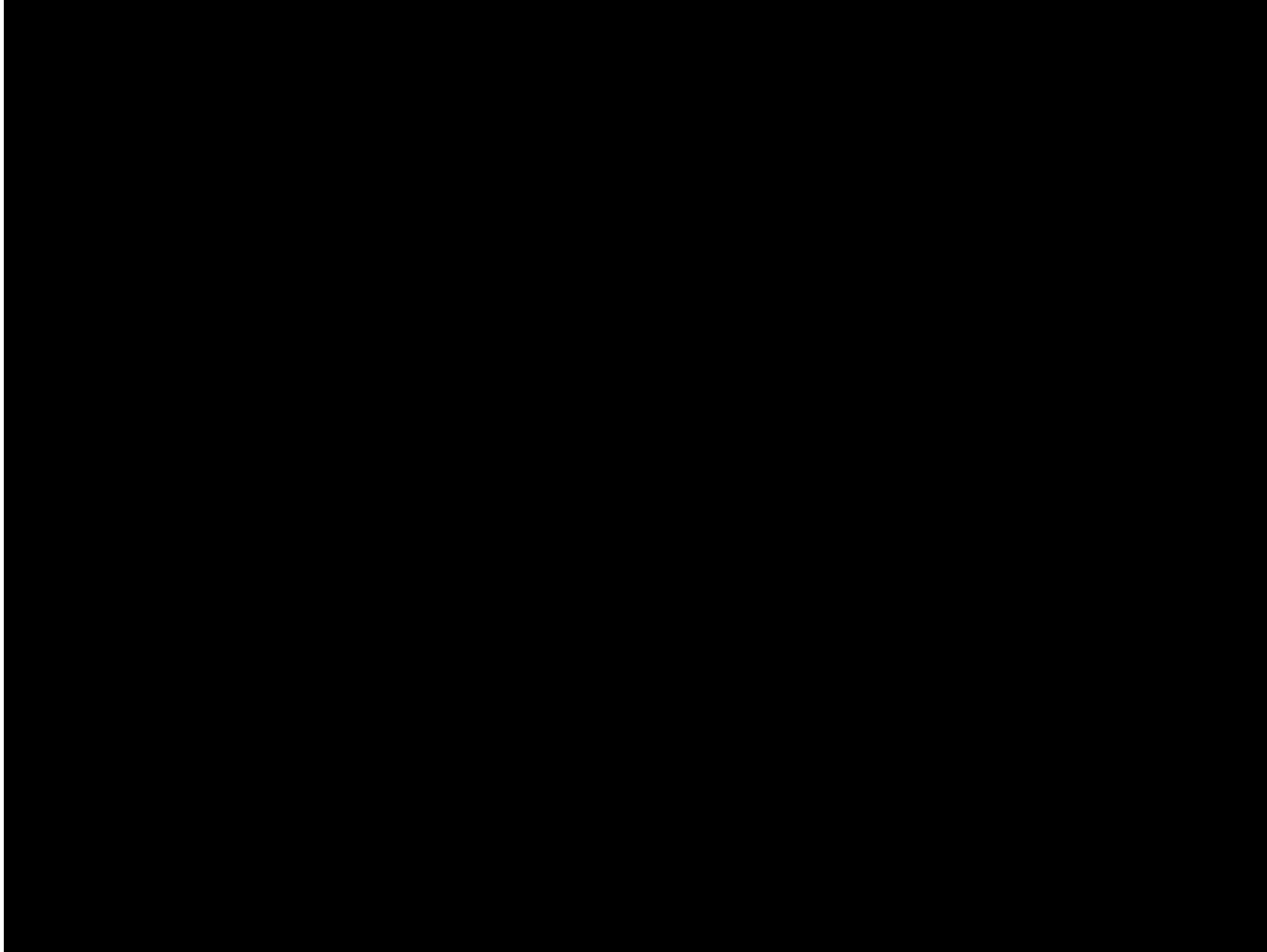
# **What's My Number**

## **Advertising Campaign**

# The Authority's 'What's My Number'

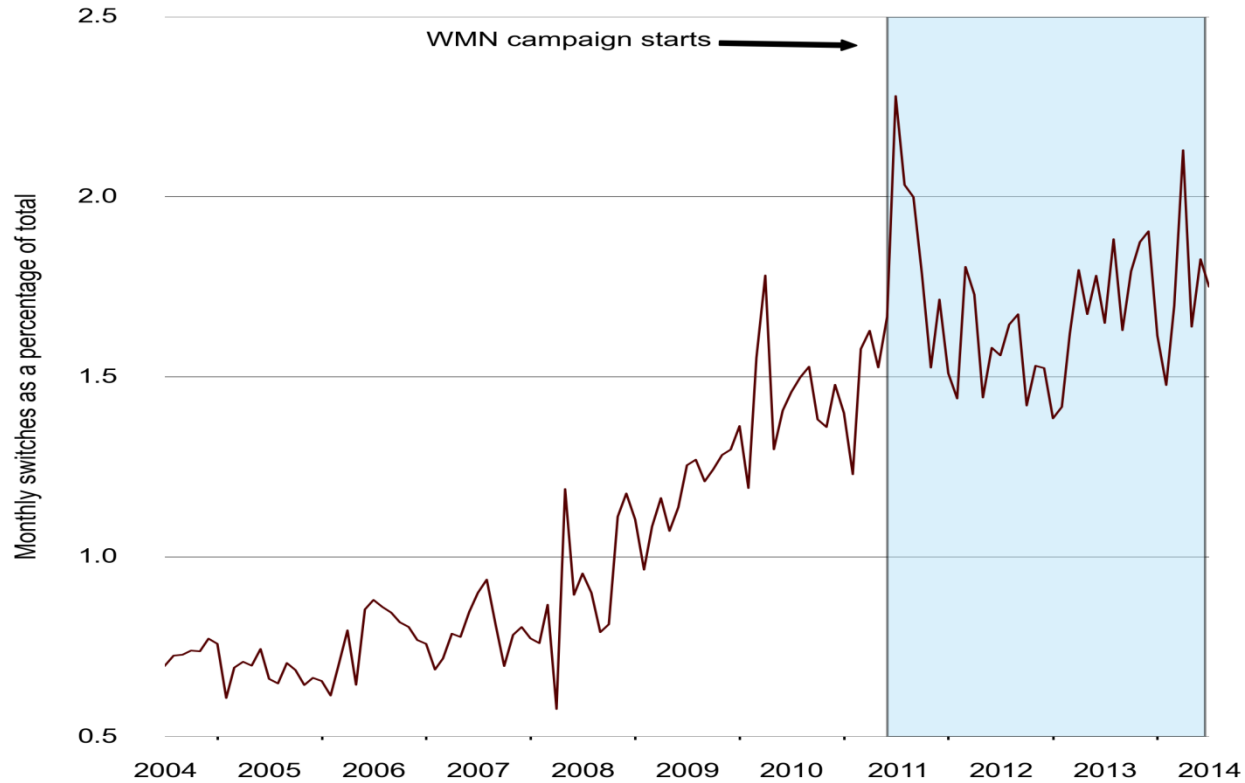
- Section 16 of the Electricity Industry Act provides that one of the Authority's function is “to promote to consumers the benefits of comparing and switching retailers”
- From 2011-2014 the Authority has run the What's My Number campaign – original purpose was to encourage people to “shop around” and switch supplier to get the best deal
- What's My Number has involved a mix of media advertising– TV, Bill boards and web-based

