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Dear Kimberley

Spotlight on emerging contestable services

Nova Energy (“Nova”) is pleased to see the Electricity Authority and Commerce Commission undertaking a joint project to consider how to best address the involvement of EDBs in contestable electricity services.

As an electricity retailer that differentiates itself on the quality of service and responsiveness to its customers, it is important to Nova that it can fully engage with EDBs in a constructive manner. This requires sharing information and a certain level of trust between the parties. Even where EDBs are not currently actively involved in competitive activities, Nova faces the risk that from time to time EDBs do decide to become involved in services in which retailers or third-party suppliers may be the more natural supplier.

In terms of the approach being taken, Nova suggests there would be value in seeking views from electricity retailers and other parties such as solar PV providers and battery suppliers on a one-to-one basis. That would give the study-group the opportunity to discuss, on a confidential basis, areas where they see EDBs employing tactics that may be detrimental to consumers’ long-term interests. This is necessary because some of the potential initiatives are likely to be commercially sensitive, and participants could be reluctant to raise them in a workshop environment.

The study-group might also consider, in its initial appraisal at least, compiling a schedule of potential commercial activities where EDB’s could exercise a competitive advantage to the detriment of other market participants. This would help inform the scope of what needs to be considered in the analysis.

Nova suspects that it will be difficult to quantify the potential harms to consumers in the analysis. Aspects such as using strong branding to create the impression of being the natural (and only?) provider of some services can alone represent a significant barrier to alternative providers.

Electricity market participants are being called to submit on some significant pieces of work by the regulators this year, but this project is a welcome addition to the mix. We look forward to further engagement on it, and some real progress in this space.

Yours sincerely



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