

23 February 2007

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Jenny Walton
Electricity Commission
By email to info@electricitycommission.govt.nz

Dear Jenny,

APPROVAL OF CONSUMER COMPLAINTS RESOLUTION SCHEMES

Thank you for the opportunity to comment on the consultation paper *Approval for Consumer Complaints Resolution Schemes*.

Federated Farmers is an industry organisation with a membership of approximately 17,000 farming and agricultural businesses. The Federation has a long history of representing the interests of rural farming communities throughout New Zealand.

Federated Farmers is strongly supportive of accessible, independent, fair, accountable, efficient and effective means to resolve consumer complaints in the energy sector. The Federation fields a large number of member enquiries disputing or complaining about the service received from electricity retailers. We have found the Electricity and Gas Complaints Commission (EGCC) to be a vital tool and it has certainly helped the Federation reassure its members that their disputes and complaints will be addressed in a timely manner.

Criteria for approval of more than one scheme

For Federated Farmers the key issue arising from this consultation paper is whether there should be more than one approved consumer complaints resolution (CCR) scheme.

The Federation notes s158G(1) of the Electricity Act 1992 (as amended in 2004):

“Every electricity distributor and every electricity retailer must participate in a complaints resolution scheme that is approved by the Electricity Commission for the purpose of addressing complaints by any person (including potential consumers and owners and occupiers of land) relating to electricity retailers and electricity distributors.”

Although s158G(2) provides for more than one scheme to be approved, the Federation considers that the intention of s158(G) was that all distributors (i.e., lines companies) and retailers should belong to one scheme, in this case the EGCC, for the resolution of specific types of disputes.

The Federation would be comfortable with multiple CCR schemes providing their jurisdiction is functional (i.e., focused on the type of dispute) rather than geographic. We believe that functionality has some advantages in that it enables specialist schemes to be established for certain types of disputes that might be outside the terms of

reference of the EGCC (for example, land access disputes outside the ambit of the EGCC Land Access Code).

With regard to geographic schemes, we are deeply concerned about potential confusion for consumers having to deal with more than one scheme to resolve their complaint.

For example, we wonder what would happen in the case of disputes where a retailer has their own approved scheme and a lines company under the EGCC scheme (or vice versa). In our experience it is all too common for a consumer not to know whether their complaint is with their lines company or their retailer and often the complaint will involve *both* the lines company and the retailer.

Also, problems with geographic boundaries can be particularly acute in rural areas where lines on a map can bear little or no resemblance to reality on the ground (for example farms that are located on two or more sides of a road, river, lake or ridgeline).

Different schemes might also have different codes of conduct and differing means by which disputes will be resolved. This could be particularly problematic where the schemes are geographic rather than functional.

A particular advantage of the EGCC scheme's one-stop-shop nature is that it avoids the inevitable and frustrating 'ping-pong' that many of our members were forced to suffer through before the EGCC was established – and might be forced to suffer again if retailers and/or lines companies are able to establish their own geographic schemes.

Australian benchmarks

The consultation paper also discusses whether Australian benchmarks should be used to evaluate any proposed CCR scheme. The Federation would support the application of the Australian benchmark's six principles (accessibility, independence, fairness, accountability, efficiency, and effectiveness) but we note that their true value will rest in how the Electricity Commission interprets a scheme's performance against them.

We have no specific comment on the other issues raised in the discussion document.

The Federation would be happy to discuss its submission with the Commission.

Yours sincerely

A handwritten signature in blue ink that reads "Don Nicolson". The signature is written in a cursive, flowing style.

Don Nicolson
Vice President