





01

Joint electricity industry voluntary complaints scheme established, the Electricity Complaints Commissioner Scheme



02

Commissioner appointed and Office established

03

Review of Electricity Consumer Code of Practice

04

Review of Scheme



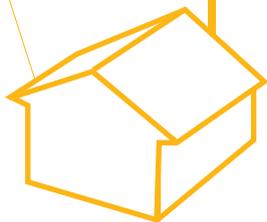
05

Commissioner authorised to deal with claims up to \$20,000, and up to \$50,000 with the agreement of the company



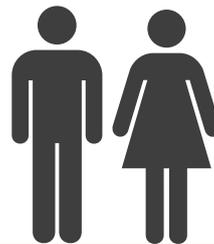
05

Gas joins to create the Electricity and Gas Complaints Commissioner Scheme



06

Land complaints covered by the Scheme



Electricity Gas Land

April 2010

All energy companies must be members of the Scheme



10

Electricity and Gas Complaints Commissioner Scheme becomes the approved Scheme



The Electricity and Gas Complaints Commissioner Scheme offers an independent service for resolving complaints about electricity and gas companies.

The service is accountable, efficient, accessible, fair, effective and free.

Message from the Chair



Richard Janes Independent Chair

At the time last year's Annual Report went to print, the Electricity Commission and Gas Industry Co were considering whether to approve the Electricity and Gas Complaints Commissioner Scheme (the Scheme) as the approved consumer complaint resolution scheme for the electricity and gas industries. Approval was granted, and confirmed with the publication of a notice in the New Zealand Gazette on 10 December 2009.

The work associated with the approval of and transition to the new Scheme made 2009-10 a particularly busy and challenging year for both the Commission and the Commissioner.

The approval is a major milestone in the history of the Scheme. But it does not mean an end to changes. The approval was granted after members agreed to make changes to the Constitution, effective from 1 April 2010, and the Commission agreed to consider a set of retailer principles proposing further changes to the Scheme. The Commission will continue to work with the Board, members, and other stakeholders to ensure the Scheme fulfils the requirements as set by the Constitution.

The changes made to the Constitution prior to approval include the introduction of founding principles, a changed definition of complaint, and the introduction of a Code of Conduct for Complaint Handling. The Scheme now has responsibility for monitoring and reporting on member compliance, identifying and reporting on systemic issues, and being known in the community. The Commissioner has included more detail on these new requirements in her report.

Implementing change on this scale, to be effective from 1 April 2010, while maintaining business-as-usual operation under the 'old' constitution, had a significant impact on the work of the Commissioner's office. A transition

Electricity and Gas Complaints Commission members



Therese O'Connell
Consumer representative



Brenda Simmons
Consumer representative



Jocelyn Turner
Vector



Grantley Judge
Meridian Energy

programme was developed and implemented to ensure that the office was ready to deliver on the changed requirements of the approved Scheme. It is notable that the targets set for key performance indicators under the 'old' Scheme were achieved whilst the office was preparing for the implementation of the new one.

One of the new requirements for the Commission is to set specified performance standards annually and to report against these in the following year's Annual Report. The performance standards for the 2010-11 year are in the table below. The standards reflect the fact the requirement is new, with several of the 2010-11 results being used as benchmarks against which future performance will be measured.

Required performance standard	2010-11 target
Total time to close cases	75% of deadlocked files closed within 90 working days
Internal time to close cases	To be measured in the 2010-11 year to set a benchmark for following years
Cost per case	The proportion of total budget to total cases is not to exceed \$549
Complainant and member satisfaction	Complainant survey shows 95% overall satisfaction with complaint handling processes A member survey is to be conducted in 2010-11 to set a benchmark for percentage satisfaction with the Scheme for following years
External review of cases	Independent review of sample cases assesses handling of complaints as meeting requirements of natural justice and good complaint handling standards
Awareness in the community and accessibility	10% of unprompted and 30% of prompted respondents to a general awareness survey report they have heard about the Office of the Electricity and Gas Complaints Commissioner Community groups will be surveyed in 2010-11 to set a benchmark for monitoring accessibility
Reporting - compliance reporting complete, accurate and on time	All compliance reporting to regulators is complete, accurate and delivered on time and cost effective

The Commission has approved a business plan and budget for 2010-11. In developing the budget, the Commission sought external advice on the likely workload arising from the Scheme being better known in the community. The Commission also factored in the cost of delivering on the additional requirements of the amended Constitution. And finally, the Commission consulted with the Board of the Electricity and Gas Complaints Council.

The work associated with the approval of and transition to the new Scheme made 2009-10 a particularly busy and challenging year for both the Commission and the Commissioner. I thank the Commission members and the Commissioner for their willingness to engage with this work, and for their commitment to ensuring the Scheme continues to provide accessible, independent, fair, accountable, effective, and efficient consumer complaint resolution.

Message from the Commissioner



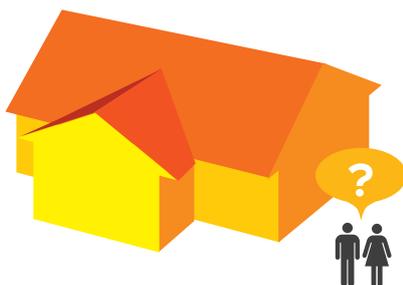
Judi Jones Commissioner

This year, 1,826 people or organisations contacted this office as a result of some difficulty with their electricity or gas company. This is a 16.9% increase on the previous year. Despite this increase, only one more file reached deadlock over the year.

The two performance indicators (time to close and cost per case) have been met.

As noted in the message from the Chair, the approval of the revised Scheme, effective 1 April 2010, places extra responsibilities on the office and is expected to lead to a further increase in workload in the coming year. The office is well placed to cope with these changes.

The results achieved in the past year demonstrate the ability of the office to deal efficiently and effectively with increased volumes of work. I am pleased to report the two performance indicators (time to close and cost per case) have been met. Our target was to close 75% of cases within 90 working days. By 31 March 2010, we had closed 77.8% of cases in under 90 working days and the average days to close had reduced to 74. The average cost per case fell from \$1,061 to \$911. This is a result of which we are proud, given it was achieved as we dealt with the unexpected costs of completing the approval process and transitioning to the new Scheme. We will continue to keep a focus on both of these performance indicators, as well as the new performance standards required by the constitution.



