



# Annual Report

## 2016-2017

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## DIRECTORY

### Principal Business

Industry body representing New Zealand electricity retailers

### Registered Office

Level 18, 125 The Terrace  
Wellington 6011

### Solicitors

Minter Ellison Rudd Watts  
Level 18, 125 The Terrace  
Wellington 6011

### Accountant

Go Figure 2005 Limited  
Level 4, 85 Ghuznee Street  
Wellington 6011

### Bankers

Westpac, 318 Lambton Quay  
Wellington 6011

### Design

Zeus Te Ahuru, Tahi Design  
[www.tahidesign.co.nz](http://www.tahidesign.co.nz)

### ERANZ Contact Details

PO Box 25596, Featherston Street  
Wellington 6146

Email: [info@eranz.org.nz](mailto:info@eranz.org.nz)

[www.eranz.org.nz](http://www.eranz.org.nz)

# ERANZ: Who are we

The Electricity Retailers' Association of New Zealand (ERANZ) was established in August 2015 and represents companies that sell electricity to New Zealand customers and businesses. ERANZ's role is to promote and enhance a sustainable and competitive retail electricity market that delivers value to New Zealand electricity customers.

ERANZ provides a forum and a collective voice to discuss and tackle issues of the day (as well as the future), that affect electricity retailers and their customers. ERANZ looks at the big issues such as what a fit for purpose electricity regulatory system should be to meet the needs of the customer of tomorrow, as well as the reputation of the sector, and ensuring that retailers are using best

practice in meeting the needs of all their customers. A large part of ERANZ's mandate is to spread the word about what a fantastic job the member companies do to manage the electricity needs of customers.

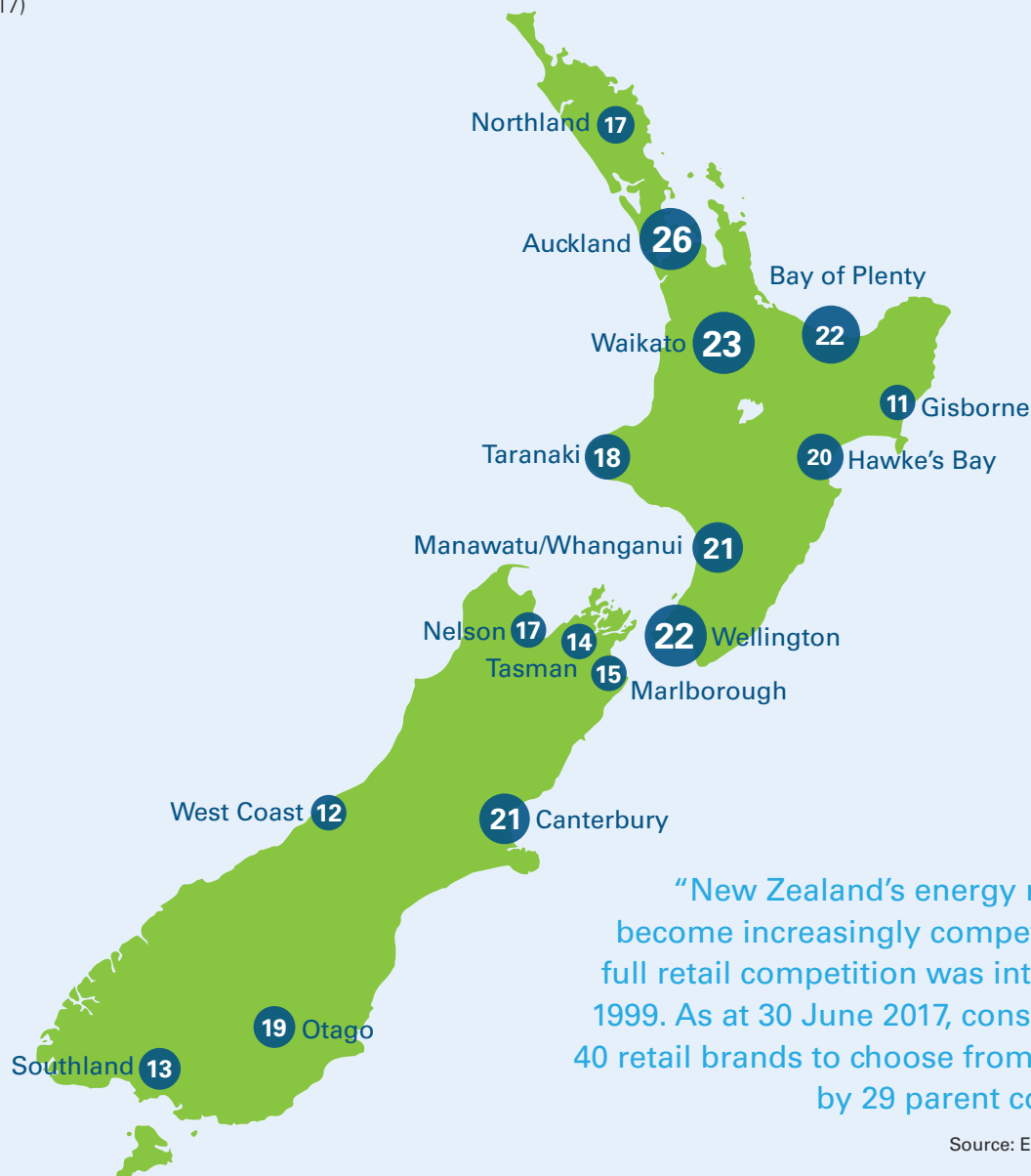
ERANZ membership represents 99.5% of the retail market by ICP<sup>1</sup> count and includes Genesis Energy, Contact Energy, Mercury, Meridian Energy, Trustpower, Nova Energy, Pulse Energy, Flick Electric Co., Prime Energy, Powershop, Energy Online, Bosco, Glo-bug, Grey Power Electricity, Just Energy, Blackbox Power, King Country Electricity, Pioneer Energy Retail and Tiny Mighty Power. Collectively these retailers manage over \$7 billion of transactions and millions of customer contacts per annum.



<sup>1</sup>Installation Control Point (ICP)

# Market Share Snapshot

(as at June 2017)



“New Zealand’s energy market has become increasingly competitive since full retail competition was introduced in 1999. As at 30 June 2017, consumers had 40 retail brands to choose from, delivered by 29 parent companies.”

Source: Electricity Authority



# CHAIR & CHIEF EXECUTIVE REPORT

New Zealanders are well served by their retail electricity market – and ERANZ expects they will see further benefits in 2017-18 and beyond. Competitiveness and sustainability are now firmly established features of the market, and electricity users will gain even more choice as new technologies and service innovations arrive.

