

Appendix A: Recommended Format for Submissions

To assist the Gas Industry Co and the Electricity Commission in the orderly and efficient consideration of stakeholders' responses a suggested format for submissions has been prepared.

Submission prepared by: (company name and contact)

Question	Comment
<p>Q1: Do you agree that the EGCC Scheme arrangements represent an appropriate basis for a single nationwide complaints resolution scheme for electricity and gas?</p>	<p>No. BOPE have been consistent during the various submissions on the complaints resolutions scheme that more than one scheme should be approved. We firmly believe that one nationwide scheme will not deliver the policy and industry aims.</p> <p>A single scheme seems to be favored based on a belief that a single scheme will have benefits for consumers and a lower overall cost. For Bay of Plenty Energy customers the approval of the EGCC scheme will mean a higher cost that will need to be passed on. The regional face to face nature of independent complaints resolution will also be removed.</p> <p>BOPE has consistently maintained that a complaints process that quickly resolves the complaint to the satisfaction of both parties is most likely to lead to the customer/supplier relationship staying intact. This is best achieved by a complaints scheme that features the ability for both parties to meet face to face with the adjudicator.</p>
<p>Q2: Do you have particular areas of concern that would lead you to making suggestions for changes to the EGCC Scheme?</p>	<p>No ability or limited ability for parties to resolve complaints face to face.</p> <p>No details of cost are included within the submission documents but our understanding is that on an ICP basis this is the most expensive option of all of the current complaints schemes.</p>
<p>Q3: Do you agree that approval should be on the basis of an indefinite term, while encouraging cost-effective performance through the independent review process? If not, do you have any additional observations on the merits of a fixed-term?</p>	<p>No. BOPE has previously submitted that a 2-3 year term was the most appropriate option.</p>
<p>Q4: Do you agree that the transition to an approved EGCC Scheme should be relatively straight-forward? Do you have any views on how the transition should be managed?</p>	<p>BOPE has identified a number of areas within our Terms and Conditions in customer contracts that would need to be changed to join the approved scheme. This will have time and cost impacts for BOPE.</p>

<p>Q5: Do you agree that the Service Provider Regulated Scheme and the Fully Specified Regulated Scheme are the only reasonably practicable options to approving an applicant scheme, which meet the proposed regulatory objective? If not, what other reasonably practicable options exist in your view?</p>	<p>We would also need to retain our staff in a new complaints process. We suggest that at least a 12 month transition period is appropriate. This is consistent with the notice period for exiting the EGCC scheme. According to the consultation document the status quo is not considered viable for the reasons listed in paragraph 3.10 of the consultation document.</p> <p>We still believe that the approval of more than one complaints scheme would be to the benefit of New Zealand energy consumers. We would like to address all of the issues raised in paragraph 3.10 of the consultation document listed separately:</p> <ol style="list-style-type: none"> 1. Not all energy consumers, land owners and occupiers of land, have access to a complaints resolution scheme; <p>BOPE> This is a bit of a Catch 22 situation. The current legislation says that companies operating in the energy industry must be a member of an approved complaints scheme. Should one or more complaints schemes be approved then all companies would need to join an approved scheme. For these smaller retailers who have not joined an existing complaints scheme we would suggest this may be a factor related to not having an approved scheme to join or which of the current schemes is likely to be approved rather than a desire not to join one of the current schemes.</p> <ol style="list-style-type: none"> 2. The existing complaints resolution schemes comply to varying degrees with the Australian Benchmarks; <p>BOPE> If more than one scheme was to be approved then we are sure that more of the current complaints schemes would modify their conditions to meet the required standards.</p> <ol style="list-style-type: none"> 3. There are differences in approach to complaint resolution between the existing schemes that lead to varying levels of support for complainants during the complaint process and potentially inconsistent determinations; <p>BOPE> Different does not necessarily mean worse. A one size fits all service generally does not mean that all consumers will be satisfied.</p>
---	---