Enquiries and complaints received

	07 08	08 09	09 10
Enquiries	1033	977	1173
Complaints	822	585	653
TOTAL	1855	1562	1826

In addition to this business-as-usual activity, the office was preparing for the changes necessary for the revised Scheme. Once the notices were published in the New Zealand Gazette on 10 December 2009, we implemented a transition plan. This involved changes to our database, realignment of our systems and processes to meet the changed requirements, and working with members and those wishing to join the Scheme to ensure they understand their new responsibilities.

I would like to acknowledge and thank the members of the Scheme for working with us. While we might not always agree on issues, I believe we share an overall commitment to resolving complaints. Thank you also to the community workers who have helped people who have had difficulties with electricity or gas companies and have made appropriate referrals to the Scheme.

The success of the Scheme, and its ability to meet performance indicators, relies on the dedication and support of key people. I would like to thank my skilled and dedicated staff who have continued to work hard and keep their focus on complaint handling while we were facing the uncertainty of the approval process. Thank you also to the Commission and the Board of the Electricity and Gas Complaints Council for the support they have provided during the year and for their rigorous and constructive review of matters placed before them.

Complaint handling

Classification of work

We classify the complaint handling work of the office under three main categories - enquiries, complaints, and deadlocked complaints.

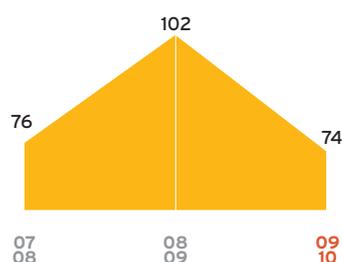
An enquiry is a contact from a person or organisation where the enquirer is seeking information rather than making a complaint, or where the matter is clearly something outside the Commissioner's jurisdiction. The Commissioner cannot consider a complaint about a company that does not belong to the Scheme, or about the price members set for their services. However, the Commissioner is able to consider whether the member has given the consumer appropriate information about charges and applied the charges correctly.

When a person or organisation complains about goods or services received from a member, we classify this as a complaint. It is an important part of the Scheme that members have the first opportunity to resolve the complaint, so we refer these complaints direct to the complaint handling teams within member companies.

If the member and complainant have been unable to resolve the complaint, the complainant may ask us to consider the complaint. We classify these cases as deadlocked complaints.



Average days to close deadlocked complaints



The average cost per case fell from \$1,061 to \$911.

The Constitution (effective until 31 March 2010) defined deadlock as where the complaint has not been resolved within 20 working days or the complainant has rejected an offer of settlement from the member. Members could extend the time for resolving a complaint within their in-house complaints process up to 40 working days, as long as they told the complainant they needed more time and the reasons for this.

The definition of deadlock changed on 1 April 2010. A complaint will now reach deadlock if it remains unresolved 20 working days from when the complainant notified the company of the complaint. A complaint may reach deadlock earlier if the Commissioner is satisfied the member has made it clear they do not intend to do anything about the complaint, or the complainant would suffer unreasonable harm from waiting, or it would otherwise be unjust. A member may ask the Commissioner to allow longer than 20 working days where the matter is likely to be complicated and either party would be disadvantaged by staying within the time limit. This definition is in clause B1.9 of the Commissioner's Terms of Reference.

Workload

Complaints and enquiries

Overall, the work of the office in dealing with complaints and enquiries increased over the year. In 2009-10, 1,826 people or organisations contacted the office about a problem with their electricity or gas company. This is an increase of 16.9% from the 2008-09 year. Of these, 1,173 were enquiries (up 20.1%) and 653 were complaints (up 12.1%).

We deal with most enquiries and complaints within 24 hours. This is done by providing information, referral to the appropriate organisation or referral to the member involved.

Sometimes a complaint needs to be dealt with urgently - for example, when the customer is about to be disconnected (or has been recently disconnected) from either electricity or gas. In these instances, we will work with the member and the complainant to see if we can assist to resolve the complaint. If it appears the complaint could be resolved with a quick clarification or the complainant receiving a specific piece of information, we will facilitate this.

We took this action on 62 complaints this year - and in just under half of those, the complaint was resolved within seven days. Members continued to work with complainants and in just four cases the complainant returned to the Scheme for help with resolution.

We deal with most enquiries and complaints within 24 hours.



Complaint issues %	07 08	08 09	09 10
Billing	45.6	41.2	41
Customer service	13.4	16.4	15
Debt	6.7	5.6	9
Disconnection	9.5	6	7
General	0	0	2
Land	1.8	1.1	1
Lines	3.6	2.4	3
Meter	8.1	10.8	12
Other	3	4.8	1
Provision	2.3	2.2	2
Supply	9.1	6.8	6
Switch	1.9	2.7	2

Deadlocked complaints

The increase in enquiries and complaints did not translate into an increase in deadlocked complaints. Over the year, 71 complaints reached deadlock, compared with 70 deadlocked complaints in 2008-09. We closed 78 deadlocked complaints, and ended the year with fewer open deadlocked complaints than at the beginning of the year.

Conciliators' initial focus on deadlocked complaints is trying to resolve the complaint between the member and the complainant. Conciliators use a range of strategies in doing this - including mediation, conciliation conferences, facilitated negotiation, site visits, billing analysis and expert reports. This year, the majority (59%) of deadlocked complaints were resolved by agreement between the parties.

If the deadlocked complaint is not able to be resolved at an early stage, the conciliator will find out more about the circumstances of the complaint, getting further information from the parties and carrying out more analysis. The conciliator will then send a summary of the investigation to both parties. This gives the parties the chance to review the information, and to have a sense of the likely outcome, should the Commissioner recommend a settlement or withdrawal of the complaint.

If the complaint remains unresolved after both parties have read the investigation summary, the conciliator refers the file to the Commissioner for

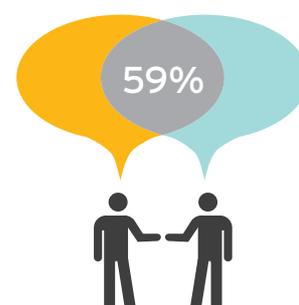
review. The Commissioner may contact one or both parties to discuss likely outcomes with them. The Commissioner will only move to recommend a settlement if one party asks her to.

