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Approval of Consumer Complaints Resolution Systems

This submission is made on behalf of Grey Power Federation which represents over 90,000 members in regard to domestic electricity matters. The Federation also has close relationships with Age Concern and The Royal NZ Returned Services Association.

Our detailed comments are set out below in the format requested in the consultation paper. However the two main matters of concern are the suggested establishment of more than one complaints resolution body and the lack an equitable method for amending a scheme. In regard to this latter point it is recognised that the current method of addressing proposed amendments is totally weighted against consumers.

We also consider that the present system can be rather daunting to people not familiar with dealing with technical questions in relation to an electricity supply. Consideration should be given to making the system more user friendly. Also cases we know of have been dealt with in an arbitrarial fashion rather than judgmentally. There many cases where a firm decision should be given firmly in favour of one party or the other.

These and other points are addressed in more detail below.

Multiple Consumer Complaints Resolution Schemes

In a small country such as New Zealand it does not seem reasonable to have multiple schemes to deal with the number of complaints that may arise. In Australia the distances between centres are much greater, even involving extensive air travel to get from one to another. This is not the case in New

Zealand where most places can be traveled to and from in one day when site visits are necessary.

There will be problems ensuring consistency of decisions for similar cases which is most important. There will be boundary problems in many cases as outlined in item 31 in Section C of the consultation paper. It is very important in terms of natural Justice that there should be one system for all people. There should be one Code of practice for the conditions of supply to consumers and this should be determined by the Electricity Commission.

The present scheme is heavily weighted in favour of Retailers and small schemes run by individual companies could potentially become quite biased. The present system was set up by the industry on the grounds that they are providing the funding and consequently the operation is heavily weighted in favour of the industry. Proliferation of complaint resolution schemes can only make this situation worse.

It would seem to be a lot of unnecessary expense for the establishment of several schemes to deal with complaints that could be handled by one central organisation.

Resolution Scheme Amendments

The present system of making amendments to the complaints resolution scheme is very unsatisfactory from a consumer standpoint. Retailers can readily block any proposed change to the scheme that may favour consumers.

One change that could improve this situation is to establish a review panel for the consideration of proposed amendments to a scheme. The panel would need to have members that are independent of the industry. A suggested composition would be to have three members from the industry, three from consumer representative groups and three independents appointed by the Electricity Commission.

How to redress this problem is a major factor to be considered as part of this review.

This submission has been prepared by David Berry and Peter Rutledge of the Grey Power Energy Committee. Any enquiries may be directed to the addresses shown above.

TABLE 1 RESPONSES TO SPECIFIC QUESTIONS

Question	Response
<p>1 Do you see any problems with the Commission using the Australian Benchmarks consumer complaints resolution schemes? If so what valuation method should the Commission use?</p>	<p>The Australian resolution schemes form a good basis to adapt for local conditions</p>
<p>2 The suggested level of achievement is to indicate the level at which the Commission believes the benchmark criteria would be met. Is it useful to have a suggested level of achievement for each of the benchmark criteria?</p>	<p>There is a definite need for a minimum level of achievement</p>
<p>3 The Commission is seeking comments on the individual benchmark criteria and achievement standards detailed in the table attached as Appendix one:</p> <p style="padding-left: 40px;">a) Identify <u>benchmark criteria</u> that are not suitable for the evaluation of an electricity consumer complaints resolution scheme. If possible, suggest an alternative;</p> <p style="padding-left: 40px;">b) Identify <u>achievement standards</u> that are not suitable for the evaluation of an electricity complaints resolution scheme. If possible, identify an alternative; and</p> <p style="padding-left: 40px;">c) Should any additional benchmark criteria be inserted? If so, what should the additional benchmark criteria specify, and what would the achievement standard be?</p>	<p>See individual comments in Table 2</p>

4 Should the Commission approve more than one scheme?	See note in introduction
5 If the Commission were to approve more than one scheme, what should be required of each scheme to ensure that consumer confusion is avoided? Are the achievement standards under criteria 6.2(a) sufficient?	It will require strict supervision by the Commission to ensure that there is not confusion among consumers. Consideration may be necessary to establishing a section in the Commission to maintain constant checking of whether consumers are fully aware of their rights in disputes. The achievements set out in 6.3(a) are sufficient but again subject to constant supervision for compliance.
6 Is it appropriate that the Commission is able to consider applications that do not meet the level of achievement for each benchmark criterion? That is, should the Commission be able to accept alternative evidence that a benchmark principle is met to an acceptable standard even though individual benchmark criteria are not satisfied as specified by the achievement standards?	No
7 Do you have any comments on the performance monitoring process	

TABLE 2: SUBMISSIONS RELATING TO SPECIFIC BENCHMARK CRITERIA AND ACHIEVEMENT STANDARDS (QUESTION 3)

Benchmark/benchmark criteria reference	Feedback on benchmark criteria	Feedback on achievement standard
1.1	The suggested methods for communicating with consumers are adequate, but a notice on all invoices should be a requirement with an option of 2 others. A brief note on invoices will suffice provided it explains where full information is available	How will assessment of whether or not publicity of the scheme is reaching the target audience?
1.7	If it has to be that there will be more than one scheme then there are problems with an 0800 number on or near boundaries of the schemes of direction to the right authority	Another reason why one scheme for the whole country will suffice
1.16	Many small consumers have difficulty in writing a full explanation of a complaint. It should not be compulsory for the complainant's case to be in writing at the discretion of the decision-maker. It could be requested but if not supplied this should not affect the validity of the claim	This is necessary to ensure the determination stage is not intimidating. Another where independent support may be required for a complainant
1.17	The scheme should provide a list of competent independent persons or organisations that can support a complainant.	Support persons need to be technically competent to assist
2.10	We have referred to the need for a revision of the method of making amendments to a scheme. A possible change could be to specify that the	Decisions should be subject to appeal

	consultation group should comprise equal numbers of industry and consumer members together with a matching number of independent Commission staff and Government Officials. This may help to ensure that neither consumer or industry members can dominate the system.	
3.1	The use of the word “reasonable” is always open to interpretation and implies that the scheme will be a form of arbitration rather than a decision making process	OK
3.8	Supply of all relevant information must be compulsory on all parties. If information is withheld there cannot be any surety that a decision is fair and just.	Allowing the withholding of information should invalidate the use of the scheme
3.9	This benchmark seems to be in conflict with 3.8	
3.12	This benchmark needs to be reviewed as disclosure of a complaint and the reasons for the decision given will enhance the consistency of future decision making	Why is this a requirement for the standard
6.9	Compliance with the rules of a scheme must be compulsory not just encouraged	If any party not complying then the scheme is invalid.
6.11	Three years is too long for a review of any scheme, it needs to be done annually	Better arrangement would be an annual review with a full audit every three years.