

23 February 2007

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SUBMISSION ON APPROVAL METHOD FOR CONSUMER COMPLAINTS RESOLUTION SCHEMES CONSULTATION

- 1 Orion welcomes the opportunity to submit on the approval method for consumer complaints resolution schemes.
- 2 Our submission is in two parts:
 - 2.1 general comments; and
 - 2.2 our response to the specific questions raised in the paper, which we set out in the schedule to this letter.

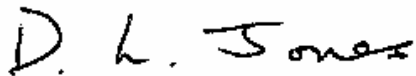
General comments

- 3 Orion considers that there should be only one approved scheme, as more than one scheme would have negative impacts. In particular:
 - 3.1 in effective complaint resolution, parties need the opportunity to learn from previous cases and precedents set. Lessons learned can improve complaint resolution and even prevent future complaints. Multiple schemes would make it much more difficult to share lessons throughout the industry, and consumers could receive differing responses to complaints. This would undermine confidence in the schemes and in the industry generally;
 - 3.2 the current Electricity and Gas Complaints Scheme (EGCS) provides a clearing house mechanism so that complaints can be referred to the correct contracting company. This would be far more difficult with multiple schemes. Affected parties may not be members of the same scheme and it is foreseeable that complaints would not in the first instance be directed to the appropriate

scheme, bringing delays and inconvenience for consumers;

- 3.3 we note that the EGCS also has requirements for an in-house consumer complaints handling service. The intent of these requirements is that most complaints would be handled at this point. We consider that it is within this in-house complaints handling service that any differences could and should occur, not through multiple schemes;
- 3.4 the coordination difficulties posed by multiple schemes would potentially move the coordination effort upwards from the EGCS to the Electricity Commission. This would create duplicated resources and greater costs.
- 4 Thank you for the opportunity to make this submission. Orion does not consider that any part of this submission is confidential. If you have any questions, please contact Dennis Jones (Industry Developments Manager), DDI 03 363 9526, email dennis.jones@oriongroup.co.nz.

Yours sincerely

A handwritten signature in black ink that reads "D. L. Jones". The signature is written in a cursive, slightly slanted style.

Dennis Jones
Industry Developments Manager

SCHEDULE

Responses to the Commission's questions

Question	Response/Recommendations
<p>Q1. Do you see any problems with the Commission using the Australian Benchmarks to evaluate consumer complaints resolution schemes? If so what evaluation method should the Commission use?</p>	<p>No, the benchmarks have been developed in conjunction with the Ministry of Consumer Affairs and are generic enough to provide both flexibility and consistency on a range of consumer issues.</p>
<p>Q2. 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>Yes, however the suggestions list should not be a mandatory approach but should remain a suggested level only so that it does not inhibit members' flexibility and initiative in achieving compliance with the scheme in different ways.</p>
<p>Q3. The Commission is seeking comments on the individual benchmark criteria and achievement standards detailed in the table attached as Appendix one:</p> <p>a) Identify benchmark criteria that are not suitable for the evaluation of an electricity consumer complaints resolution scheme. If possible, suggest an alternative;</p> <p>b) Identify achievement standards that are not suitable for the evaluation of an electricity complaints resolution scheme. If possible, identify an alternative; and</p> <p>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>We agree in principle with both the benchmarks and the benchmark criteria as listed, however some of the achievement standards appear to be unnecessarily prescriptive or unachievable. For example:</p> <ul style="list-style-type: none"> ❖ Clause 1.1 b, d and e. We suggest that members should be able to choose how to market the scheme to encourage imaginative marketing. Surveys by members could be used to measure customer awareness levels, and marketing strategies could be adjusted accordingly. Achievement standards could be linked to the level of customer awareness being achieved. We note that the requirement in clause 1.1b for members' organisations to insert notice on all invoices would be impractical for many distributors who do not send invoices directly to customers. ❖ Clause 4.1. Summaries of determinations grouped by subject should be all that is necessary. Detailed reports of every determination would be time consuming, expensive and not necessarily effective in delivering concise, easily digestible

	<p>information.</p> <ul style="list-style-type: none">❖ Clause 4.2. We consider that members should not be named without prior notice of the intention to do so and they should be given time to prepare a reason for why they should not be named.
<p>Q4. Should the Commission approve more than one scheme?</p>	<p>The Commission should not approve more than one scheme for the reasons outlined in paragraph 4 of our general comments and repeated here for the Commission's convenience. There should be only one approved scheme, as more than one scheme would have negative impacts. In particular:</p> <ul style="list-style-type: none">❖ in effective complaint resolution, parties need the opportunity to learn from previous cases and precedents set. Lessons learned can improve complaint resolution and even prevent future complaints. Multiple schemes would make it much more difficult to share lessons throughout the industry, and consumers could receive differing responses to complaints. This would undermine confidence in the schemes and in the industry generally;❖ the current Electricity and Gas Complaints Scheme (EGCS) provides a clearing house mechanism so that complaints can be referred to the correct contracting company. This would be far more difficult with multiple schemes. Affected parties may not be members of the same scheme and it is foreseeable that complaints would not in the first instance be directed to the appropriate scheme, bringing delays and inconvenience for consumers;❖ we note that the EGCS also has requirements for an in-house consumer complaints handling service. The intent of these requirements is that most complaints would be handled at this point. We consider that it is within this in-house complaints handling

	<p>service that any differences could and should occur, not through multiple schemes;</p> <ul style="list-style-type: none"> ❖ the coordination difficulties posed by multiple schemes would potentially move the coordination effort upwards from the EGCS to the Electricity Commission. This would create duplicated resources and greater costs.
<p>Q5. 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?</p>	<p>Orion does not consider that it is practical to modify multiple schemes to avoid consumer confusion. There should be only one scheme.</p>
<p>Q6. 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?</p>	<p>Yes. This relates to our previous comments on the risk of prescriptive achievement criteria inhibiting members' flexibility and initiative in achieving compliance with the scheme.</p>
<p>Q7. Do you have any comments on the performance monitoring process?</p>	<p>As indicated above, Orion does not consider that it is appropriate to have more than one scheme. Having just one scheme will simplify any monitoring requirements and reduce monitoring costs and possible audits. That said, we agree with the Commission's suggested approach of monitoring the scheme's performance through examination of the annual report, with the right to audit the scheme if the Commission considers it necessary.</p>