If the deadlocked complaint is not resolved, and one party asks the Commissioner to recommend a settlement, the first step is for the Commissioner to give the parties notice of her proposed recommendation. Both parties then have 15 working days to make submissions to the Commissioner about either the information on which she has based her recommendation, or about the recommended settlement. In 2009-10 the Commissioner gave notice of a proposed recommendation on 17 deadlocked complaints. In nine instances, both parties accepted the Commissioner's proposed recommended settlement without requiring a final recommendation.

If the deadlocked complaint remains unresolved, the Commissioner will formally recommend a settlement of the complaint. The parties have another 15 working days to accept the final recommendation. The recommendation lapses if the complainant does not accept it. The complainant then remains free to pursue the complaint in other avenues, such as the Disputes Tribunal. If the member is a state owned enterprise, the complainant may refer the complaint to the Office of the Ombudsmen. The member may also pursue the complaint through disconnection, debt collection or the courts.

	07 08	08 09	09 10
Deadlocked complaints opened	92	66	71
Deadlocked complaints closed	88	81	78

This year, the majority of deadlocked complaints were resolved by agreement between the parties.



If the complainant accepts the Commissioner’s final recommendation, but the member does not, the Commissioner can issue an award, making the member bound by her recommendation. This step has not been necessary in 2009-10, whereas in 2008-09, the Commissioner issued four awards. The Commissioner issued eight final recommendations in 2009-10, down from the 35 in 2008-09.

Five complainants accepted the final recommendation and three either did not respond or rejected the settlement. Of those three, two complaints were not upheld and one was upheld.

The change in the funding arrangements for members supports resolution by agreement between the parties, rather than the Commissioner imposing a decision. The increased focus on resolution has meant a significant fall in the time to close deadlocked complaints. In 2008-09, the average days to close deadlocked complaints increased to 102. This year, the average days to close reduced by 27% to 74 days. We closed 77.8% of deadlocked complaints within 90 working days, exceeding our target of closing 75% within 90 working days.

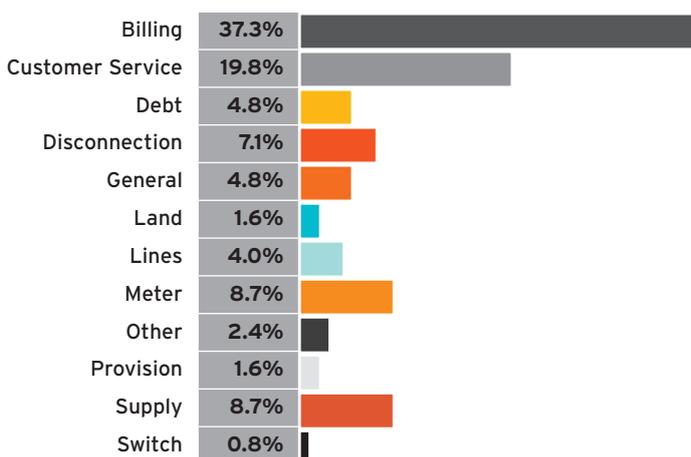
Issues raised by complainants

A problem with a bill continues to be the most common reason for people to complain to us. In 2009-10, complaints about bills were 40.6% of all complaints, and 37.3% of deadlocked complaints.

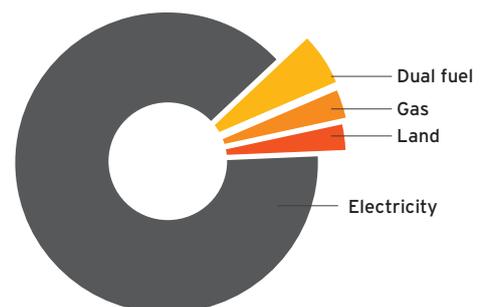
There was a sharp increase in high bill complaints over the 2009 winter, with 30% of billing complaints (37% of deadlocked billing complaints) being about a high bill. We believe this was because winter was colder and damper in many parts of the country and people responded to information telling them it is important to keep living areas warm. In looking into these high bill complaints, we generally found the bill was correct and it was likely the customer had used the electricity or gas. In most cases, the customer was genuinely surprised by the size of the bill, and had not made provision to pay more for energy although they were keeping living areas warmer.

Often companies read meters in alternate months. When increased energy use coincides with an estimated meter reading, the customer does not see the impact in the estimated bill. This means the customer does not know the true cost for two months, when the energy has been used and payment is due. The move by retailers to read meters monthly will help customers to manage their energy accounts.

Deadlocked complaint issues 09|10



Deadlocked complaint category 09|10



The proportion of complaints related to debt and disconnection rose this year. In 2008-09, 11.6% of complaints and 7.1% of deadlocked complaints involved issues of debt or disconnection. In 2009-10, this increased to 16% and to 11.9% for deadlocked complaints. Most significantly, no deadlocked complaints in 2008-09 involved a debt issue compared with 4.8% of deadlocked complaints in 2009-10.

We noticed a rise in marketing related complaints in 2009-10. We received 15 complaints about unauthorised switches, marketers providing incorrect or misleading information, or about unfair pressure on householders. These complaints were referred to the member for resolution, and only one returned as a deadlocked complaint. The Commissioner upheld this complaint after investigation.

Most complaints continue to be electricity related (91.9% of complaints and 88.7% of deadlocked complaints). Only 4.3% of complaints and 2.8% of deadlocked complaints related to gas. Dual fuel accounts were involved in 2.8% of complaints and 5.6% of deadlocked complaints.

One complaint from a land owner and one from a land occupier reached deadlock over the year. These were both disputes over responsibility for tree trimming. One was resolved by agreement

following an investigation summary and discussion with the Commissioner, and the other is still under investigation.

Consumer Guarantees Act

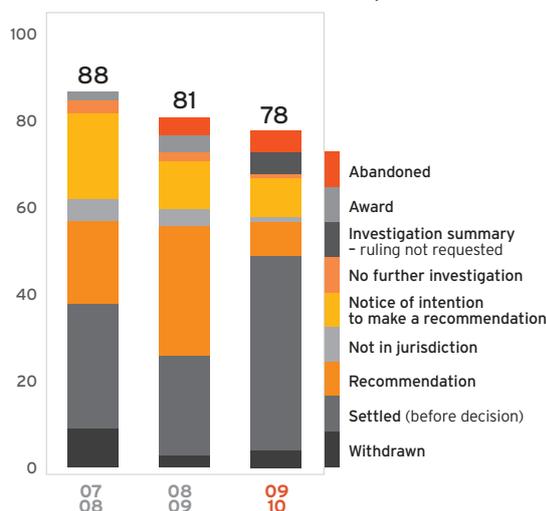
The decision of the High Court in *Contact Energy Ltd v Jones* [2009] 2 NZLR 830 on the application of the Consumer Guarantees Act to electricity as a good meant the Commissioner could move to recommending a settlement on the deadlocked complaints that had been suspended while the case was heard.

