



Submissions  
EGCC  
PO Box 5875  
Lambton Quay  
WELLINGTON

18 March 2016

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## ESTABLISHMENT OF UTILITIES COMPLAINTS LIMITED

### Introduction and Overview

1 The Electricity Retailers' Association of New Zealand (ERANZ) welcomes the opportunity to provide a submission to the Electricity and Gas Complaints Commissioner Scheme (EGCC) on its *Establishment of Utilities Complaints Limited* consultation paper (the Consultation Paper).

2 ERANZ was established in August 2015 to promote and enhance a competitive and sustainable electricity market that delivers value to New Zealand electricity consumers. ERANZ members are Genesis Energy, Contact Energy, Mighty River Power, Meridian Energy, Trustpower, Nova Energy, Pulse Energy, and Prime Energy. ERANZ represents over 99% of the retail market in New Zealand by ICP count.

3 Most ERANZ members have been part of the EGCC since its inception and firmly support its existence and the founding principles of the Scheme: that it should be accessible, independent, fair, accountable, efficient, effective, free to complainants, and known in the community.

4 We support efforts by the EGCC to maintain efficiency for members and effectiveness for electricity customers and note that the EGCC is required to undertake regular reviews of its processes on an annual and at least 5 yearly basis (E.57 & E.58.1). We support a focus on delivering a professional consumer dispute resolution service.

5 We understand that the proposed Utilities Complaints Limited (UCL) is intended to amend the Scheme such it becomes more fit for purpose in the current environment, but also adapt to deal with convergence in the utility industries and maintain relevance for customers.

6 ERANZ's position is that:

**i. The most important factor is that an efficient and effective complaints scheme continues to be run for electricity customers.**

ERANZ is in principle supportive of changes by the EGCC that will result in increased efficiency of the service and reduced costs to members. Ultimately, the most important factor for ERANZ members is that the Scheme must continue to function efficiently and effectively throughout any proposed changes, so that neither consumers nor members are disadvantaged.

**ii. Any changes that could impose increased costs on existing members need to be understood.**

Unfortunately details regarding cost implications from the proposed structure have not been provided in the current consultation document and are noted as “TBC”. The paper claims there are anticipated “significant advantages to the current members in terms of the cost efficiency and effectiveness of the [proposed] scheme in the medium to long term” but further detail is not provided.

The consultation document notes that the “[e]xisting levy mechanism continues until proposed structure and new Board in place”, therefore appears to leave room for a potential increase in fees, levies or costs once the new Board is in place.

Without an estimate of the short-term costs (if any) it is difficult for ERANZ to form a view on the materiality of any cost increases. We submit that any changes from a restructured Scheme should be made without any increase in cost to the existing members of the Scheme. The savings and efficiencies alluded to over the medium to long term are all theoretical until any other Schemes come on board. Under the current proposal, if no other Scheme comes on board then it is likely that costs to existing members will increase over the medium to long term.

**iii. Governance of the Scheme needs to reflect the current state, ie. electricity & gas membership.**

We submit that the UCL Board must contain representatives from Scheme participants, as is the case for the existing EGCC Board, as well as consumer representatives. This is consistent practice with other levied organisations, and especially so in such a technical area.

We consider it is important for the structure of the proposed UCL Board to represent the current state of the schemes the body covers, rather than an unidentified future state (e.g. water). However the rules should allow flexibility to bring in relevant expertise to the Board as and when it is required.

**iv. There are concerns about the consultation process and we encourage EGCC to undertake a second round of consultation that could provide more detail.**

It has been difficult to give constructive feedback in this process given that the consultation document provides little information or evidence as to the need for or benefit of a converged utilities complaints resolution scheme, nor any cost implications (either positive or negative) of the proposals. It is also unclear why the timeframe is so tight. We appreciate that the EGCC is working to its own timeframes, but consider there would be great value in holding a second consultation round with members to further clarify the proposals. We would strongly urge that once a final recommendation has been prepared the EGCC undertake a second round of consultation to resolve the points raised above.

Please refer to Appendix A for responses to the specific questions in the consultation document.  
We would be happy to discuss any part of this submission further with you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jenny Cameron', with a stylized flourish at the end.

Jenny Cameron  
Chief Executive  
Electricity Retailers' Association of New Zealand

## Appendix A – Responses to general consultation questions

ERANZ’s responses to the “Questions for submitters” are set out below – they should be considered in light of the comments, concerns and reservations already expressed above in the cover letter.

Questions for submitters	Yes/No	Comments
1. Do you agree with the Board’s proposal that establishes a Company to operate the existing EGCC scheme?	In principle, yes, but further information required	In principle we support efforts to improve the governance structure of the Board, but there are concerns regarding the requirement for and structure of the Board as proposed.
2. Do you agree with the Board’s proposal that the scheme be able to cover complaint handling for energy and other related services?	In principle, yes, but further information required	We support the proposal that the Scheme should be able to cover complaints handling for energy and other <u>energy-related</u> services, with qualification. The Board will be aware that there is strong concern from some ERANZ members that the EGCC should not extend to cover complaints in the telecommunications sector that are already handled by the Telecommunications Dispute Resolution (TDR) Scheme, or attempt to resolve complaints. We understand that this is not the EGCC’s intention.
3. Do you agree with the Board’s proposal that the scheme be able to cover complaint handling for other utilities?	No, further information is required	ERANZ members do not have a unanimous position on the Board’s proposal that the scheme be able to cover complaint handling for other utilities. Further information is required to inform views on this matter.
4. Do you agree with the Board’s proposal that establishes an independent professional board?	Further information is required before this can be	We consider that the UCL Board should contain representatives from Scheme participants.

	determined, particularly budget implications	
<b>5.</b> Do you agree with the Board’s proposal that establishes a standing committee (Advisory Committee) to provide the board with industry and consumer advice and guidance?	Yes	We agree that there should be a standing committee (Advisory Committee) to provide the Board with industry and consumer advice and guidance in the electricity sector. We reiterate that there should also be experience in these areas around the Board table in the proposed UCL structure.
<b>6.</b> If the name of the organisation were to change, what suggestions do you have?		ERANZ has no particular view on what the name of the organisation should be at this stage.
<b>7.</b> Do you have any other comments you would like the Board to consider about the proposed changes?		We would strongly urge that once a final recommendation has been prepared the EGCC undertake a second round of consultation to resolve the points raised above.