



## DOMESTIC ENERGY USERS' NETWORK

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### **Submission to the Electricity Commission Approval of a Complaints Resolution Scheme**

**April 2009**

1. The Domestic Energy Users' Network, DEUN, is a network of national organizations which advocates for affordable and sustainable energy services for all householders. Our policies are based on both statistical evidence and the experiences of our organizations. We promote actions that reduce the inequities in well-being, made worse by household energy bills. We promote energy efficiency and renewable energy solutions that improve household living conditions while reducing greenhouse emissions and other adverse environmental impacts.

Our members are:

- Grey Power Federation;
- Rural Women New Zealand;
- Age Concern New Zealand;
- Public Health Association;
- Child Poverty Action Group.

DEUN supports the principles of the Treaty of Waitangi.

2. DEUN supports in full the Grey Power submission on the approval of a Complaints Resolution Scheme.

3. DEUN's answers the specific questions in the consultation document, which was posted on the Electricity Commission's website at

<http://www.electricitycommission.govt.nz/pdfs/opdev/retail/consultationdocs/complaints-resolution/consultation-paper.pdf>

The answers are on the attached sheet.

Regards, Molly Melhuish  
Contact details on letterhead

DEUN's Answers to specific questions on the Electricity Commission's consultation document: **“Approval of a Complaints Resolution Scheme”**

<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>Yes. DEUN agrees a specialised complaints system able to give consistent decisions across a range of different complaints is essential, for consumers to have confidence to use a complaints system. Though the GPS gives the power to approve more than one complaints scheme, DEUN strongly supports approval of only a single scheme.</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. The EGCC scheme has already had modifications, after extensive correspondence, with which DEUN agrees. We believe that a regulated scheme may in the end be a necessary backdrop, but this would entail delay. We therefore support amendments of the existing EGCC scheme to make it more workable, with a regulated scheme available only if necessary.</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>A sunset clause on the term of a Complaints scheme would create uncertainty amongst staff of the Complaints Commission. Any cost savings through some competitive tender would be overwhelmed by the potential for inconsistency in the decision-making processes.</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</p>	<p>We are happy for any existing complaints to be handled by the current provider. Once that is done, the transition to a single scheme seems straightforward. DEUN's focus is on a consistent system for the long term, which requires a single provider with a single informed decision maker with experienced staff.</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>Some type of regulated scheme should be enabled as a backstop, but there should be no major work to specify it, lest it gain its own momentum. We suggest no alternatives to the two regulated options proposed.</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>The Adaptability benefit seems to outweigh all the cost. By “Adaptability benefit” we mean that electricity and gas suppliers will progressively learn, as cases accumulate, what behaviour in service and pricing is legitimately expected of them. This will reduce the overall cost to consumers, who will face less aggressive fees or other service conditions. It will then reduce costs to suppliers of complaints from their consumers. This benefit appears not to be available if no “case histories” are maintained, as seems likely to happen if disputes are settled by mediation only.</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>With the above reservation, yes. We would give highest weighting to Adaptability.</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>. We would give highest weighting to Adaptability. +1 is a great understatement of the value of building up case histories to enable companies to be informed about what their customers legitimately expect. Consider giving this a weighting of +5, or even higher, arising from the reasoning above.</p>
<p>Q9: Do you agree that the Approved Scheme option Q9: Do you agree that the Approved Scheme option (approving the EGCC Scheme is the best of the reasonably practicable options?</p>	<p>Yes</p>
<p>Q10: Do you agree that the Approved Scheme option (approving the EGCC Scheme) would yield overall 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>As described above, the benefits of a progressively increasing understanding of what consumers can expect from their energy suppliers will outweigh any initial costs of investigation and recording decisions on complaints. This is in the nature of an investment, not to be judged by the difference of cost and benefit in any particular year.</p>
<p><b>OTHER ISSUES (note achievement standard number if appropriate)</b></p>	<p>Access to complaints by rural consumers would have been difficult under the alternative provider, the Electricity and Gas Disputes Resolution Service, where mediation was the expected mechanism for resolving complaints. Mediation means the consumer must actually meet the industry represented being complained about. Where? Travel is expensive, and the consumer will want at the least a support person - at best, one who is experienced in the industry. Far better to complain to an organization with the structure and staff to investigate any necessary issues.</p>