

**Speech by the Chair of the Electricity Retailers' Association of New Zealand  
Jennie Langley  
for Stakeholders Function, 18 October 2017**

**CHANGES, CHALLENGES, CHANCES**

Last year Minister Simon Bridges was here; this year there are no MPs present, and ministerial roles have yet to be confirmed, but we look forward to working with whomever. Chances are, we'll again build good relationships.

Today was our second AGM and another milestone year for ERANZ; we're through the establishment phase but still feeling the excitement and "try-harder" commitment of a successful start-up.

Now on to the "building momentum" phase where we are honing in on our purpose – "to promote and enhance an open and competitive market for the benefit of customers".

Changes, challenges & chances already figure strongly.

As an industry association, our focus must always be on delivering value to our members, and we were very pleased that our first member-feedback survey, in June this year, delivered pleasingly positive comments. That's not to say that challenges will lessen – they won't – but members largely think that ERANZ is on the right track. They want to see deliverance of quality policy-led projects continuing, constructive engagement and activities with key stakeholders increasing, and they want to start building a stronger sector-reputation with the wider public.

The three key areas we've focused on over the past year have been:

- (1) Preparing high-quality, evidence-based, submissions – particularly as they relate to the regulatory framework and factoring in the impact on customers and competition.
  - As most of you in the room will know, the workload is high from (and I must also say, for) our three regulators – MBIE, EA and the Commerce Commission – and others. However, we feel we are getting a more realistic balance, particularly between an intensive workload preparing strong submissions on behalf of our growing membership, together with widening our contacts and activities to enhance quality, pro-active, decision-making that benefits our customers – first and foremost – as well as our sector in the longer term.
  - We've had to ruthlessly prioritise what we can submit on, and there is much we don't engage with, but the fact that we're gaining more approaches from informed industry sources who want to interact, is reassuring that our efforts are reasonably balanced.
  - Our members are all acutely aware of the discussions and debates that are occurring as the sector faces rapid change. However, while they are increasingly engaging with new customer-oriented opportunities, their absolute commitment to consistently deliver their core product – a safe, secure, cost-effective supply of electricity – remains the focus.
  - We certainly don't see the need to engage on the policy and regulatory front is getting any quieter. The work on the input methodologies will continue next year, as will the DPP (distribution default pricing path) reset, multiple trading relationships and access to data, and no doubt encouragement for the sector to become even more competitive will grow, as regulators and potentially new politicians gain momentum.

(2) Working with the distribution sector on distribution pricing reform to ensure the role of retailers is factored in has been, and continues to be, another priority for ERANZ. In terms of how the retailers will transition to new pricing structures, and how this is likely to affect, and therefore need to be communicated to, their customers, will be an important part of the industry-led outcome of more cost-reflective, service-based distribution pricing.

As part of this, over the past year ERANZ and retailers have:

- participated in the Electricity Authority's conference on distribution pricing reform.
- developed with the Electricity Network's Association (ENA) a guide for our members on how to engage with each other, and to communicate with consumers about distribution pricing changes.
- worked towards forming a joint working group with ENA to address technical implementation issues.
- worked to develop a template to facilitate requests for customer consumption data in order for pricing changes to be understood.
- And more....

(3) A third area ERANZ has started to tackle, relates to some of the issues that affect the reputation of the sector and the importance of putting the customer at the fore-front of our communications and discussion. Over the past year we addressed some of the key factors that continue to be raised. Such as, what exactly do retailers do? – many say all retailers do is send a bill to a customer. Clearly, there's a lot more to it than that but it's up to us to fill the knowledge gaps. We developed an infographic to simplify and clearly set out both how the electricity sector fits together, and the part retailers play within that. It's in the Annual Report and on our website if you want to look. The feedback has been fantastic and it is now being used widely.

We also took an in-depth look at pricing to understand the historic journey New Zealand electricity pricing has been on, and where we sit on global scales (FYI -11th cheapest retail residential price in the OECD, and ease of switching companies is rated the best in the world). Again, a series of graphs (all using independent sources from government) we prepared have been very well received and we've been delighted with the feedback. We'll be continuing this work to highlight and explain what, for a lot of people including our customers, has been too complicated to be of interest.

I've already alluded to this, but the number and scope of joint projects and collaborative activities ERANZ and our members are currently involved with will continue to grow in participation and spread. Everyone from local bodies to business customers to shared-interest communities are included as we look to build the reputation of our sector within the context of not only benefitting our customers, but also NZ Inc.

As always, we want to engage in robust, considered debate, raising issues and potential solutions, while being focused on achieving clear and transparent outcomes. Ensuring industry regulations are fit-for-purpose is an important part of this. It's good to see reps from EA, ComCom, MBIE and other leaders and influencers here this evening. We want to thank you (mostly) for what you are doing, as well as to assure you that we are even more energised and prepared to work closely with you and other like-minded sector groups over coming months.

Finally, thanks to Jenny Cameron, and the ERANZ team, together with those members, particularly the policy and special issue groups, who actively and generously give their time and significant expertise to ensure we stay on track and to enjoy the feeling that we really are making a difference. Together.

One last comment - around the room we have some electricity “gadgets” from members and also from our stakeholders. We wanted to bring electricity to life and to highlight some of their initiatives. There is an e-scooter from Powershop, a virtual reality tour headset of Manapouri hydro power station from Meridian, and some interactive gadgets from our friends at the NZX and Sustainability Trust. These are just the start, and doesn't touch on all the services being delivered to customers. I'm sure by next year there'll be a great many more.

Our world really is about change, challenge and chance. Enjoy the evening.

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