There are a wide variety of retailers offering many different products, packages and pricing options to customers, as well as a growing range of services that enable greater customer control and choice. New Zealand is globally recognised as having a robust regulatory regime and we rank 9th out of 125 countries in the World Energy Council's Energy Trilemma Index which measures performance in energy security, equity and sustainability.

Over the past year, the retail market has proved resilient and reliable. Different retail business models have been tested, tuned and challenged as customers form their views and switch providers.

Furthermore, it is a market that enables New Zealanders to connect increasingly to renewable, sustainable electricity (hydro, geothermal and wind) that now makes up 85% of this country's total supply (and that percentage is growing).

Recent developments have highlighted just how much value New Zealanders are securing from a reliable supply of predominantly renewable electricity in what is a very competitive marketplace. Four points stand out:

Renewable  
energy made up  
85% of this country's  
total supply  
in 2016



1. **New Zealand prices for electricity are internationally competitive**
2. **There is a generally high level of satisfaction amongst customers**
3. **More and more value-added services are being introduced as retailers innovate**
4. **There are challenges ahead from emerging customer demands and technology on a global and domestic scale. Retailers are prepared for the thinking and discussion that is required to put customers in the best place to benefit**

**1** Competitive pricing has been confirmed again. In fact, the basic price paid by residential customers fell in real terms over 2016 – the first since 2003 when the collection of relevant data started. ERANZ's analysis of government-sourced statistics shows that the per-unit cost of electricity supplied to the average New Zealand household fell from 28.7 cents to 28.1 cents: this was due principally to a 3% drop in the energy component of the price paid by customers.

The actual spending of New Zealanders on electricity in their homes is at an average figure of **\$37.90 per week** (2.9% of total household expenditure)

Source: Statistics New Zealand's Household Expenditure Survey (HES) 2017

There has also been further, independent confirmation that our retail prices are significantly lower than those of many other OECD countries. The international comparison of residential electricity costs puts New Zealand well below the 32-country average (we are less than the United Kingdom, the Netherlands, and Japan, and around the same as Luxembourg). In the OECD's

benchmarking of industrial prices, we compare even more favourably at fourth lowest.

The past year has seen Statistics New Zealand release the Household Expenditure Survey (HES) findings that gives another insight on basic pricing issues. The actual spending of New Zealanders on electricity in their homes has been put at an

average figure of \$37.90 per week, and that is at just 2.9% of total household expenditure including rent, food, and transport and so on. The survey indicates that electricity's share of total household expenditure has gone down from 3.6% (in the previous HES, in 2013). That surely puts questions around affordability into context.

**2** Surveys continue to indicate generally high satisfaction among electricity users in this country. Satisfaction is surveyed by the Electricity Authority each year. The latest findings came out in April 2017, showing a 69% satisfaction rating for electricity retailers overall and 65% approval for their customer service performance. These figures are up slightly from the previous survey results. Customers are, by and large, pleased with the power pricing plans on offer and with their ability to switch between retailers. High satisfaction, independently measured, is further confirmation of how well the market is actually working. At the same time, the annual survey emphasises the need for retailers to continue to provide customers with more choice and more value.

**3** Value-added services are definitely an aspect of the consumer marketplace that has increasing importance. These are information services (on websites and mobile apps), bundled packages of electricity, telephone and broadband services, and new price and bill management plans. Today more than 70% of New Zealand households have smart meters that enable real-time recording of electricity usage in half-hourly intervals, as a basic building block for many of the monitoring and management options that are, or will be, on offer. Customers are responding to reward schemes, to carbon emissions off-set opportunities, and to regional trials for assessment of their electricity purchasing requirements. Today, there is no question that we have a market operating on much more than differences in price.

New Zealanders are clearly signalling their interest in being part of a more

More than **70% of New Zealand** households have smart meters that enable real-time recording of electricity usage

sustainable future, and in technologies that will give them greater control over when and how they use electricity. Retailers and other industry players are starting to match this interest, and the market demands arising from it, in their decision-making on new investments and on the design of value-added services.

The past year has been one of real progress. At the same time, it is good to remember that our geography and isolated location presents challenges to our electricity system. While New Zealand's efficient and relatively cheap hydro and geothermal generation helps keep power prices down, our long mountainous country, regularly buffeted by storms and with a disparate population, puts pressures on the system. The continuous supply of safe, reliable and reasonably-priced electricity nationwide reflects the technical competencies in our retailing, generation and distribution sectors, notably the particular contributions of key players in both the generation and retail sectors.

Per-unit cost of electricity supplied to the average New Zealand household fell from **28.7 cents to 28.1 cents**: due principally to a 3% drop in the energy component of the price paid by customers

Source: MBIE 2017

factors as well as domestic factors for New Zealand to contend with, but retailers are prepared for the thinking and discussion that is required to ensure customers are in the best place to benefit.

The future is full of promise but we certainly need well-informed debate and collaboration on all the issues associated with the arrival of new technologies, with growing customer demand for energy sustainability and greater choice, and with New Zealand's fundamental interest in having efficient and fair markets in electricity generation, distribution and retailing.

ERANZ is ready and committed to contribute to the debate. The past year has seen our membership expand with the inclusion of retailers who operate new models in the market. We welcome Flick Electric Co. to the Board, and a new associate member ChargeNet, who are keen to participate in our work. Together ERANZ members account for 99.5% of electricity sales in the retail market.

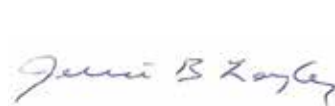
We continue talking with newcomers as the industry develops and grows in a variety of ways. Our role is to ensure that retailers' and their customers' interests are fully taken into account when major decisions are made on the regulation and shape of the market. We face the future with a realistic appreciation of how difficult some issues are, but also with full confidence to engage in the debate and any subsequent change.

