

Electricity Commission and Gas Industry Co Consultation Paper, March 2009 Proposal to Approve a Joint Electricity and Gas Complaints Resolution Scheme

Submission prepared by: Electricity and Gas Complaints Commission

| QUESTION | COMMENT |
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| <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. The EGCC Scheme has widespread industry and consumer support. Over the last seven years the Scheme has built up strong processes and systems. The Commissioner's office has experienced staff with extensive industry knowledge and dispute resolution skills.</p> <p>The EGCC Scheme has been working to the Australian benchmarks from the scheme's formation and the Commission is experienced in their application.</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 developed and tested its procedures and systems since it started eight years ago and its structure and experienced staff allows it to continue to meet the needs of an effective complaints resolution scheme.</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 additional observations on the merits of a fixed-term?</p> | <p>Yes. It is cost-effective to use the independent review process to monitor the performance of the EGCC. The regulators also have the ability to withdraw approval at any time the approved scheme is not meeting the achievement standards. Furthermore, the EGCC Constitution requires the scheme to continue to develop in response to changes in the environment and to continue to improve the performance of the scheme.</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>Yes because the EGCC Scheme</p> <ul style="list-style-type: none"> • already includes the vast majority of the industry who supply electricity and gas nationwide; • has well established relationships with various community |

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| | <p>organisations;</p> <ul style="list-style-type: none"> • has an established team experienced in electricity and gas complaints resolution; and • will work with other complaints resolutions schemes for a smooth and timely transition of existing complaints. |
| Q5: Do you agree 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? | The two regulated schemes are the reasonable options to approving the EGCC scheme. As noted in the cost/benefit analysis, the regulated schemes are not as cost effective. |
| 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? | Yes. These costs and benefits properly reflect the areas that need to be assessed in approving a complaints resolution scheme. |
| 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? | Yes. |
| 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>There are two scores which we believe should be reconsidered.</p> <p>a. 7.10 Set-up and Transition Costs We believe the service provider regulated scheme will involve reasonably substantial scheme establishment costs. Therefore, we believe the score should be +3, rather than +2. The set-up and transition costs are more aligned with the fully regulated scheme (+4) than the approved scheme (+1).</p> <p>b. 7.11 Operating Costs We believe the approved scheme costs' score should be +1, not +2. The preferred scheme covers the majority of existing industry members. Those who are currently outside the scheme are relatively small in number. The EGCC office will be able to gear up quickly.</p> |

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| | <p>The EGCC will continue to apply pressure on keeping costs down. This will be accomplished by independent review processes put in place in the Achievement Standards and the ongoing consultation with industry, which fund the scheme. The Operation Costs are more appropriately set at +1.</p> |
| <p>Q9: Do you agree the Approved Scheme option (approving the EGCC Scheme) is the best of the reasonably practicable options?</p> | <p>Yes because it both achieves the regulators' objective and is more cost-efficient.</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>Yes.</p> <ul style="list-style-type: none"> • The status quo has led to lack of access to a scheme or confusion between schemes for consumers. Most electricity and gas companies are currently members of the EGCC scheme. The transition to the EGCC scheme would be relatively straightforward. • Governance costs would fall as a result of having one scheme versus several schemes. • The Electricity Commission and Gas Industry Co will be more able to efficiently oversee one approved scheme, monitor the Scheme's performance and require change if necessary. • One scheme will result in the consistent application of the achievement standards and benchmarks. |