Miller J's decision confirmed retailers can be liable under the guarantee of acceptable quality for electricity delivered to a consumer. However, Miller J set out a number of mandatory considerations for determining liability, and said the question whether a given supply of electricity breached the acceptable quality guarantee is a question of fact and degree in each case.

We are preparing a summary of the Commissioner's decisions on these cases, which will be available on our website.

A problem with a bill continues to be the most common reason for people to complain to us.

Outcomes for deadlocked complaints



Requests for internal review

We received two requests for internal review during 2009-10. Two complainants expressed dissatisfaction with the way we handled their complaint, so we conducted an internal review of the complaint handling process. A senior staff member who has not been involved in handling the complaint conducts the review. The reviewer reports to the Commissioner, who reports on the matter to the Commission.

In one instance, the reviewer concluded we had handled the complaint appropriately. In the other, the reviewer recommended the Commissioner publish an information sheet about powerlines and tree trimming requirements, including information about the role of Energy Safety in enforcing the Electricity (Hazards from Trees) Regulations 2003. The Commissioner accepted this recommendation, and we have published the information sheet. This information sheet is available on our website, and will be sent to people contacting our office about an issue involving trees and electricity lines.

Complainants

Complainants are generally residential customers with 92.5% of complainants being individuals, rather than businesses (6.7%) or from a not-for-profit agency (less than 1%).

People find out about the Scheme from a variety of sources, including their electricity or gas company,

the telephone directory, Citizens Advice Bureaux, Work & Income and our website.

People continue to mostly make their initial contact with us by phone, but there has been an increase in electronic contacts. This year we received nearly 12% of initial contacts electronically (either by email or through our website), up from 9% in 2008-09.

We conducted our annual complainant survey in March 2010. Complainants continue to rate us well in providing information about the process and being accessible, with 91% of respondents giving an overall performance rating of satisfactory or better. This is slightly down on the previous year's survey of 95% of respondents rating our overall performance as satisfactory or better. We want to improve on the 2010 result and the Commission has set the performance target for 2010-11 at 95%.

Our annual complainant survey provides us with some demographic data on complainants. This shows, for example, people with incomes less than \$30,000 are more represented in our complainants than in the general population (the comparison is with the 2006 census data). Conversely, complainants with income over \$90,000 are less represented in our complainants. People identifying as Pacific Island or Asian are under-represented in our complainants. These comparisons give us a focus when working with communities to ensure the Scheme is accessible.



How people contacted us

	07 08	08 09	09 10
Telephone	81.1%	83.9%	82.5%
Electronic	8.8%	9%	11.9%
Letter	3.7%	5.2%	2.9%
Fax	1.2%	1.1%	2.4%
Other	0.5%	1.9%	0.3%

Members

Working with members is a key to the success of the Scheme. We send members a monthly update about issues affecting the Scheme, and also meet with members from time to time.

We were pleased to welcome Opunake Hydro as a new retail member this year. Opunake Hydro is a local supplier of electricity in the Taranaki area.

We held one regular member forum during the year, which was attended by around thirty representatives of member companies. The one day forum included presentations from the Electricity Commission, the Gas Industry Co, and Energy Safety. David Russell gave his perspective on the importance of dealing with consumer complaints, Karen Stevens (Insurance & Savings Ombudsman) talked about the relevance of the law in Ombudsman decisions, and Mai Chen summarised the High Court decision on the Consumer Guarantees Act. The forum included practical sessions on conciliation and decision making. Those attending the forum rated the day overall as either good or excellent, with the variety of material presented mentioned as a highlight.

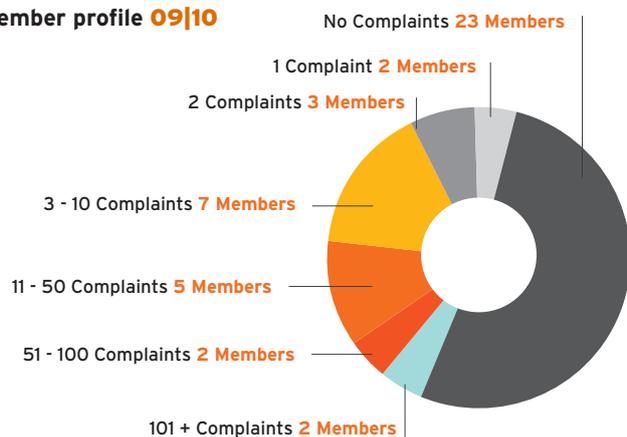
Once the Scheme was approved, we needed to ensure members were up-to-date with the changes to the Scheme from 1 April 2010. To do this, we held two one-day forums in February, focused on the

changes to the Scheme. We invited representatives of non-member electricity and gas companies to attend so they could have the opportunity to learn about the Scheme. Around 20 people attended each forum. The forums included presentations from the Electricity Commission, the Gas Industry Co and the Ministry of Consumer Affairs. Feedback on the days was very positive, with those attending appreciating the clarity of information and ability of the presenters to respond to questions.

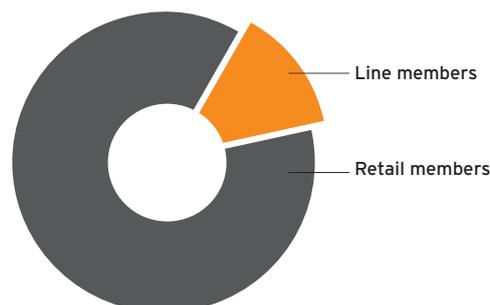
We held two induction sessions for new members or new staff within existing members. The induction session provides a general introduction to the Scheme, covers the requirements for in-house complaint handling, the Commissioner’s complaint handling processes, statistics and reporting, levies, and the requirements to promote the Scheme. We hold induction alongside member forums - either following or preceding these. Twenty-two people attended induction sessions this year.