ERANZ members account for around **99.5% of the electricity retail market**

**69% satisfaction** rating for electricity retailers overall and **65% approval** for their customer service performance

Source: Electricity Authority survey April 2017

There are big challenges ahead not just for retailers as they respond to new and emerging customer demands, but also for electricity sector policy makers and regulators – the Ministry of Business, Innovation and Employment, the Electricity Authority and the Commerce Commission. They must grapple with issues that are going to shape the market in future, and perhaps sooner than many people think. We will need a regulatory regime that is fit-for-purpose. That is a regime which enables all New Zealanders to benefit not only from new advances in metering technologies, in smart appliances, in solar panels and in storage batteries, but also from the convergence of utility networks beginning with electricity and broadband networks. New Zealand needs all of these to develop without some market participants being unfairly disadvantaged relative to their competitors. There are global



**Jennie Langley**  
Independent Chair  
[jennie.langley@eranz.org.nz](mailto:jennie.langley@eranz.org.nz)



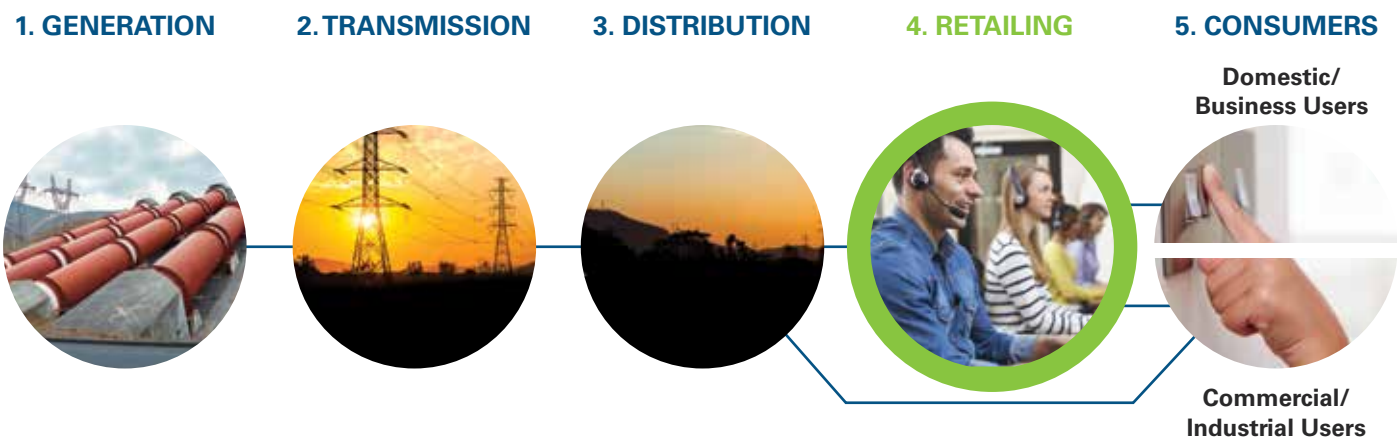
**Jenny Cameron**  
Chief Executive  
[jenny.cameron@eranz.org.nz](mailto:jenny.cameron@eranz.org.nz)



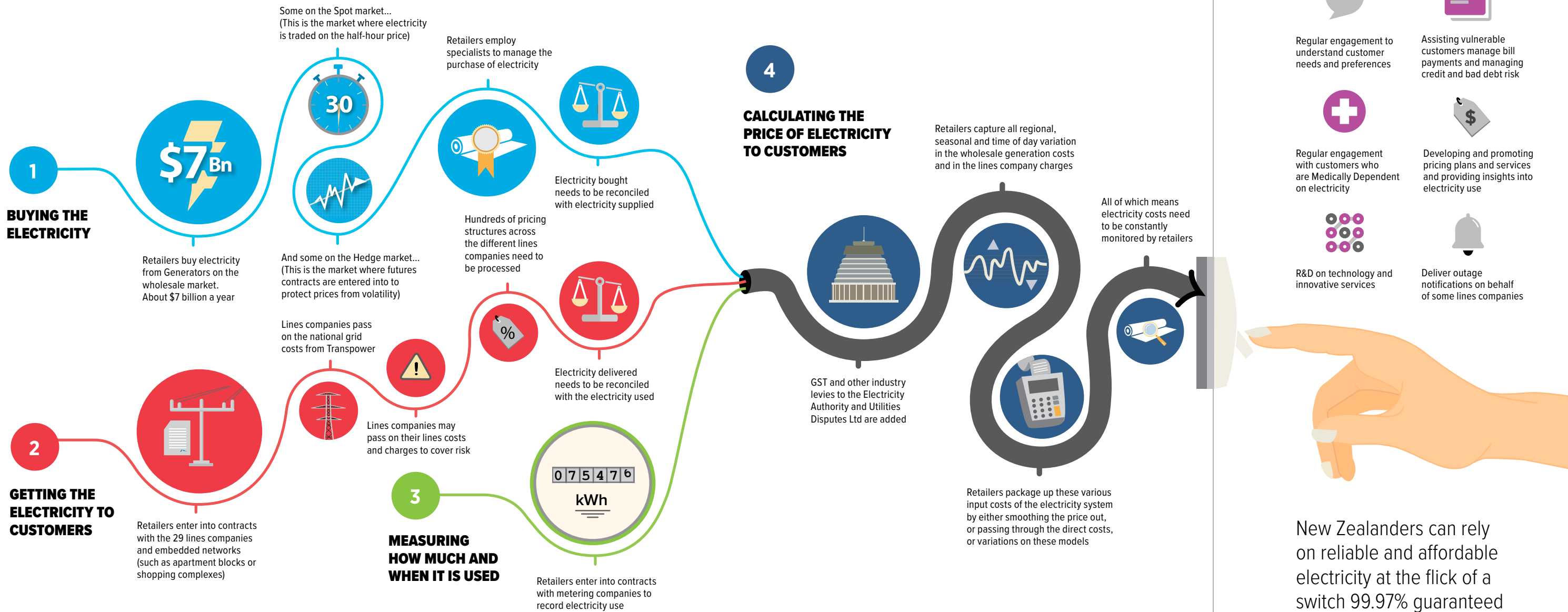


“Competition brings long-term benefits for consumers because retail companies are forced to innovate to deliver better offerings to gain and retain customers.”

(Source: Electricity Authority)



# Behind the light switch: how retailers simplify NZ's complex electricity system for customers





# CORPORATE GOVERNANCE

# ERANZ board as at October 2017



We farewelled Andrew Peckham (Mercury) and Terry Barstead (Nova Energy).

## **Independent Chair**

### Jennie Langley

Appointed Independent Chair: 1 May 2016

Jennie Langley took up the role of Independent Chair on 1 May 2016 for a three-year term. A professional board director, Jennie has extensive experience across the infrastructure, primary sector, education, and tourism sectors. Her current and recent governance roles include appointments to the Tourism Growth Partnership Independent Panel of Experts, New Zealand Council of Legal Education, Te Araroa Trust, Tourism New Zealand, and Biosecurity Ministerial Advisory Committee.

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## **Genesis Energy**

### Dean Schmidt

Executive General Manager, Corporate Affairs and Transformation

Appointed Executive Director: 9 August 2016

As Executive General Manager, Corporate Affairs and Transformation, Dean Schmidt leads Genesis Energy's strategic transformation activities and corporate functions including legal and Company Secretary, corporate communications, policy and regulatory affairs, public relations and community investment programmes. Dean joined Genesis Energy in August 2012.

