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Extending the Electricity Price Review's Final Recommendations to the Gas Market

Thank you for the opportunity to provide feedback on your proposal to extend the Electricity Price Review Panel's (EPR) recommendations, in May 2019, to the Minister of Energy to the gas industry.

Nova Energy (Nova) generally supports the Gas Industry Company's position on the various initiatives that came out of the EPR. Having noted this, we would not support any changes that might reduce customer choice or market competition, including banning prompt payment discounts, and win-backs.

Further, we recommend that rather than just accepting the opinions proffered by the Electricity Price Review panel on these topics, the GIC waits to see how some of the changes already implemented develop in practise before making similar changes in the gas sector.

Our detailed responses to the consultation questions are appended to this letter.

Please feel free to contact me if you wish to discuss our views further.

Yours sincerely



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Nova Energy’s Consultation Question Feedback

Questions:	Response:
<p>Q.1 – Do you support the role of the CAC being extended to Gas markets for the benefit of residential and small business Gas consumers? If so, when should it occur? What measures should GIC be taking to better engage with of residential and small business Gas consumers?</p>	<p>Nova supports the GIC being involved with, or engaging with, the Consumer Advocacy Council or “CAC”, and consulting with customers in general.</p> <p>We believe it is likely the CAC will wish to cover natural gas in the medium to long term in any case.</p>
<p>Q.2 – Do you support the extension of the energy hardship initiatives in B1-B6 and B8 to include Gas (please address each separately)?</p> <p>Do you support the extension of the electricity market arrangements on PPDs to Gas?</p>	<p>B1 – B6 and B8: Nova supports the proposal to extend the energy hardship initiatives in the EPR to include gas.</p> <p>B7: Nova does not support the removal of PPD’s from natural gas. We believe customers should have a choice to select a billing plan that suits their circumstances and preferences. This is particularly relevant in the case of business customers.</p> <p>Customer research shows customers value PPDs. PPDs have also proven to be effective in driving positive payment behaviour, thereby reducing poor payment habits, indebtedness and ultimately energy disconnections.</p>
<p>Q.3 – Do you support the extension of Powerswitch to include LPG (reticulation and bottles)?</p> <p>Do you support GIC’s views on the initiatives in C1–C6 (please address each separately)?</p>	<p>Nova does not supply LPG and does not have a view over LPG being included on Powerswitch.</p> <p>With respect to initiatives C1 to C6 Nova acknowledges that many of the EPR changes which have already been acted on, or will be implemented in the near future, make logical sense to be applied to gas customers as well. These include C2 and C3 (when smart gas meters are available).</p> <p>Nova supports the GIC’s view that the industry-agreed Gas Distribution Contracts Oversight scheme is functioning well – which negates any call for any changes to network access terms.</p> <p>However, Nova does not support the extension of the saves and win-backs prohibition to natural gas (C5)</p> <p>We believe prohibiting win-backs may lessen competition and consumer access to better pricing and offers as retailers employ tactics to “protect” their customers.</p> <p>Notwithstanding the above comments, if the GIC does consider going ahead with prohibiting win-backs we recommend it only does so after the Electricity Authority reviews the impact of the prohibition in the electricity sector.</p> <p>Nova does not support C6. There are many reasons why customers decide not to switch service providers. These include enjoying a longstanding positive relationship with their retailer of choice. Finding a better deal simply focused on price may result in customers unintentionally losing other important attributes that they highly value like fast efficient personal customer service, helpful digital tools,</p>

Questions:	Response:
	and convenient and flexible payment options to name just a few.
Q.4 – Do you support GIC's views in respect of the initiatives in D1 to D4 (please address each separately)?	Yes. D1: Significant progress has already been made in terms of disclosing wholesale market information. Any further development in this area should depend on how well the new requirements are working in practise.
Q.5 – Do you support GIC's initial view to not extend the initiatives in E1-E4 to include Gas (please address each separately)?	Yes.
Q.6 – Do you support GIC's initial view to not extend the initiatives in F1-F4 to include Gas (please address each separately)?	Agreed. F1. Nova has not seen any evidence of actions by either First Gas or gas distributors to give cause for regulating network access.
Q.7 – Do you support the extension of the initiatives in G1-G4 to include Gas (please address each separately)?	Yes.