

QUESTION	COMMENT
Q1: Do you agree that the EGCC Scheme arrangements represent an appropriate basis for a single nationwide complaints resolution scheme for electricity and gas?	Yes
Q2: Do you have particular areas of concern that would lead you to making suggestions for changes to the EGCC Scheme?	<p>Transpower does not agree that the “four out of five” Commission approval process for changes to the EGCC Scheme constitution is necessary for the Scheme to comply with the achievement standards. In fact, the four out of five approach is a backwards step from the current, admittedly convoluted, constitution change process in that it moves further away from an appropriate balance between the interests of complainants and the interests of Scheme members (achievement standard 7.2.1). The EC/GIC view that the four out of five approach achieves an appropriate balance appears to be based on the demonstrably incorrect assumption that the interests of the different types of member under the Scheme are indistinguishable.</p> <p>With the current make up of the Commission the four out of five approach will allow for constitution changes to be made in the face of resistance from either the retailer or lines company representative. In other words, the interests of an entire industry segment can be over-ruled by opposing interests in the Scheme. There is a real risk for Scheme members in this, particularly as regards constitution changes affecting funding and jurisdiction.</p> <p>In Transpower’s view the best solution is to:</p> <ol style="list-style-type: none"> 1. expand the Commission so that it is made up of an independent chairperson, two consumer representatives, two retailer representatives and two lines company representatives; and 2. require constitution changes to be approved by at least six of the seven representatives. <p>Under this proposal:</p> <ul style="list-style-type: none"> • no one representative could block a change; • the independent chairperson could not block a change that the consumer and industry representatives supported;

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	<ul style="list-style-type: none"> • either a lines company faction (i.e. both relevant representatives), retailer faction or consumer faction could block a change; and • notwithstanding the previous point, no faction would be incentivised to block a change that risked the approval of the Scheme being withdrawn (for example, for failure to comply with a Government Policy Statement). <p>Although it is now too late for this arrangement to be in place prior to the EGCC Scheme being approved, the EC/GIC should look favourably on this arrangement if it is proposed in future.</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>Yes</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</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>Yes</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>Yes, with the proviso that the transition benefit category should include an assessment of the value of preserving the goodwill and brand awareness built up by the EGCC Scheme. Similarly, the transition cost category should include an assessment of the costs that would be incurred by most participants if they had to move away from the EGCC Scheme to a regulated scheme (such as changing consumer and landowner documentation).</p>

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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?	Yes
Q9: Do you agree that the Approved Scheme option (approving the EGCC Scheme) is the best of the reasonably practicable options?	Yes
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?	Yes