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## **Contact Energy**

### Venasio-Lorenzo (Vena) Crawley

Chief Customer Officer

Appointed Executive Director: 23 September 2015

Board Subcommittee membership: ERANZ Communications Advisory Working Group

Vena Crawley joined Contact Energy in October 2014, as Chief Customer Officer, overseeing the customer experience through the company's retail and commercial and industrial channels.



## **Meridian Energy**

### **Neal Barclay**

General Manager, Retail

Appointed Executive Director: 12 April 2016

Board Subcommittee membership: ERANZ Finance Committee

Neal Barclay has held a number of executive leadership roles with Meridian Energy since he joined the Company as Chief Financial Officer in 2008. As General Manager for Meridian's retail business, Neal is responsible for leading the marketing, sales, service and operational support functions.

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## **Mercury**

### **Kevin Angland**

General Manager, Digital Services

Appointed Executive Director: 9 December 2016 (Kevin Angland replaced Andrew Peckham)

Board Subcommittee membership: ERANZ Finance Committee

Kevin Angland joined Mercury in 2016 and is responsible for the strategic direction, leadership and management of all customer operations, digital and technology capability at Mercury.

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## **Nova Energy**

### **Charles Teichert**

General Manager, Commercial and Strategy

Appointed Executive Director: 16 May 2017 (Charles Teichert replaced Terry Barstead)

Board Subcommittee membership: ERANZ Finance Committee

Charles Teichert has been with Nova Energy since 2000 and is currently responsible for strategy development, key commercial arrangements, commodity risk management and regulatory affairs.

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## **Trustpower**

### **Craig Neustroski**

General Manager, Markets

Appointed Executive Director: 23 September 2015

Craig Neustroski leads Trustpower's sales and marketing teams and is responsible for procurement and product management, pricing, marketing, customer analytics and competitive strategy.



**Pulse Energy**

**Neil Williams**

General Manager, Energy Supply and Operations

Appointed Executive Director: 23 September 2015

Appointed Deputy Chair, ERANZ Board: 22 September 2016

Neil Williams is currently GM Energy Supply and Operations for Pulse Energy. Neil previously worked at Mercury for over 10 years in roles covering strategy, regulation, trading, development and corporate transactions.

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**Flick Electric Co.**

**Steve O'Connor**

Chief Executive Officer

Appointed Executive Director: 21 July 2017

Steve O'Connor is the founder and Chief Executive Officer of Flick Electric Co. He leads a team driven to bring smart new energy choices to consumers lives.

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**Prime Energy**

**Michael Skates**

Managing Director

Appointed Executive Director: 27 January 2016

As Prime Energy's Managing Director, Michael operates as a hands-on leader, interacting daily with his team, customers, network companies, Generators and a multitude of other industry participants and influencers. Michael led the rebranding and establishment of Prime Energy in 2010 as an independent electricity and gas retailer servicing customers nationwide.

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## ERANZ board meetings

The ERANZ Board meets bi-monthly and has held seven ordinary meetings in the year ended 30 June 2017.



# Our management team



## **Chief Executive**

### Jenny Cameron

Jenny Cameron joined ERANZ as its inaugural Chief Executive on 23 February 2016. Jenny brings legal, policy analysis, negotiation and communications skills from her previous roles. Jenny worked in legal practice in Palmerston North before joining the Ministry of Foreign Affairs and Trade for ten years. Jenny was the Director of External Relations for the Brewers' Association of Australia and New Zealand for three years prior to taking on this role.

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## **Executive Assistant**

### Bev Martin

Bev Martin is the Executive Assistant to the ERANZ Chief Executive as well as providing secretariat support to the ERANZ Board and Committees. She also manages the office functions, as well as ERANZ's stakeholder events and is the central point of contact for our members. Bev's career background includes a number of years working in investment banking, public relations, energy and health sectors.

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## **Senior Advisor**

### Paul Fuge

Paul Fuge is the Senior Advisor at ERANZ, and started in this role in March 2017. This role provides expert analysis on industry issues in order to assist ERANZ's advocacy, policy development, and submissions on behalf of its members.

Paul has been in the electricity industry since starting with the New Zealand Electricity Department in 1987 as an engineering cadet. He has worked both as a consultant engineer and independent consultant for Design Power and for Transpower as a Transmission Engineer, Strategy Analyst, Account Manager and as the Group Manager for Customer Services. Paul's previous roles have encompassed both consumer advocacy and assessing the impact of new technology.



## EXTENDED NETWORK

ERANZ is fortunate to be able to draw on considerable expertise within its membership, and there are a number of formal and informal groups that assist the Association on specific industry issues<sup>2</sup>. ERANZ also engages regularly with key stakeholders such as the Ministry of Business Innovation and Employment, Utilities Disputes Ltd, the Electricity Authority, the Commerce Commission, the Energy Efficiency and Conservation Authority, the Electricity Networks' Association, the Major Energy Users' Group, Business NZ, Treasury, Ministry of Health, Ministry of Social Development, and Consumer NZ and others.

### ERANZ Policy Committee

*The Policy Committee comprises senior representatives with policy, regulatory, legal and commercial expertise. The group identifies and discusses positions on key regulatory and policy issues that affect the electricity retail market and customers. The Committee is chaired by the Chief Executive of ERANZ and operates under a charter.*

Members are: Louise Griffin (Contact Energy); Nikki Bloomfield (Flick Electric Co.); Rebekah Cain (Genesis Energy); Nick Wilson (Mercury); Jason Woolley (Meridian Energy); Paul Baker (Nova Energy); Neil Brumfit (Prime Energy); Neil Williams (Pulse Energy); James Tipping (Trustpower); Paul Fuge (ERANZ); Stefan Kirkwood (Powershop as the representative for the Retailers' Operational forum).

We farewellled Dave Gendall (Contact Energy)

### ERANZ Communications Advisory Group

*The ERANZ Communications Advisory Group comprises senior communications professionals within the membership to provide practical guidance and promote consistent best practice based on experience and industry knowledge.*

Members are: Vena Crawley (Contact Energy), Mark Watts (Genesis Energy), Claire Shaw (Meridian Energy) Shaun Jones (Contact Energy), Katy Scoullar (Mercury), Emily Beaton (Trustpower), Jessica Venning-Bryan (Flick Electric Co.), Libby Middlebrook (Nova Energy).

