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## **SUBMISSION ON EVOLVING MULTIPLE RETAILING AND SWITCHING**

### **1. Introduction**

Thank you for the opportunity to make a submission on the Evolving Multiple Retailing and Switching consultation paper. This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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### **2. Comments on the consultation in general**

Consumer NZ is frustrated and disappointed by this consultation. In our view this is another example of a lengthy and highly technical proposal that does not reflect the realities facing everyday New Zealand consumers. As a not-for-profit consumer organisation, the volume and complexity of these consultations makes it increasingly difficult to engage meaningfully. We know we're not alone in our concerns on this.

More fundamentally, we question the priorities that underpin this paper. In the face of widespread energy hardship, volatile prices, increasing disconnections

and entrenched inequities in the energy market, this proposal is akin to consulting on the colour of your kitchen cabinets while your house is on fire.

The consultation presents a vision of high-tech consumer choice and multi-retailer arrangements that might appeal to affluent, tech-savvy households but completely ignores the urgent issues that everyday consumers desperately want addressed.

Let us be clear: **multiple trading relationships are not what the vast majority of consumers are asking for.**

Consumer NZ has years of data, research and engagement to support our position on this. We hear directly from thousands of consumers each year, and multiple trading relationships (MTR) are not even on the radar for most households. We are concerned that this consultation puts forward no evidence that suggests MTR will add any value for the energy issues currently facing most consumers.

Consumers are struggling to pay bills, understand pricing, and get fair service. Suggesting that what these consumers are missing is the ability to juggle multiple electricity providers is out of touch with the reality of being a domestic electricity consumer in New Zealand in 2025.

MTR, as proposed, stands to benefit a tiny minority (wealthier households with solar and batteries) while adding complexity, and additional operational and administrative costs, that all consumers will end up paying for. It entrenches inequity under the guise of innovation.

MTR presupposes a series of highly unlikely conditions, including:

- that consumers want to, and are able to, deal with multiple retailers
- that retailers are willing to compete to supply only partial household load and excess generation (and somehow will offer preferential pricing for the households that are willing to split their load/generation over those that only deal with a single provider)
- that new providers will emerge despite an increasingly concentrated market, and wider market trends indicating increasing barriers to entry
- that households will, on mass, rapidly adopt solar and battery technology despite capital constraints and broader economic pressures.

MTR assumes a world of consumer empowerment and technological uptake that simply does not exist for most people.

Meanwhile, pressing consumer issues are sidelined, and the sector's underlying realities ignored:

- Retailer bundling is increasing, not decreasing.
- Gas consumers, 48% of households,<sup>1</sup> are being corralled into limited numbers of conditional dual-fuel offers.<sup>2</sup>
- Those in hardship are increasingly excluded from the benefits of market competition altogether.<sup>3</sup>
- One in five households are having difficulty paying their power bills<sup>4</sup>. The price of electricity has people underheating their homes<sup>5</sup> and turning off their hot water cylinders.<sup>6</sup>
- Businesses are curtailing production, or exiting completely, and laying off workers in the process.

The notion that MTR – a boutique solution to niche problems that primarily benefits more affluent consumers – should be treated as a priority is misplaced. It is difficult to justify such focus when so many households are grappling with far more immediate and pressing issues.

We strongly urge the authority to adopt a more measured, consumer-focused approach that address the most important issues facing the market and are in the long-term interests of consumers. Rather than diving into technically complex and unproven solutions like MTR, the focus should first be on delivering simpler, lower-cost and more inclusive reforms.

In our view, the Authority should look at making practical, achievable and high-impact improvements, such as standardising power bills and making

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<sup>1</sup> Bottled gas 24%, reticulated gas 22%, EECA report, 'Electrifying Aotearoa: the consumer perspective April 2024

<sup>2</sup> Only six retailers supply gas in the residential market: Contact, Genesis, Mercury, Pulse, Nova and Megatel, (Megatel is a subsidiary of Nova. Currently only Nova and Megatel are offering Gas as an independent product. All other retailers are only offering it as dual-fuel with electricity.

<sup>3</sup> 2025 Consumer NZ Energy Retail Survey: 8% 8% have been denied as a customer by an electricity provider because of previously missed payments and 5% said they had no choice but to switch to a pre-pay plan because of trouble paying their bills.

<sup>4</sup> 2025 Consumer NZ Energy Retail Survey

<sup>5</sup> 2025 Consumer NZ Energy Retail Survey: 11% said their home is not as warm as they would like because of the cost of energy and cutting back on heating

<sup>6</sup> Radio New Zealand articles: <https://www.rnz.co.nz/news/business/565774/pensioners-pinching-pennies-to-pay-for-power> and <https://www.rnz.co.nz/news/political/110002/mp-says-pensioners-turning-off-hot-water-to-save-moneyStats>

them clearer and simpler, providing practical data access and enabling easier, more automated price comparisons. Consumer NZ and others at the consumer coalface have been advocating for and providing evidence for these simple changes for many years. Such changes offer immediate benefits to a broad range of consumers and are an effective way of building the trust, confidence and capability needed for future reforms.

Too many consumers remain confused, disengaged and mistrustful of the electricity industry. Turning this around will require a deliberate, consumer-led journey, one developed through simple, confidence-building steps.

Our responses to specific questions are included below.

**Q1. Do you agree that multiple trading relationships and improved switching are key components of consumer mobility? If not, what would you change and why?**

We agree that MTR and improved switching could play a role in enhancing consumer mobility, but they are not the only, nor the most effective, ways to empower consumers.

Based on our 25 years of experience operating Powerswitch, New Zealand's free and independent energy comparison service, we believe there are simpler, lower-cost and more immediately impactful tools that should be prioritised to help consumers compare, understand and switch electricity plans independently.

