

23 November 2021

Submissions  
Electricity Authority  
PO Box 10041  
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Via email: [compliance@ea.govt.nz](mailto:compliance@ea.govt.nz)

## **SUBMISSION ON THE COMPLIANCE STRATEGY CONSULTATION**

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Electricity Authority's draft 'Compliance Strategy'.

ERANZ is the industry association representing companies that sell electricity to kiwi households and businesses. Our members supply over 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

ERANZ agrees with the goals of the Authority in setting and publishing a compliance strategy. The Authority's function to "facilitate the development and enhancement of the markets to ensure their robustness and the delivery of long-term benefits to consumers" is laudable and well-aligned to the goals and objectives of ERANZ members. Overall, ERANZ supports the Authority's compliance strategy as sound and well explained.

ERANZ supports the Authority having a "range of compliance tools" able to calibrate to the circumstances facing it. In addition, the five key outcomes listed in the document are sound and well-intentioned.

However, there is a gap in the Authority publishing its current thinking on perceived weaknesses or areas for improvement in the sector. The strategy is, perhaps purposely, created at a high level without identifying current areas for focus. As sector participants, the Authority updating its view on where its compliance attention – anywhere from education to enforcement – is likely to be warranted would be very useful. We can then use this information to guide our efforts for improvement or support conversations with other sector participants that might need to improve their practices.

The Authority's desire to align its compliance strategy with its organisational strategy is a useful update. ERANZ agrees with the Authority's five key sector ambitions. While an explicit reference to the "market" is not contained in the bullet points for 'sector ambitions', it is referred to in the preceding and following paragraphs. Focusing on the market is reflected further in the legislation sector referring to the Authority's four functions, particularly to "promote market development". Perhaps an explicit reference can be considered as part of any organisational strategy update.

The Authority states, "Poor compliance is at the expense of the consumer and in favour of commercial participants." This can be true. But poor compliance can also come about because of unclear or missing guidance from the Authority itself. The Authority contributes valuable guidance

to industry participants, but this can continuously be improved and should be open to reflection and feedback from industry participants.

Engagement with the sector is noted as an important feature of how the Authority operates. We obviously agree. Our members appreciate the opportunity to give feedback on our thinking on the most effective way to promote “competitive, reliable, efficient outcomes” in the market. The Authority could do more to report against the key themes and focuses of this strategy. A public review of the effectiveness of past compliance strategies and techniques would be useful and provide greater insights into where the Authority can most effectively deploy its attention and resources. This should be a qualitative assessment over and above the data insights suggested in the ‘How we operate’ section.

Industry participants are obviously governed by a range of laws, regulatory regimes and agencies. We experience significant interactions with the Commerce Commission, who, like the Authority, carry a lot of weight in how our members operate. The strategy states the Authority “will consider setting up formal arrangements where appropriate” with the Commerce Commission. We suggest going further than this and streamlining the regulatory boundaries between yourselves and the Commission. This would aid participants’ understanding of how each regulator is likely to view the same action and whether it would likely cause any concern.

ERANZ would like to thank the Authority for your consideration of our submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cameron Burrows', with a long horizontal flourish extending to the right.

**Cameron Burrows**

Chief Executive