We farewellled Richard Gordon (Genesis Energy)

<sup>2</sup>All working groups operate strictly in accordance with the requirements of the Commerce Act 1986, prohibiting anti-competitive conduct. Members are reminded to not enter into any discussions relating to commercially sensitive areas of competitive activity, including (but not limited to) prices, discounts, rebates, capacity, costs, customers, future strategy or competitive intentions.

## ERANZ Data Working Group

*The ERANZ Data Working Group comprises operational, legal and regulatory representatives and is chaired by Nick Wilson (Mercury).*

The Data Working Group focuses on issues involving the use, protection and sharing of data with a view to improving sector wide understanding and processes.

Members are: Nick Wilson (Mercury); Rebekah Cain and Andrew Maseyk (Genesis Energy); Louise Griffin, Debby Abrahams and Campbell Wilson (Contact Energy); James Tipping, Simon Darmody and Howard Wood (Trustpower); Jason Woolley and Sam Fleming (Meridian Energy); Nikki Bloomfield (Flick Electric Co.); Jenny Cameron (ERANZ).

## ERANZ Vulnerable Customer & Medically Dependent Customer Working Group

*The ERANZ Vulnerable Customer & Medically Dependent Customer Working Group comprises representatives from the regulatory, customer care and credit parts of the businesses. The Group focuses on issues to improve industry guidelines and practices in relation to the services to vulnerable and medically dependent customers. The Group is chaired by the ERANZ Chief Executive and operates under an agreed protocol.*

Members are: Sam Fleming (Meridian Energy); Bruce Coetzee (Mercury); David Chan (Contact Energy); Fiona Wiseman, James Tipping and Steve Merchant (Trustpower); Margie McCrone (Genesis Energy); Quentin Caddis (Nova Energy); Yogesh Chand (Pulse Energy).

The group also engages with the Electricity Authority, MBIE, Ministry of Social Development, the Federation of Family Budgeting Services, and others.

## Retailer Operational Forum

*The Retailers' Operational Forum provides a mechanism for retailers to meet and discuss issues of importance and contribute effectively to improving the design and operation of the NZ*

*electricity and gas markets, and to promote open access and establish best practices among retailers and other participants. The chair of the Forum rotates amongst members and the Forum operates under an agreed protocol.*

Members are: Howard Wood and Simon Darmody (Trustpower); Stefan Kirkwood (Powershop); Craig Young and Andrew Maseyk (Genesis Energy); Debby Abrahams, Danny McManamon and Bernie Cross (Contact Energy); Mat Jonsson (Flick Electric Co.); Colin Leslie and Paul Baker (Nova Energy); Kruger Venter (Wise Prepay); Michael Skates (Prime Energy); Helen Peacock (King Country Energy); Amy Cooper, Penny Land and Brendon Feary (Meridian Energy); Ranjesh Kumar and Andrew Peckham (Mercury); Stephen Kemp (Simply Energy); Paul Fuge (ERANZ); Andrew McKenzie (Electric Kiwi); Yogesh Chand and Malcom Souness (Pulse Energy); Steve West (ChargeNet NZ); Pamela Caird and Andrew Walker (Gas Industry); Steve Woods (Veritek); Grant Benvenuti and Ron Beatty (Electricity Authority); Graham Walmsley, Sean Campbell and Johnathan Eele (Vocus Group); James Martin (Body Corporate Power).

This group is open to all electricity retailers.

## Retailer Revenue Assurance Advisory Forum

*The Retailer Revenue Assurance Advisory Forum is a voluntary industry body formed to share best practice and sector developments involving management of retailer credit processes. The chair of the Forum rotates amongst members.*

Members are: Paul Collins, Steph Roberts and Rachel Falconer (Trustpower); Emma Presage, Marlaina Rees, Matt Shanks and Sarah Hutchison (Meridian Energy); Hitesh Arora, Yogesh Chand and Shailendra Raju (Pulse Energy); Andrew McKenzie (Electric Kiwi); Janet Lambarth (Contact Energy); Stefan Kirkwood and Rose Mein (Powershop); Jenny Cameron (ERANZ); Paul Baker, Quentin Caddis and Natasha Dauphin (Nova Energy); Mat Jonsson and Matai Ngahooro (Flick Electric Co.); Pania Doak (Energy Online); Theresa Bellamy, Andrew Winter, Richelle Ellmers, Suzanne Andrew and Catherine Mace (Genesis Energy); Deon Smith and Deidre Costello (Mercury); Duncan Holland (Total Risk), Lisa Turner (Cyber Toa), Jerome Chapman (Utilities Disputes Limited)



## OPERATIONS REVIEW

The key achievements and activities of ERANZ and its working groups in the second year of operation are summarised in this Operations Review.

### Work programme

The Board approved a set of strategic priorities to guide its delivery of ERANZ's purpose and objectives in June 2016 and these were reviewed in June 2017. ERANZ's work programme for 2016-17 was developed around these goals, against the backdrop of the priority activities.

Central to the work programme is the delivery of ERANZ's strategic priorities of providing high quality input into the regulation of the electricity sector, developing effective relationships with key stakeholders, and building a sound organisation which is able to make an enduring and differentiating contribution to the retail electricity market. We are committed to bringing a customer-centric approach to all our discussions and our work.

To assist in understanding how ERANZ addresses these key priorities, they are set out in the table on the next page, together with a commentary on each.

The 2016-17 financial year has seen ERANZ further establish its capability and processes. ERANZ brought on a Senior Advisor, Paul Fuge, to provide electricity sector expertise and assist in the delivery of its work programme. ERANZ's processes for projects, financial management, Board reporting, and use of working groups have continued to be refined and developed to support clear communication to meet the expectations of our members.



# Promote a competitive retail market

- Represent collective member interests in media
- Maintain effective relationships with stakeholders

ERANZ has invested considerable effort over the past year in ensuring its communications with members and stakeholders are effective in supporting its work programme. ERANZ uses the principle communication tools of our newsletters, website updates, regular emails, and specific-issue group briefings.

The ERANZ Chief Executive spoke at the Downstream Conference in March 2017 presenting on who ERANZ is and our areas of focus. ERANZ also held two stakeholder events over the financial year. One following our AGM at which the Minister of Energy and Resources, Hon Simon Bridges spoke in praise of the value that ERANZ was providing to the sector. The other stakeholder function showcased a customer sector that uses electricity – the craft brewing industry.

Work on a collection of retail sector statistics continued with the re-shaped Vulnerable Customer & Medically Dependent Customer Working Group. With the assistance of Strata Consulting in the analysis of these statistics, they are helping to provide good insights into the benefits of early intervention to help those customers avoid debt or disconnection.