# The Authority's 'What's My Number' cont'd

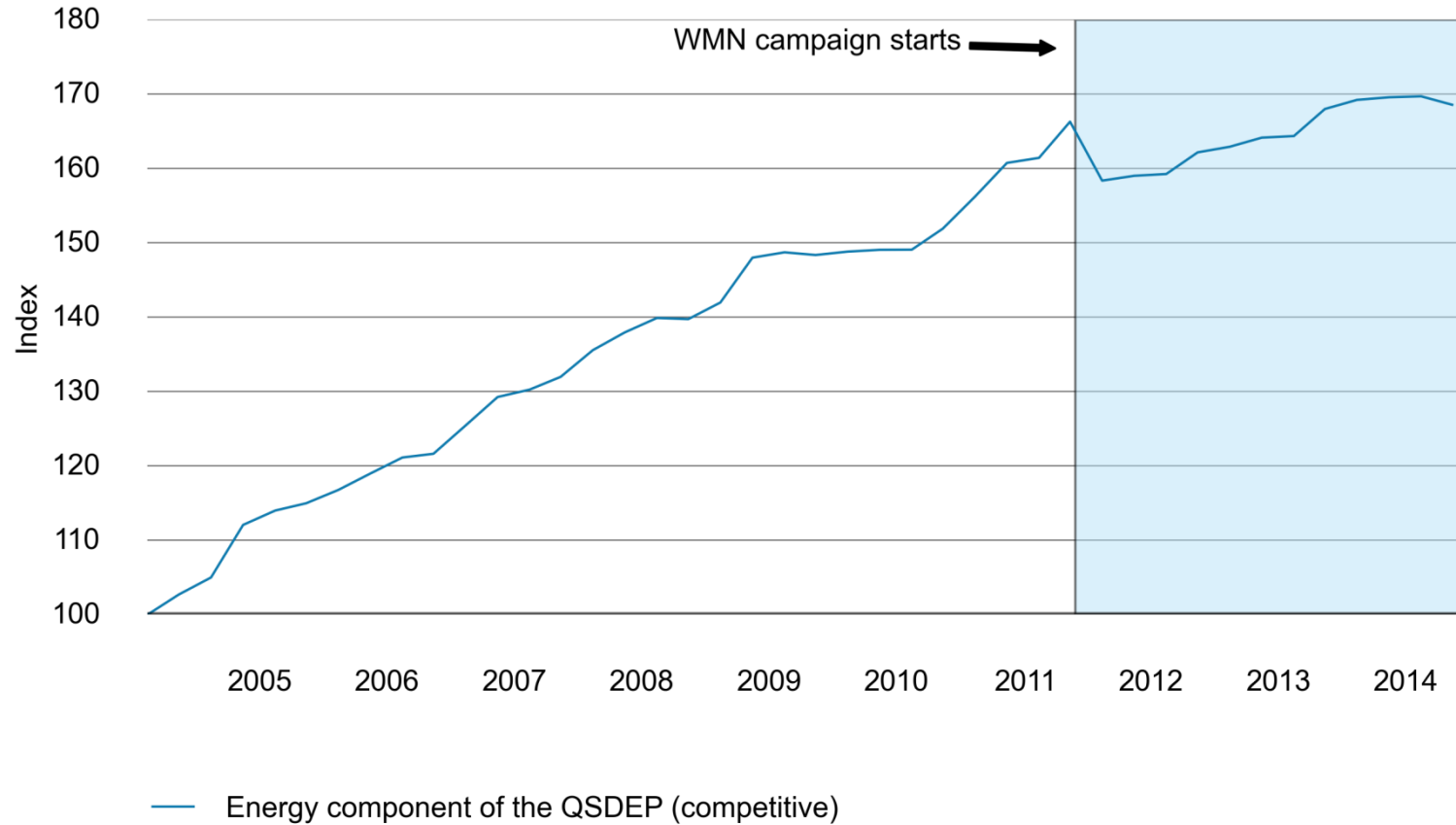




# Monthly switching rate

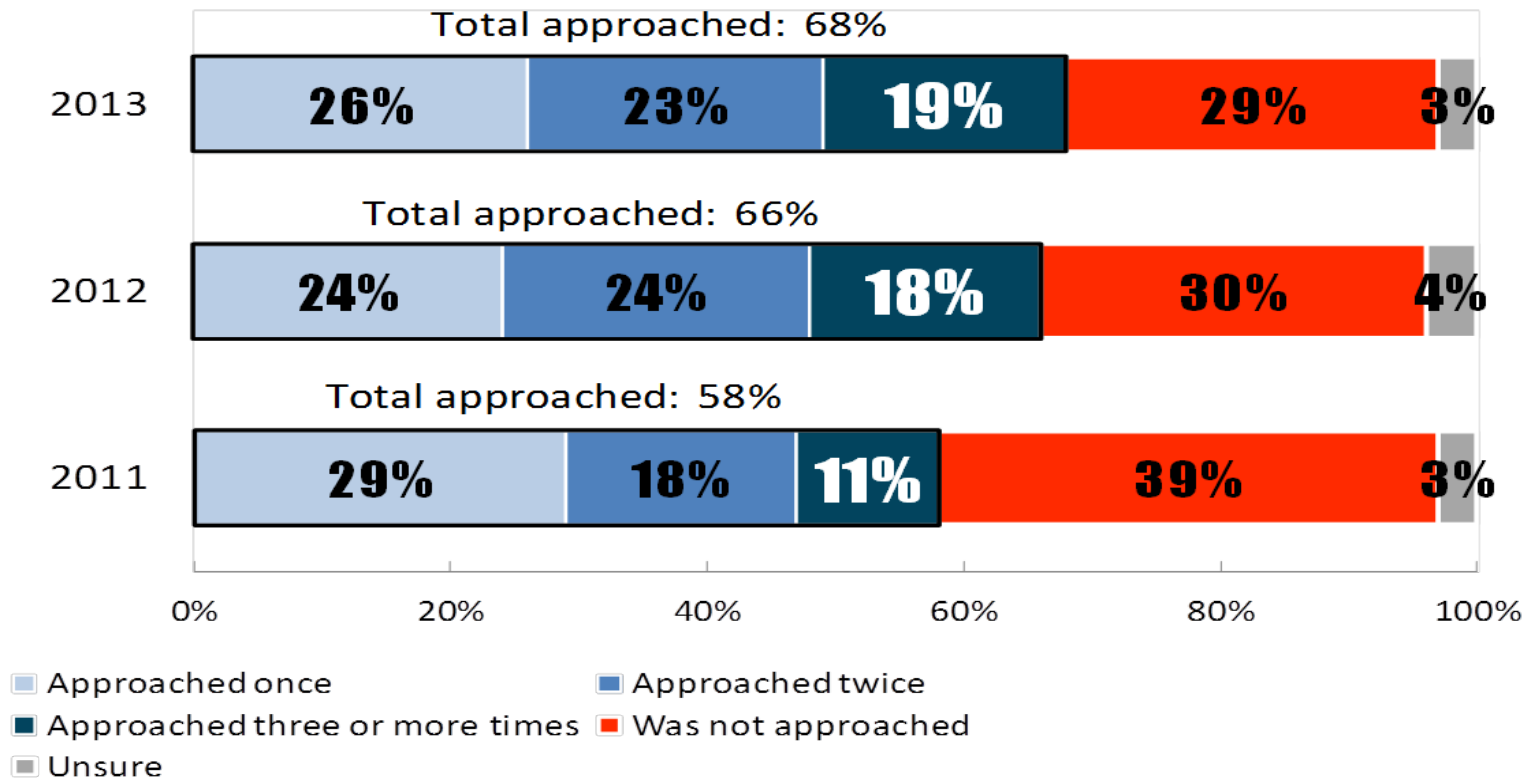


# Real electricity price increases



# Big increase in pitching to customers since 2011

Question to respondents: how many different power companies have approached you in the last two years to switch to them?



# Changes to retailers' advertising strategy



# Retail data project

# Retail data project – enhance consumers access to relevant data

## □ The relevant data is:

- Consumers' rights of access to their consumption data
- Retail tariff data
- The consumers connection data

## □ The purpose is to enhance the ability of consumers to make electricity and energy decisions:

- More quickly
- More confidently
- More accurately

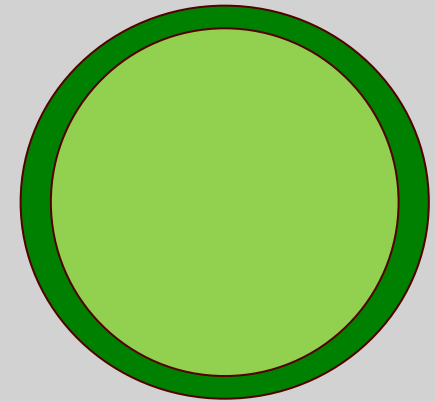
# A basic idea: example of a comparison service

## Super Electricity comparison site

Welcome to the super electricity switching site.  
We can help you compare different electricity deals  
and choose the best one for you.  
To get started, enter your ICP number in the box  
and click the big green button to provide us with  
access to your electricity consumption data.

Privacy is protected\*

Your ICP number



# A basic idea: example of comparison service (2)

## Super Electricity comparison site

Good news! We've used your consumption data and compared your electricity costs on your current tariff with the 54 tariff plans that apply to you.