We continue to receive more complaints about retail members than lines members of the Scheme. Complaints about retailers were 87% of complaints, and 74.6% of deadlocked complaints.

Member profile 09|10



Line and retail Complaints 09|10



Other stakeholders

We have maintained or established relationships with a number of agencies over the year. These include the regulators (Electricity Commission and Gas Industry Co), relevant government agencies (Ministry of Consumer Affairs, Ministry of Economic Development, Energy Safety, Commerce Commission), the Office of the Ombudsman, other complaint handling bodies, the Disputes Tribunal, and the Electric Power Engineering Centre at Canterbury University.

We have maintained links with Australian and New Zealand Ombudsman Schemes through membership of the Australian and New Zealand Ombudsman Association and the Australian and New Zealand Energy and Water Ombudsman Network. These links provide us with the opportunity to share best practice, benchmark and engage in debate on issues in common with other Schemes.

Awareness and accessibility

The Commission had not measured general awareness of the Scheme since the independent review of the Scheme in 2004. Questions to test consumer knowledge of the Scheme were included in a UMR omnibus survey in June 2009. The results showed low levels of awareness of the Scheme, with only 3% unprompted awareness and 14% prompted awareness. The margin of error for the survey was 3.5%.

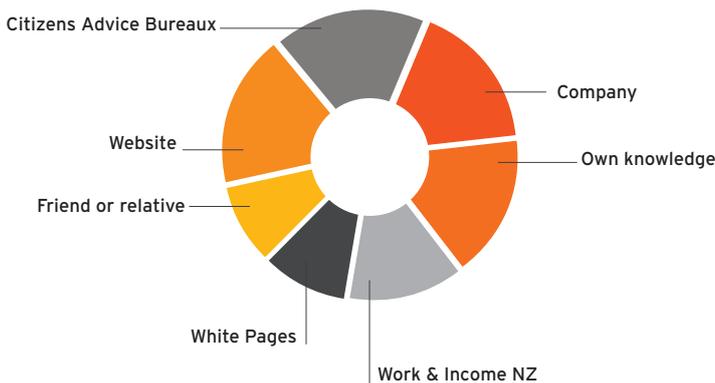
The UMR survey, combined with the results of our mystery shopper and website reviews, shows there is work to be done to ensure people know about, and so are able to access, the Scheme when they have a problem with an electricity or gas company. The requirement (from 1 April 2010) for members to include information about the Scheme on invoices and in information sent to land owners and land occupiers will help to raise awareness.

We conduct a mystery shopper survey annually, to assess the information members give to people enquiring about the Scheme. We also review member websites to provide members with feedback about the extent to which they comply with the requirements of the Scheme to have information about the Scheme on their websites.

This year's mystery shopper survey again showed the confusion between the Electricity Commission (the government agency regulating the electricity industry) and the Electricity and Gas Complaints Commissioner (EGC Commissioner). Nine out of 10 people spoken to at one retailer gave contact details for the Electricity Commission rather than the EGC Commissioner. Although the Electricity Commission refers callers to us, the number provided was not toll free, which would be a barrier to contacting us for people outside Wellington.

To promote awareness of the Scheme we held consumer forums in Blenheim, Nelson and

How referred - top seven 09|10



The results showed low levels of awareness of the Scheme, with only 3% unprompted awareness.

Wellington. The Blenheim and Nelson forums involved the Banking Ombudsman and Insurance & Savings Ombudsman, and the Wellington forum also included the Telecommunications Dispute Resolution Service. Between 50 and 75 representatives of consumer agencies attended each forum, providing an excellent opportunity for those working directly with consumers to learn about the free and independent service available.

Over the year, we have maintained our relationships with consumer and interest group organisations, including Consumer NZ, NZ Federation of Family Budgeting Services, Citizens Advice Bureaux, Federated Farmers, Business NZ, and Greypower.

We worked with other complaint handling bodies to develop the new portal website, Complaintline (www.complaintline.org.nz). This is low-cost way of increasing awareness of the Scheme and ensuring complaints are directed to the most appropriate agency. The Hon Heather Roy, Minister of Consumer Affairs, launched Complaintline at a function at Parliament in March 2010.

In preparation for the changes to the Scheme effective from 1 April 2010, we revised and republished our standard brochure which is now entitled *Do you have an electricity or gas complaint?* We also published a copy of the new *Code of Conduct for Complaint Handling* with which all member companies are required to comply when dealing with complaints.

We reviewed and restructured our website (www.egcomplaints.co.nz) in March 2010, making key information easier to find. We have also changed the hosting of the site so we will be able to upload information and documents ourselves, making it easier to keep the site up-to-date.

We have received more enquiries from the media this year. The Commissioner has responded where appropriate, directing journalists to other organisations when the enquiry is not directly within the Commissioner's responsibility. The Commissioner does not comment directly about a particular complaint, but will provide information about the way complaints are dealt with and the general patterns of complaints.

Changes from 1 April 2010

The approval of the Scheme means changes to the Scheme. The key changes to the Constitution effective from 1 April 2010 are summarised below.

- The Constitution now states that the Scheme is based on the principles of accessibility, independence, fairness, accountability, efficiency, effectiveness and community awareness. Its purpose includes investigating and facilitating resolution of complaints.
- A complaint is now defined as *“an expression of dissatisfaction with Services by any person where a response is implicitly or explicitly expected”*.
- The three codes of practice (Electricity Consumer Code of Practice, Gas Consumer Code of Practice



A complaint is now defined as *“an expression of dissatisfaction with Services by any person where a response is implicitly or explicitly expected”*.

and the Land Code) are voluntary - members can elect to be bound by any one of the codes. So far, no companies have taken up this option. The consumer codes contained minimum terms for contracts, but companies will no longer be bound by these. However, the Electricity Commission and the Gas Industry Co have been working on their approaches to retail contracting arrangements. Further information on this work is available on either www.electricitycommission.govt.nz or www.gasindustry.co.nz.