First and foremost: **improve the quality and usability of power bills**. For most consumers, their bill remains their main point of contact with their electricity provider. Yet those same bills are confusing and inconsistent, making it difficult to compare and discuss options. Key data points are missing or buried in complex language and inconsistent formats. It's an easy and low-cost fix that provides the greatest benefits for the greatest number of households. Standardising the layout and content of bills to include essential, comparable information would make it much easier for consumers to engage with the market. The Authority needs only refer to its correspondence with Consumer NZ and the Consumer Advocacy Council over the last five years for repeated advice that efforts to improve the quality and useability of power bills would bring immediate and measurable benefits to consumers.

Second, **unlock access to consumption and tariff data** for trusted intermediaries and advocacy groups. For years the ability to help consumers through tools like Powerswitch has been made needlessly difficult due to limited data access. If tariff and consumption data were made available in a standardised, secure and accessible way, comparison services could readily automate much of the comparing and switching process. This would dramatically lower barriers for consumers, especially those who are time-poor or digitally excluded. Again, we refer the Authority to repeated suggestions and evidence from Consumer NZ over the last five years for further detail on this point.

While MTR and improved switching systems may support more dynamic services in the long term, we caution against prioritising speculative or technically complex solutions that may benefit only a narrow segment of engaged or tech-savvy consumers. These initiatives should not distract from more immediate, widely beneficial reforms that can increase trust, engagement and outcomes for all consumers, particularly those at risk of energy hardship, or other disengaged groups.

In short, MTR could be part of the mix, but without first improving bills and data access, their benefits will be limited.

**Q2. Do you have any comments regarding future stages of multiple trading, whether the proposal provides optionality for the potential future stages, and the options the Authority should consider?**

We have significant reservations about future stages that propose increasingly complex models, for example, allowing different retailers to supply separate household loads such as EV charging, heating or hot water. These types of arrangements appear to be a solution in search of a problem. They are likely to confuse rather than empower consumers, particularly when most people are looking for simpler, not more fragmented, energy services.

We also question the commercial logic from the retailer's perspective. Why would a retailer want to disaggregate their services, and more importantly, why would they offer a *lower* price for doing so than for exclusive supply of the entire household load? The primary incentive for consumers to engage with multiple providers is cost savings, but that only works if retailers are willing to undercut their own pricing. That seems unlikely.

In most services and products, consumers are offered discounts for exclusive supply arrangements, not for splitting services across multiple providers.

Energy retailing is no different. We see a real risk that MTR will struggle to gain traction because retailers have little incentive to offer the lower prices consumers would need to justify the added complexity and risk of disaggregating their household demand.

### **Questions 3 through 21.**

These are technical matters relating to new arrangements and processes for industry participants and metering providers. They fall outside our area of expertise, so we are not able to provide informed comment. We therefore have no comment to make on these questions.

### **Q22. Do you agree with the objectives of the proposed amendments for MTR? If not, why not?**

While we agree that the objectives of the proposed MTR amendments are well intentioned – promoting consumer choice, enabling innovation, improving efficiency and supporting future scalability – we believe the approach risks overlooking two critical realities: *consumer need* and *market readiness*.

As noted earlier in our submission, it is far from clear that the majority of consumers want or would actively engage with the level of complexity that MTR introduces (we would be interested to engage with any evidence the Authority has on this point).

Nor is it evident that retailers have a strong incentive to offer the kinds of disaggregated services that would make MTR attractive or cost-effective for households. The assumption that simply enabling MTR will unleash a wave of compelling retail offers seems speculative at best.

In practical terms, MTR is technically complex and administratively burdensome. It raises the risk of disputes, billing errors and even wrongful disconnections. These risks come with real costs, and those costs will ultimately be passed through to consumers, many of whom will never participate in MTR arrangements. While some highly engaged or affluent consumers might benefit from lower prices or niche services, the broader population would simply face higher costs and more confusion. There is a real risk this could further erode trust in a market that is already poorly viewed by consumers, further alienating households.

It also raises serious equity concerns. Increasing administrative complexity and operating costs to enable new products that mainly benefit a small,

affluent segment of our society, risks shifting the financial burden onto those who are least able to bear it.

We strongly recommend the Authority take a more measured approach, starting with simpler, lower-cost and more inclusive reforms. There are more practical, high-impact steps that can bring immediate benefits and lay a stronger foundation for any future shift toward more complex arrangements such as MTR.

Lead consumers on the journey. Don't expect them to leap into the deep end before they've even dipped their toes in the pool.

**Q23. Do you agree with the objectives of the proposed amendments to improve switching processes? If not, why not?**

In principle, anything that improves the switching process is good for consumers. However, we receive limited complaints about the mechanics of switching itself. The more common and pressing issue is that retailers often fail to respond to switching enquiries.

Due to adverse market conditions, retailers currently show little ambition or enthusiasm for acquiring new customers. Conversion rates on Powerswitch have declined noticeably in the last 12 months, reflecting a broader market reluctance to compete for consumers. In this context, improving the technical switching process, while welcome, risks being of limited value if retailers remain unmotivated to compete with more vigour.

MTR is predicated on having a vigorous and competitive electricity retail market. Ultimately, the most effective way to improve switching is to improve the overall competitiveness and responsiveness of the market. MTR won't deliver better outcomes if retailers aren't willing to play their part.

**Q24. Do you agree the benefits of the proposed amendment outweigh its costs?**

No, not based on the information provided. There is insufficient detail to make a confident assessment. With so many unknowns and such speculative benefits, it's unclear how a credible cost benefit analysis has been reached.

**Q25 through 27**

No comment.