Here are the best three.

Your ICP number

100001ABCDE123

Account holder's Name

Mr V Normal

Address

123 Windy Road  
Wellington 4001

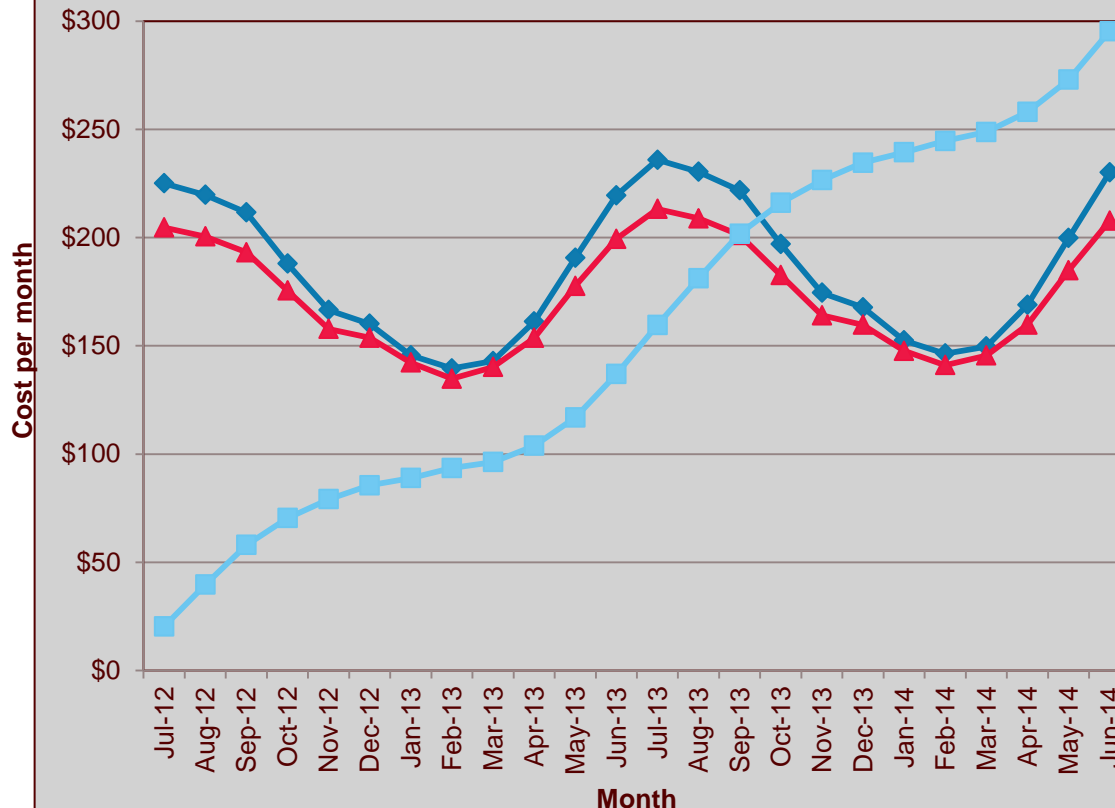
Tariff option	Estimated Annual cost	Saving	
Your current plan	\$2,433	-	
Alternative plan 1	\$2,262	\$171	<a href="#">Tell me more</a>
Alternative plan 2	\$2,264	\$169	<a href="#">Tell me more</a>
Alternative plan 3	\$2,329	\$104	<a href="#">Tell me more</a>



# A basic idea: example of a comparison service (3)

## Super Electricity comparison site

Your monthly power bill for the last two years, showing the calculated cost on your selected alternative



Your ICP number

**100001ABCDE123**

Account holder's Name

Mr V Normal

Address

12 Windy Road, Makara,  
Wellington 5033

- ◆ Monthly Electricity cost on your current plan
- ▲ Monthly Electricity cost on your selected alternative
- Cumulative savings on alternative plan

# Conclusion

- Demand side measures to enhance consumer participation in the retail electricity market are important to drive competition by increasing supplier rivalry and innovation
- The lesson from the New Zealand's retail electricity market is that measures to improve consumer participation can work to drive competitive outcomes
- The Electricity Authority is committed to developing and implementing further initiatives to enhance consumer participation – continuing the 'What's My Number' advertising campaign and developing the retail data project