- Members are bound by the new Code of Conduct for Complaint Handling, which sets minimum standards for handling complaints.
- Members are required to publish information about their complaint handling process and about the Scheme - on bills, and in information published for land owners and land occupiers.
- The Commission and the Commissioner are required to monitor member compliance with the Constitution. The Commissioner is required to report material and persistent breaches of the Constitution by members to the Commission. Members are required to review their compliance with the Constitution and report on this annually to the Commission.
- The Commissioner is required to have processes for referring systemic industry problems that become apparent from complaints to members and to the Electricity Commission and the Gas Industry Co.
- The Commission is required to investigate complaints about the Scheme.
- The Commission and the Commissioner have increased requirements for reporting - both to the Electricity Commission and Gas Industry Co and to stakeholders. This includes reporting against set performance standards, on the Scheme's compliance with the approval criteria set by the Electricity Commission and Gas Industry Co, and on member compliance with the Constitution.
- The Commission can now amend the Constitution, after consultation with members and other stakeholders, so long as the amendments are consistent with the Government Policy Statements on Electricity and Gas Governance, and with the approval criteria. The Electricity Commission and Gas Industry Co can object to the amendments if they have a material impact on the nature of the Scheme or a substantial impact on members' obligations.

Our staff

Staffing levels decreased over the year as we improved efficiency and conciliators were able to deal with more work in a shorter timeframe.

However, following approval of the Scheme, we had to review our staffing to ensure we had appropriate staff to deliver on the amended Constitution, including handling projected increased workloads from increased awareness of the Scheme.

The review of staffing led to changes in the administration support area of the office. Three existing positions (Office Manager & Executive Assistant to the Commissioner, Personal Assistant to the Manager Conciliation, and Business Manager) were replaced with three new positions (Executive & Team Assistant, a part-time Corporate Services Manager, and Reporting Analyst). We have employed a part-time Communications Advisor to assist in delivering on the requirement for the Scheme to be known in the community and to be accessible. We have also made provision for a part-time Policy Analyst - this role is currently being filled on an as-needs basis from within the conciliation team.

We have increased the conciliation team by two conciliators, and will keep workloads carefully under review, adjusting up or down as necessary.

All of the above means we have farewelled and welcomed staff over the course of the year. Hellene Wallwork (part-time conciliator and part-time policy) left in August 2009, and was not initially replaced. We farewelled Kevin Buck (Business Manager) and Wendy Burke (Office Manager & Executive Assistant to the Commissioner) at the end of April.

James Blake-Palmer and Penny Rea joined the conciliation team in February and March, and Richard Heaps is now the Reporting Analyst.

Sarah Watts is now the Executive and Team Assistant.

Case No	23495	Meter replaced - misreads - large back bill
Year	2009	
Category	Electricity	



The new meter was incorrectly read for a period of two years

The case

Mr Ray's business required 3-phase power supply. The 5-digit meter was replaced by a 6-digit meter. The electricity retail company did not update its records. The new 6-digit meter was incorrectly read as a 5-digit meter for a period of two years.

The company realised the error it had made during an investigation into why Mr Ray's business received low bills. As his business was billed on the basis of the incorrect meter readings, Mr Ray's business received a back bill of \$15,904.

The company applied a 20% discount in good faith, but Mr Ray was unhappy the company would not agree to allow him to pay \$500 a month to clear the back bill. Mr Ray was also unhappy the company sent the debt to a debt collection agency without sending an invoice to him for the debt.

The outcome

The company agreed it had misread the meter and was happy to negotiate a settlement.

The company offered to recall the debt from the debt collection agency and wiped the back bill of \$15,904. Other arrears on Mr Ray's business account of approximately \$1000 were to be paid back in a lump sum.

Mr Ray accepted this as full and final settlement of the dispute.

Outcome: Complaint settled (before decision)

Case No	23331	Meter access issue - estimates made - backbill
Year	2009	
Category	Electricity	

A back bill of \$3,582 because the company did not read the meter for 22 months



The case

Mr Campbell received a back bill of \$3,582 because the company did not read the meter at his property for 22 months. Mr Campbell paid an agreed amount of \$33 a week during this time.

Mr Campbell and his wife live up a long driveway. The meter is located inside the house.

Mr Campbell's wife is home most days and he believed a meter reading could have been obtained if the meter reader had walked up the driveway.

The retail company agreed the meter was not read for a long period. The company said the customer was not home when the meter reader visited the property and the meter was located in the house. The company said it sent a key pack and left 'no access' cards Mr Campbell does not recall receiving them.

Initially the company did not offer a discount to Mr Campbell and set up a payment arrangement for \$3,582 over 90 weeks. Mr Campbell complained he felt he had no choice but to accept the payment plan. He also asked the company to offer a 25% discount for the company's contribution to the problem.

The outcome

The EGCC organised a conference call attended by Mr Campbell, the company and the EGCC conciliator, to discuss the complaint. Following the call the company offered Mr Campbell a 30% discount, reducing the outstanding amount to \$2,437.

Mr Campbell wanted to accept the offer but advised he was unemployed and could not meet the required payments.

The company agreed to let Mr Campbell pay back the amount owing over a 99 week period at \$24.62 a week. The company also agreed to defer the first payment for three months, giving Mr Campbell time to find employment.

Outcome: Complaint settled (before decision)

Case No	23109	Disputed back bill
Year	2009	
Category	Electricity	

The bills were estimated for five consecutive months resulting in a catch up bill of \$2,472

3

The case

Mr Martin complained his bills had been high since the City Council changed his address from 24 Rose Lane to 26 Rose Lane in 2005. The bills continued to be high until his electricity retail company changed his meter in February 2009. Mr Martin said his bills over this four year period were much higher than normal, and when the company changed his meter his bills reduced. He therefore complained the bills were inaccurate.

Mr Martin also complained his bills were estimated for five consecutive months resulting in a catch up bill of \$2,472. He did not realise how much electricity he was using or have the opportunity to reduce his use of electricity and the amount of the high bills.

The outcome

The EGCC prepared an investigation summary which set out a detailed analysis of the complaint. The investigation found Mr Martin was billed for the correct address, the meter passed the accuracy test and the kinds of appliances used in his household were consistent with the level of usage recorded. The electricity retail company had not updated its files after the meter change, electricity prices increased during the period and the company had given Mr Martin confusing information.

The company offered a 50% discount because it underestimated Mr Martin's electricity use for a five month period meaning he was unaware he was using higher amounts of electricity during that time.

After a discussion with the Commissioner, Mr Martin accepted the offer of a 50% credit of \$1,236.10 and came to an arrangement with the company to pay the balance of arrears on his account.