# Enhance the regulatory environment

- Inform and facilitate consensus member positions on regulatory issues
- Respond to new policy proposals with clear, effective and informed views that represent member consensus
- Review and identify improvements on unsuccessful (or unnecessary) existing regulations
- Lead industry-led proactive changes to regulation

Through the work of the ERANZ Policy Committee, members have constructively engaged to find consensus member positions on regulatory issues. This has proved effective in providing high-quality input to the Electricity Authority, Commerce Commission, Utilities Disputes Ltd, and MBIE, on issues such as distribution pricing, default distribution agreements, the regulatory framework for emerging technologies, data-sharing arrangements, and more.

Distribution pricing reform to more cost-reflective, service-based pricing structure continues as a focus for ERANZ. Retailers are in favour of reform to ensure that the charges for the distribution component of the energy bill are as efficient as possible. We are also cognisant that there needs to be a balance to ensure the lines service is reliable, but also that the costs are reasonable for our customers to use electricity as they choose (which may also include storing it, and/or generating it and sending it back to the grid). The ERANZ Chief Executive presented on this topic at the Electricity Authority's conference on distribution pricing in August 2016.

ERANZ is highly engaged in the discussion about what a fit-for-purpose regulatory framework should look like for New Zealand given developments in the market as technology and customer needs are changing. We are particularly focused on ensuring the regulatory framework has a level-playing field for businesses in the market around emerging technologies, such as home energy management systems, storage batteries, solar panels, electric vehicle charging stations, and also for any in the contestable fields of generation and service to customers.

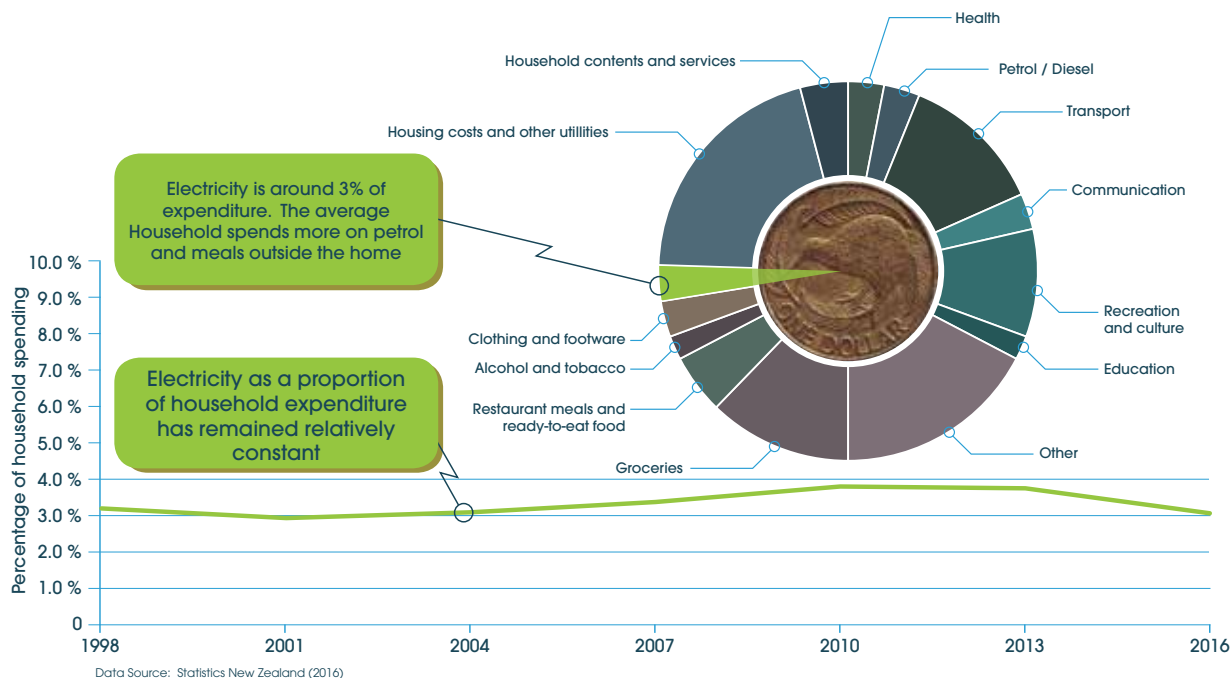
# Encourage sustainable retailer practices

- Educate members on new regulatory responsibilities
- Identify emerging customer and retail market trends
- Facilitate retailer best practice and industry standards with members and stakeholders
- Develop common technical resources for all retailers
- Develop and manage retail sector statistics

ERANZ launched the “Talking Heads” series to provide a platform for issues that are of interest to, and may affect, the electricity sector, to be discussed in a collaborative, informed way. In the past year, these have covered distribution pricing, cyber-security and data, and the electric vehicle programme in New Zealand. These have proved highly popular and engaging for the wide audience that attends.

The interests in and rights to customer consumption data for commercial and public use has become a heightened issue over the course of this financial year. Retailers have been receiving an increasing number of requests from many parties to access the data they collect on behalf of their customers. There are a number of complex issues involved that need to be managed carefully, especially as it may impinge on the social licence from the customer. We have been engaging with the Office of the Privacy Commission, the Data Futures Partnership, as well as other third parties such as Ampli and other businesses that deal with ‘big data’. ERANZ and members have been working to develop their understanding and practices in this important area so that the industry gets it right from the outset.

## Electricity as a proportion of overall household expenditure (2016)







# FINANCIAL STATEMENTS

## **Electricity Retailers' Association of New Zealand Incorporated**

For the year ended 30 June 2017

The Board have pleasure in submitting the Annual Report of the Electricity Retailers' Association of New Zealand (ERANZ) for the year ended 30 June 2017.

On behalf of the Board these financial statements were approved for issue on 21 September 2017.

A handwritten signature in blue ink, reading "Jennie B Langley".

**Jennie Langley**  
ERANZ Independent Board Chair

A handwritten signature in blue ink, reading "Kevin Angland".

**Kevin Angland**  
ERANZ Board Finance Sub Committee Chair  
ERANZ Executive Board Director

## Compilation Report and Disclaimer of Liability

### Electricity Retailers' Association of New Zealand Incorporated

### For the year ended 30 June 2017

Compilation Report to the Directors of Electricity Retailers' Association of New Zealand Incorporated.

#### Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Electricity Retailers' Association of New Zealand Incorporated for the year ended 30 June 2017.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

These statements comply with the requirements of the Companies Office, with the Electricity Retailers' Association of New Zealand as an Incorporated Society.

#### Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

#### No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you

provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

#### Independence

We have no involvement with Electricity Retailers' Association of New Zealand Incorporated other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

#### Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Go Figure 2005 Limited  
Level 4  
85 Ghuznee Street  
Wellington  
Dated: 17 August 2017

# Statement of Profit and Loss

## Electricity Retailers' Association of New Zealand Incorporated

### For the year ended 30 June 2017

	NOTES	2017	2016
<b>Trading Income</b>			
Subscriptions		656,445.08	328,243.07
<b>Total Trading Income</b>		<b>656,445.08</b>	<b>328,243.07</b>
<b>Gross Profit</b>		656,445.08	328,243.07
<b>Other Income</b>			
Other Income		156.60	-
Project Levy		74,548.26	-
Interest Income		382.05	980.77
<b>Total Other Income</b>		<b>75,086.91</b>	<b>980.77</b>
<b>Expenses</b>			
ACC Levy		71.69	-
Accounting		11,423.80	16,226.26
Bank Fees		280.29	102.38
Chair/ Board Expenses		6,080.67	2,091.32
Communications		542.47	-
Conferences & Training		2,072.91	10,875.22
Consulting		35,326.08	91,627.69
Depreciation		10,342.37	1,453.82
Director Fees		50,000.04	-
Entertainment		14,348.95	4,540.42
Events and Sponsorship		1,130.14	18,215.93
Freight & Courier		90.18	-
General Expenses		27.83	573.08
GR and PR Plan		6,875.00	-
Insurance		1,415.00	-
Interest Expense		-	34.01
IT Services		6,094.68	772.20
Legal expenses		17,288.51	63,126.28

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2017	2016
Media Consulting		30,010.00	3,300.00
Media Monitoring		4,602.05	14,304.87
Office Expenses		1,581.40	59.35
Policy Analysis		5,985.00	-
Printing & Stationery		9,217.65	4,041.41
Projects		86,400.77	-
Recruitment Fees		-	32,771.00
Rent		19,862.07	6,000.00
Salaries & Wages		320,373.56	101,692.75
Staff Advertising		350.00	-
Subscription & Membership Expenses		15,739.58	16,939.38
Telephone & Internet		2,829.11	398.46
Training & Development		5,231.96	-
Travel and Accommodation		15,557.25	8,687.19
Website & Design		11,660.00	3,236.00
Total Expenses		692,811.01	401,069.02
<b>Net Profit (Loss) Before Taxation</b>		<b>38,720.98</b>	<b>(71,845.18)</b>
<b>Taxation and Adjustments</b>			
Tax expense		106.97	274.40
<b>Total Taxation and Adjustments</b>		<b>106.97</b>	<b>274.40</b>
<b>Net Profit (Loss) for the Year</b>		<b>38,614.01</b>	<b>(72,119.58)</b>

## Statement of Movements in Capital

### Electricity Retailers' Association of New Zealand Incorporated For the year ended 30 June 2017

	2017	2016
<b>Capital</b>		
Opening Balance	(72,119.58)	-
<b>Increases</b>		
Income for the Period	38,614.01	(72,119.58)
<b>Total Increases</b>	<b>38,614.01</b>	<b>(72,119.58)</b>
<b>Total Capital</b>	<b>(33,505.57)</b>	<b>(72,119.58)</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

## Balance Sheet

### Electricity Retailers' Association of New Zealand Incorporated For the year ended 30 June 2017

	NOTES	2017	2016
<b>Assets</b>			
<b>Current Assets</b>			
<b>Cash and Bank</b>			
Cheque Account		289,690.37	165,297.70
<b>Total Cash and Bank</b>		<b>289,690.37</b>	<b>165,297.70</b>
Income Tax Receivable		18.53	49.26
Accounts Receivable		80,293.05	209,723.78
<b>Total Current Assets</b>		<b>370,001.95</b>	<b>375,070.74</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	18,323.89	10,437.77
<b>Total Non-Current Assets</b>		<b>18,323.89</b>	<b>10,437.77</b>
<b>Total Assets</b>		<b>388,325.84</b>	<b>385,508.51</b>
<b>Liabilities</b>			
<b>Current Assets</b>			
Fees in Advance		328,202.00	328,243.08
GST Payable		40,994.79	17,576.26
Accruals		12,930.46	11,015.38
Accounts Payable		39,704.16	100,793.37
<b>Total Current Liabilities</b>		<b>421,831.41</b>	<b>457,628.09</b>
<b>Total Liabilities</b>		<b>421,831.41</b>	<b>457,628.09</b>
<b>Net Assets</b>		<b>(33,505.57)</b>	<b>(72,119.58)</b>
<b>Equity</b>			
Surplus for the year		(33,505.57)	(72,119.58)
<b>Total Equity</b>		<b>(33,505.57)</b>	<b>(72,119.58)</b>

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

## Depreciation Schedule

### Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2017

Name	Cost	Opening Value	Purchases	Disposals	Depreciation	Closing Value
<b>Computer Equipment</b>						
Hard drive	2,182.20	-	2,182.20	-	727.40	1,454.80
HP Probook 450 G3 I7-6500 8 GB 256 GB	1,904.79	-	1,904.79	-	79.37	1,825.42
HP Switch - Desktop	1,120.00	1,073.33	-	-	536.67	536.66
Toshiba & printer	4,076.15	3,226.95	-	-	1,613.48	1,613.47
Toshiba and accessories	6,695.44	6,137.49	-	-	3,068.75	3,068.74
<b>Total Computer Equipment</b>	<b>15,978.58</b>	<b>10,437.77</b>	<b>4,086.99</b>	<b>-</b>	<b>6,025.67</b>	<b>8,499.09</b>
<b>Office Equipment</b>						
Standing Desks	1,610.00	-	1,610.00	-	139.53	1,470.47
<b>Total Office Equipment</b>	<b>1,610.00</b>	<b>-</b>	<b>1,610.00</b>	<b>-</b>	<b>139.53</b>	<b>1,470.47</b>
<b>Website at cost</b>						
Website	12,531.50	-	12,531.50	-	4,177.17	8,354.33
<b>Total Website at cost</b>	<b>12,531.50</b>	<b>-</b>	<b>12,531.50</b>	<b>-</b>	<b>4,177.17</b>	<b>8,354.33</b>
<b>Total</b>	<b>30,120.08</b>	<b>10,437.77</b>	<b>18,228.49</b>	<b>-</b>	<b>10,342.37</b>	<b>18,323.89</b>



# Notes to the Financial Statements

## Electricity Retailers' Association of New Zealand Incorporated For the year ended 30 June 2017

### 1. Statement of Accounting Policies

#### Reporting Entity

The financial statements presented here are for the entity Electricity Retailers' Association of New Zealand Incorporated.