	<p>4. Possible confusion among complainants about where to complain; BOPE> Complainants always need to raise their complaint with the company they are complaining to first. From there the company is responsible for providing the customer with details on the independent scheme if the complaint is not resolved. We fail to see the confusion here. All customers should be referred back to the company they are complaining about first.</p> <p>5. The costs associated with operation of multiple schemes; BOPE> We suggest the costs are more likely to be higher with one joint scheme. The consultation document confirms these suspicions.</p> <p>6. Complications where complaints cover issues related to members of different schemes. BOPE> BOPE suggested a number of scenarios in previous submission rounds to counter these complications (as I'm sure did some of the other submitters). This issue can be solved.</p>
<p>Q6: Do you agree that the costs and benefits set out in the table are the main costs and benefits that need to be considered? If not, what other costs and benefits would you suggest?</p>	<p>No, we do not believe that all the relevant details have been taken considered when assessing the costs and benefits.</p> <p>One example of the relevant details is that BOPE maintains that face to face resolution of complaints is beneficial to the complainant. Has this been considered with the complainant benefits?</p> <p>In addition, a single mandatory scheme will not provide for innovation in a dynamic environment and will raise barriers to entry for new entrants that may offer new products with different service standards. A useful example of this is with airlines and the introduction of low cost self service airlines competing successfully with the full service airlines. This sort of innovation cannot happen if there are regulatory requirements that prevent innovation and unbundling of services.</p>
<p>Q7: Do you agree that the simple scoring system set out in the table is a reasonable way of comparing costs and benefits across the options?</p>	<p>No. It is very hard to comment on the scoring system without the detail behind the system being provided. However there seem to be some scores that we find hard to reconcile.</p> <p>Operating costs</p>

	<p>Our understanding is the cost for the EGCC scheme is substantially higher than other complaint schemes (including IECRS, IETCRS, EGDRS). Therefore the cost score for the approved scheme should be higher.</p> <p>Were actual costs of the schemes provided? If not we cannot see how a robust cost/benefit analysis has been conducted.</p> <p>Complainant Benefits This score shows a large difference to the status quo. Is the approved substantially better than the version of the EGCC scheme currently in operation? It would appear that most industry participants are currently members of the EGCC scheme. Furthermore the vast majority of consumers are covered by a current complaints scheme. Therefore the large score variance can't be as a result of the numbers of customers that will have access to the EGCC scheme under the approval process. We would argue that the centralised structure is likely to lead to fewer benefits for our customers.</p> <p>Transition Benefits This assumes that little or no transition requirements are required. For BOPE this may not be the case (see question 4).</p> <p>Adaptability Benefits This score assumes that consumer needs for a complaints scheme are homogeneous across the country. One scheme may not suit the needs of all consumers. Therefore one scheme may suit the majority but not all consumers.</p>
<p>Q8: Do you agree that the range of weighting of costs and benefits in the table are reasonable? If not what alternative weightings would you suggest?</p>	<p>The weightings seem ok.</p>
<p>Q9: Do you agree that the Approved Scheme option (approving the EGCC Scheme) is the best of the reasonably practicable options?</p>	<p>An approved scheme(s) is better than the other options considered. However we still maintain the stance that approving more than one scheme would lead to more consumer benefits and this option has not been adequately assessed or compared.</p>
<p>Q10: Do you agree that the Approved Scheme option (approving the EGCC Scheme) would yield overall</p>	<p>No. We believe the costs outweigh the benefits.</p>

<p>benefits that are reasonably material and that these benefits would outweigh the slight increase in overall costs that could be expected relative to the Status Quo?</p>	<p>We believe that the proposal as outline will increased costs to all consumers due to the regulatory burden imposed across all competitors. Without the means to differentiate and innovate, barriers to competition are increased. We believe that the costs of the scheme including affects on dynamic efficiency will be materially higher than the long term benefits advanced.</p>
---	---

OTHER ISSUES (note achievement standard number if appropriate)	COMMENT
<p>Amendments of the EGCC application (5.10, 5.11, 5.12)</p>	<p>It is noted that the EGCC has been selected as the preferred scheme after the evaluation process and that modifications would be required to the EGCC scheme to meet all of the performance standards. These modifications have then been submitted to EGCC membership to be endorsed. Given that the EGCC is being considered as the one scheme for all industry participants it would seem more appropriate that this process should have included consultation with all industry participants not just the EGCC members.</p>