Outcome: Complaint settled (before decision)

Case No	22805	Low voltage - damaged appliances
Year	2009	
Category	Lines company	

4

Low voltage burnt out appliances

The case

Ms Bee experienced low voltage at her house which she says burnt out the appliances on at the time. She was also unhappy about the burnt smell that remained in the house for days after the event.

The light bulb in her kitchen burnt out and Ms Bee said it blew every time she replaced the bulb.

Ms Bee contacted her lines company. The lines company told Ms Bee it was not responsible and to contact her retail company. The retail company told Ms Bee to call her lines company back as the complaint was the responsibility of the lines company.

Ms Bee made a complaint to the EGCC.

The outcome

After our initial investigation, the lines company discovered the neutral connection on the transformer was accidentally disconnected while it worked on the network.

The lines company accepted this caused the damage and paid for the repair and replacement of all of Ms Bee's appliances.

Outcome: Complaint settled (before decision)



Audit Report To The Members

ELECTRICITY & GAS COMPLAINTS COMMISSION

We have audited the attached financial report on pages 20 to 23. The financial report provides information about the past financial performance and financial position of the Electricity & Gas Complaints Commission as at 31 March 2010. This information is stated in accordance with the accounting policies as attached.

COMMISSION'S RESPONSIBILITIES

The Commission is responsible for the preparation of the financial report which gives a true and fair view of the financial position of the Electricity & Gas Complaints Commission as at 31 March 2010, and of the results of operations for the year ended 31 March 2010.

AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Commission and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Commission in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Electricity & Gas Complaints Commission's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Our firm has no interests or relationship with the Electricity & Gas Complaints Commission.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Electricity & Gas Complaints Commission as far as appears from our examination of those records; and
- the attached financial report:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of the Electricity & Gas Complaints Commission as at 31 March 2010, and the results of their operations for the year ended on that date.

Our audit was completed on 28 April 2010 and our unqualified opinion is expressed as at that date.

BDO Wellington
Chartered Accountants

Statement of Financial Performance		09 10	08 09	
For the year ended 31 March 2010	Note	This Year	Budget	Last Year
		\$	\$	\$
Levy Income				
Fixed Levy		965,566	965,566	920,385
Fixed Levies Refunded		-	-	(186)
Variable Levies		564,839	567,064	805,248
2010 Year-End Adjustment		16,208	-	-
2009 Year-End Adjustment		-	-	169,005
Variable Levies Refunded		(32,429)	-	(151,807)
Total Levy Income		1,514,184	1,532,630	1,742,645
Plus Other Income				
Expert Advice Cost Recovery		1,514	-	1,870
Interest Received		23,111	14,400	45,175
Sundry Income		12,112	-	6,227
Total Other Income		36,737	14,400	53,272
Total Income		1,550,921	1,547,030	1,795,917
Less Expenses				
ACC Levy		2,813	3,000	2,839
Accommodation & Travel		6,497	15,000	24,698
Auditor's Fees		9,920	10,000	8,813
Case Expenses		1,921	7,500	-
Chair Fees		35,000	35,000	-
Commission Expenses		3,227	6,295	6,821
Commission Member Fees		35,000	35,000	72,001
Communications		44,087	46,700	37,025
Computer Support		32,847	28,380	24,447
Constitutional Issues		26,904	10,000	95,310
Contractors & Temporaries		-	-	6,757
Depreciation		42,218	56,000	52,754
Entertainment Expenses		833	1,000	8,558
Experts - Non-Legal		2,141	-	2,500
Forum Costs		4,113	3,000	-
General Expenses		9,553	9,530	12,977
Insurance		9,254	10,000	9,578
Library Expenses		10,203	10,075	8,399
Payroll Expenses		1,535	2,200	1,330
Premises Expenses		182,916	184,228	170,348
Printing and Copying		13,405	22,500	4,600
Professional Development		10,767	31,535	19,417
Professional Advice		57,188	64,900	129,579
Provision for Levies In Dispute		27,884	-	11,775
Recruitment		1,458	6,000	5,635
Transition Expense	8	26,915	-	-
Salaries & Wages		954,509	913,187	904,346
Scheme Approval		16,219	-	-
Stationery, Copying & Postage		6,072	6,000	16,437
Telecommunications		30,332	30,000	33,248
Total Expenses		1,605,731	1,547,030	1,670,192
Net Surplus/(Loss)		(54,810)	-	125,725

Statement of Movements in Equity

09
1008
09

For the year ended 31 March 2010	Note	This Year	Last Year
		\$	\$
Accumulated Funds at Beginning of the Year		402,316	276,591
Net Surplus/(Loss)		(54,810)	125,725
Accumulated Funds at End of the Year		347,506	402,316

Statement of Financial Position

09
1008
09

As at 31 March 2010	Note	This Year	Last Year
		\$	\$
Accumulated Funds			
Accumulated Funds	4	347,506	402,316
Total Accumulated Funds		347,506	402,316
Represented by			
Current Assets			
National Bank Cheque		42,999	46,719
National Bank Savings		413,548	183,428
Prepayments		1,536	1,577
Levies Receivable		171,678	443,072
Levies in Dispute	9	(67,711)	(39,827)
Total Current Assets		562,050	634,969
Non-Current Assets			
Fixed Assets as per Schedule	2	141,082	86,011
Total Assets		703,132	720,980
Current Liabilities			
GST Due for payment		11,400	49,111
Accounts Payable		118,938	60,271
Surpluses Refundable		169,890	169,890
Provision for Annual Leave		55,398	39,392
Total Current Liabilities		355,626	318,664
Total Liabilities		355,626	318,664
Net Assets/ (Liabilities)		347,506	402,316

For and on behalf of the Commission 12 May 2010



Richard Janes Chair



Judith Jones Commissioner

Notes to the Financial Statements

For the year ended 31 March 2010

1. Statement of Accounting Policies

Reporting Entity

The Electricity and Gas Complaints Commission "Commission" is an unincorporated society.

Measurement Base

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Levies Receivable are stated at their estimated realisable value. Debts considered uncollectable are written off. A Levies in Dispute provision is made to reflect levies outstanding at balance date but considered collectable by the Commission.

Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. The principal rates in use are:

Office Furniture	9% - 80.4%
Leasehold Improvements	11.4% - 16.6% DV or SL
Computer Equipment	26.4% - 60% DV or SL
CRM Transition	33.0% DV
New Database	33.0% - 48.0% DV or SL

Taxation

The Commission is an unincorporated association and is not subject to income tax.

Goods and Services Tax

The financial statements have been prepared on an exclusive basis.

Differential Reporting

The Commission is a qualifying entity for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Commission has taken advantage of all differential reporting exemptions except for the fact that the Financial Statements have been prepared on a GST exclusive basis.

Changes in Accounting Policies

There have been no changes in accounting policies which have been applied on bases consistent with those used in previous years.

2. Fixed Assets

	09 10	08 09
	\$	\$
Office Equipment		
At cost	68,538	68,538
Less Accumulated Depreciation	46,968	42,731
	21,570	25,807
Leasehold Improvements		
At cost	93,961	93,961
Less Accumulated Depreciation	70,121	55,060
	23,840	38,901
Computer Equipment		
At cost	182,665	148,737
Less Accumulated Depreciation	155,751	136,567
	26,914	12,170
New Database		
At cost	51,951	51,951
Less Accumulated Depreciation	51,812	49,818
	139	2,133
CMS Transition		
At cost	63,361	-
Less Accumulated Depreciation	1,742	-
	61,619	-
Intranet		
At cost	7,000	7,000
	7,000	7,000
Total Fixed Assets	141,082	86,011

3. Related Parties

There were no related party transactions during the year.

4. Accumulated Funds

The following movements in Accumulated Funds have occurred:

	09 10	08 09
	\$	\$
Opening Balance	402,316	276,591
Net Surplus/(Deficit) For The Year	(54,810)	125,725
Closing Balance	347,506	402,316

5. Capital Commitments

There are no capital commitments at balance date (2009:\$0).

6. Contingent Liabilities

There are no contingent liabilities at balance date (2009:\$0).

7. Lease Commitments

Leased Asset	Ricoh Aficio MP C4500 Digital Copier		
Expiry Date	10th April 2013		
Term Remaining	25 months		
	Current	Non Current	Total
Annual Rental	\$5,520	\$5,520	\$11,500
			\$17,020

Leased Asset	Level 1, 22 The Terrace Wellington & 2x Carparks		
Expiry Date	30th June 2011		
Term Remaining	15 months		
	Current	Non Current	Total
Annual Rental	\$150,762	\$150,762	\$37,691
			\$188,453

8. Transition Expense

During the financial year the Commission undertook a project to transition its internal systems to better suit the Commission's role as the sole consumer complaint resolution scheme for electricity and gas complaints. This resulted in expenditure totalling \$26,915 for the year ended 31 March 2010 which was not included in the 2010 budget.

9. Levies In Dispute

At balance date the Commission had \$67,711 levies in dispute. These levies are outstanding and remain unpaid but are considered collectable by the Commission.

The Commission

Independent Chair

Dr Richard Janes

(Appointed December 2007)

Dr Janes is a professional director, with extensive international governance experience in both public and private organisations.

Industry representatives

Retailer representative

Meridian Energy

(appointed February 2008)

Grantley Judge, Legal and Regulatory Manager - Retail Directorate, was Meridian Energy's nominee until December 2009.

Tony Sumner, Contact Centre Manager, was Meridian Energy's nominee from January 2010

Lines company representative

Vector Ltd

(appointed June 2007)

Jocelyn Turner, Customer Services Manager, was Vector Ltd's nominee. Jocelyn is responsible for Vector's interface with customers, managing relationships with electricity retailers and Manager of Vector's Major Incident Team.

Consumer Representatives

Therese O'Connell

(Appointed September 2007)

Therese works at the Govett-Brewster Art Gallery in New Plymouth, and provides support for her elderly parents.

She has held a range of Board roles and been a key developer of networks, forums and collaborative partnerships in refugee and migrant agencies and associated organisations and in the regional and national trade union movement.

Brenda Simmons

(Appointed March 2008)

Brenda is Managing Director and Project Coordinator for the O Le Lafitaga (New Beginnings) Trust. She is a member of the O Le Lafitaga Trust Board, Deputy Chair of Roskill Union & Community Health Board, and a representative on the Strengthening Families Central Auckland Local Management Group.

Staff

Electricity and Gas Complaints Commissioner

Judi Jones

Manager Conciliation

Nanette Moreau

Assistant Managers Conciliation

Moira Ransom - returned 26 January 2010

Jerome Chapman

Conciliators

James Blake-Palmer - from February 2010

Ali Cameron (0.8)

Bonnie Gadd

Chris Juchnowicz (0.2)

Brenda Devane

Rob Osman (0.2) - until February 2010

Joel Pearce

Hellene Wallwork (0.4) - until August 2009

Penny Rea - from March 2010

Richard Heaps (0.6) - from February 2010

Policy & Projects

Hellene Wallwork (0.4) - until August 2009

Administration

Kevin Buck

Wendy Burke (0.8)

Sarah Watts

Tamzin Hine (3 hours a week)

List of Members

Lines

Alpine Energy
 Aurora Energy
 Buller Electricity
 Centralines
 Counties Power
 Eastland Networks
 Electra
 Electricity Ashburton
 GasNet
 Horizon Energy
 MainPower
 Marlborough Lines
 Nelson Electricity
 Network Tasman
 Network Waitaki
 Northpower
 Orion
 Powerco
PowerNet
 (includes The Power Company/Electricity Invercargill/
 Otago Power)
Scanpower
 SIESA (Stewart Island Electricity Supply
 Authority)
 The Lines Company
 Top Energy
 Transpower NZ
 Unison
 United Networks
 Vector
 Waipa Networks
 Wellington Electricity Lines
 WEL Networks
 Westpower

Retail

Contact Energy (trading as Contact and Empower)
Energy Direct NZ
Energy Online (SOE)
Genesis Energy (SOE)
Meridian Energy (SOE)
Mighty River Power (trading as Mercury Energy)
 (SOE)
Opunake Hydro - from 1 October 2009
Powershop
Pulse Utilities NZ
SIESA (Stewart Island Electricity Authority)
Simply Energy



Freepost 192682
PO Box 5875 Lambton Quay
Wellington 6145
Freephone 0800 22 33 40
Freefax 0800 22 33 47
Email info@egcomplaints.co.nz
Website www.egcomplaints.co.nz