#### Nature of Business

The nature of the Incorporated Society's business has not changed during the year under review.

#### Basis of Preparation

The Board has chosen to prepare special purpose financial reports which may not necessarily comply with generally accepted accounting practice.

#### Historical Cost

The financial statements have been prepared on a historical cost basis.

### 2. Changes in Accounting Policies

There have been no changes in accounting policies since the previous financial year. All policies have been applied on bases consistent with those used in previous years.

### 3. Fixed Assets

All fixed assets are recorded at net cost less accumulated depreciation. Depreciation on assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

### 4. Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

### 5. Income Tax

The Incorporated Society is a mutual association as determined by Inland Revenue and is not required to pay income tax.

### 6. Accounts Receivable

Receivables are stated at the estimated realisable value. Bad debts are written off in the year in which they are identified.

### 7. Audit

These financial statements have not been audited.

### 8. Contingent Liabilities

There are no contingent liabilities at balance date (Last Year: \$Nil)

### 9. Subsequent Events

No subsequent events have occurred after balance date (Last Year: \$Nil).

#### Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

## Depreciation

Account	Method	Rate
Website at cost	Diminishing Value (100%)	50%
Office Equipment	Diminishing Value (100%)	13%-
Computer Equipment	Diminishing Value (100%)	50%-

## 10. Income Tax Expense

	2017	2016
<b>Net Profit (Loss) Before Tax</b>		
Interest	382.05	980.77
<b>Total Net Profit (Loss) Before Tax</b>	<b>382.05</b>	<b>980.77-</b>
Taxable Profit (Loss)	382.05	980.77
Tax Payable at 28%	106.97	274.62
<b>Deductions from Tax Payable</b>		
Resident withholding tax paid		
Withholding tax paid	125.61	323.66
<b>Total Resident withholding tax paid</b>	<b>125.61</b>	<b>323.66</b>
Income Tax Payable (Refund Due)	(18.64)	(49.04)

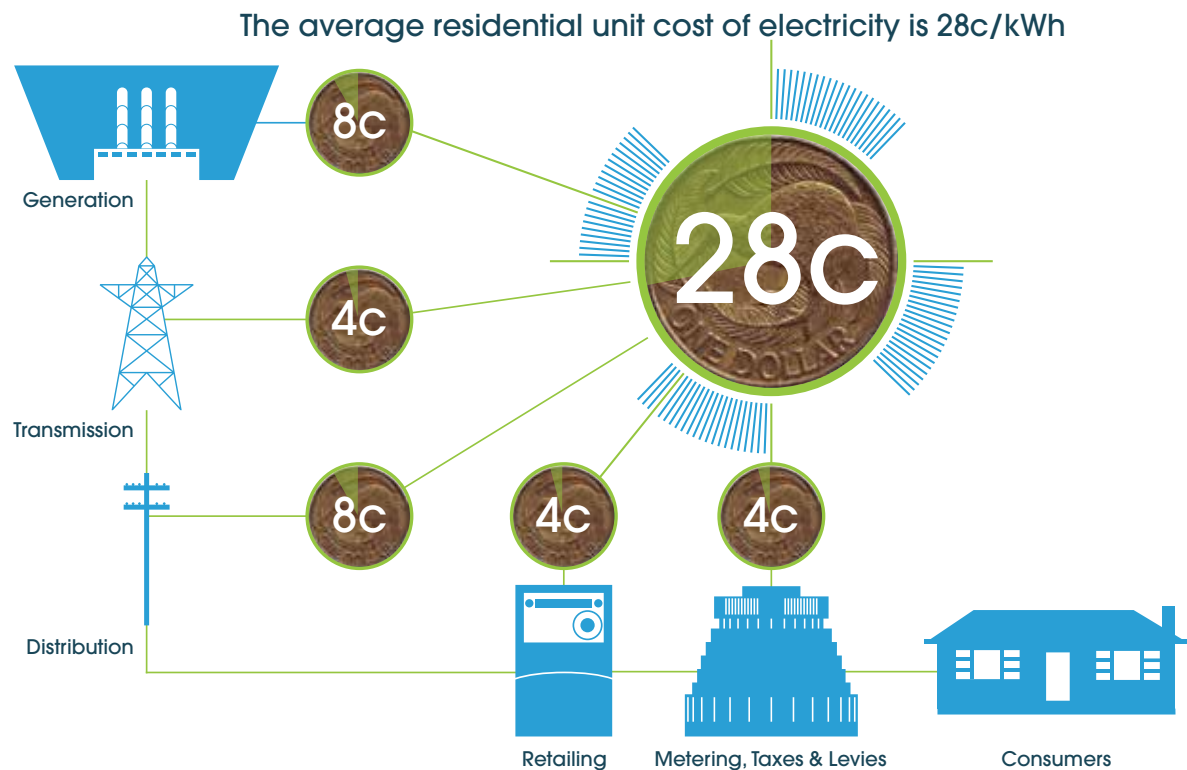
## 11. Equity

	2017	2016
<b>Retained Earnings</b>		
Opening Balance	(72,119.58)	-
Current Year Earnings	38,614.01	(72,119.58)
<b>Total Retained Earnings</b>	<b>(33,505.57)</b>	<b>(72,119.58)</b>
<b>Total Equity</b>	<b>(33,505.57)</b>	<b>(72,119.58)</b>

## 12. Property, Plant and Equipment

	2017	2016
<b>Office Equipment</b>		
Office Equipment	1,610.00	-
Less Accumulated Depreciation on Office Equipment	(139.53)	-
<b>Total Office Equipment</b>	<b>1,470.47</b>	<b>-</b>
<b>Computer Equipment</b>		
Computer Equipment	15,978.58	11,891.59
Less Accumulated Depreciation on Computer Equipment	(7,479.49)	(1,453.82)
<b>Total Computer Equipment</b>	<b>8,499.09</b>	<b>10,437.77</b>
<b>Website</b>		
Website at cost	12,531.50	-
Accumulated Depreciation on Website at cost	(4,177.17)	-
<b>Total Website</b>	<b>8,354.33</b>	<b>-</b>
<b>Total Property, Plant and Equipment</b>	<b>18,323.89</b>	<b>10,437.77</b>

# Breakdown of residential electricity unit price



28c is the average residential unit cost of electricity (c/kWh) in 2016. Note that this does not include any rebates that consumers may receive from their lines distribution company, or loyalty, prompt payment, or other discounts from particular electricity retailers  
Data Source: Ministry of Business, Innovation and Employment

**ADVOCATE**  
**ENGAGE**  
**ADD VALUE**

