

# Electricity and Gas Complaints Commissioner Scheme





The **Electricity** and **Gas** Complaints Commissioner Scheme offers a free and independent service for resolving complaints about electricity and gas companies



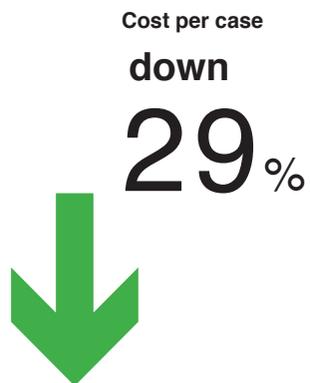
## Key facts

- Since becoming the approved Scheme in April 2010, there has been increasing demand for our services
- 95% of complainants are satisfied with the complaint handling process
- 92% of members consider the Scheme is meeting its purpose
- 42% of complaints are about billing

## → How many

Enquiries and complaints received

	09 - 10	10 - 11	11 - 12
Enquiries	1173	3258	4783
Complaints	653	1210	2707
Total cases	1826	4468	7490



## → The issues

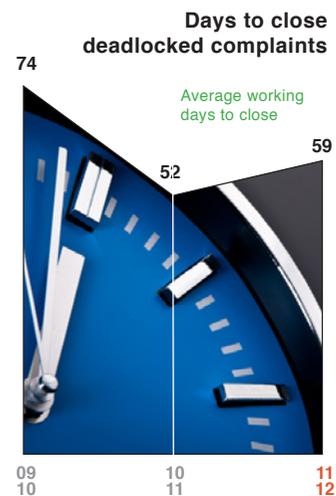
### Complaint issues

	09-10	10-11	11-12
Billing	40.8%	40.3%	42.3%
Customer service	15.6%	19.4%	17.7%
Debt	9.4%	6.8%	5.6%
Disconnection	6.7%	7.8%	8.1%
General	1.7%	0.4%	0.5%
Land	0.6%	0.7%	0.4%
Lines	3.2%	2.6%	1.6%
Meter	11.8%	10.6%	9.5%
Other	1.2%	2.4%	3.7%
Provision	1.6%	1.3%	1.0%
Supply	5.5%	4.1%	5.1%
Switch	1.9%	3.6%	4.4%

## → How much



## → How long



## → The workload

### Increase in enquiries and complaints from previous financial year

	09-10	10-11	11-12
Enquiries	20%	178%	47%
Complaints	12%	85%	124%
Total cases	17%	145%	68%

## 10 years on



The Scheme celebrated ten years of operation in October 2011. It was originally set up to meet the need for accessible and independent complaint resolution in the electricity industry.

The Scheme expanded in 2005 to include complaints about gas companies, and again in 2006 to consider complaints from landowners and land occupiers. The milestone was marked with a function in Wellington for members, stakeholders, supporters and staff of the Scheme.

In the month of October 2002 the Scheme received 187 enquiries and complaints. Ten years on, in October 2011, it received more than three times that number. The increase in workload has been significant since Scheme membership became compulsory in April 2010, with complaint numbers doubling year on year from that time.

The Commissioner's office has inevitably grown to keep pace with this increased workload, and this necessitated a move to larger premises at the end of the financial year to accommodate extra staff.

Results against the performance standards set for this year show service levels were maintained in the key areas of time to close cases and cost per case, which continued to fall (see page 5).

The increase in the number of complaints inevitably has a direct impact on the levy paid by member companies to fund the Scheme. The 2011-12 year was a transitional one, where the levy was calculated on members' market share. From 2012-13 the numbers of deadlocked complaints will be used to calculate a variable portion of the levy. The levy is set to cover the cost of the Scheme, allowing a modest contingency fund but no profit. Levy invoices are issued once a year, in April, and are due for payment within a month. This means the Scheme's bank balance peaks in May or June and diminishes as the year progresses.

The Electricity and Gas Complaints Commissioner Scheme operated under a Board, rather than a Council, in 2011-12. This change was incorporated in the Scheme document that came into effect in April 2011. Another change in the governance structure was the dis-establishment, at its own request, of the Board of the Member Council. This means the Scheme Board now has sole responsibility for ensuring the Scheme meets its purpose of providing an independent complaint resolution scheme for the electricity and gas industries.



The structure of the Board is unchanged with two Member representatives, two consumer representatives, and the independent Chair. The Board has established a Member Committee as a standing committee of the Board. The Member Committee's role is to provide the Board with a view on the proposed budget (which it did in December 2011), and provide any other advice the Board may request.

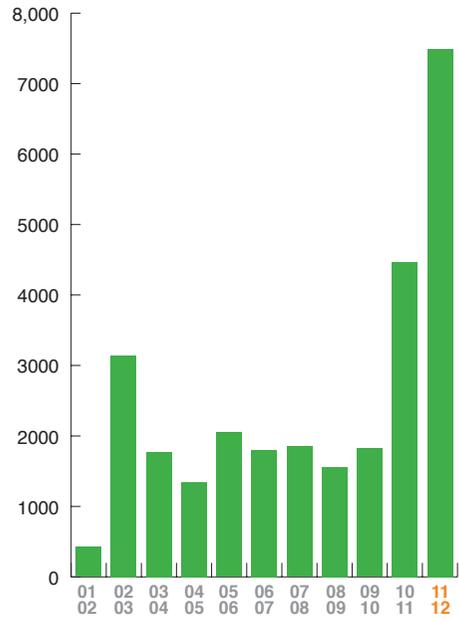
One of the Board's tasks this year was to obtain an independent review of the Scheme, as required by the Scheme document. The resulting report concluded the Scheme is working effectively (see page 7). However, some recommendations were made for changes to the Scheme document to further improve the Scheme's operation. These recommendations are the subject of a wide ranging consultation process underway at the time of writing. Any changes to the Scheme document are intended to be in place by the third quarter of 2012-13.

I would like to thank the inaugural Member Committee for its work over the past year. I also thank my fellow Board members and the Commissioner for guiding the Scheme through another successful year of operation.



**Richard Janes** Independent chair

**Enquiry & complaint totals**



## Continuous improvement



After 10 years the Scheme is accepted and valued by both industry and complainants. However, we continue to work to improve our processes and service.

Since we became the approved scheme for electricity and gas complaints on 1 April 2010, we have experienced increasing demand for our services. In the 2009-10 year we received 1,285 total cases (enquiries and complaints) and 143 deadlocked cases. In this past year, we received 7,490 total cases and 238 deadlocked cases. For 2012-13, we are projecting a further increase to 10,920 total cases and 355 deadlocked cases.

The increasing workload presents both challenges and opportunities. We are challenged to deal with the workload in a cost effective manner, and the increase also means we have greater efficiencies of scale.

We have continued our focus on streamlining our processes and working with member companies to improve their complaint handling. We have improved our capacity to identify and deal with systemic issues, working with member companies to ensure these issues are dealt with quickly and effectively.

We have started work on a new database, which will improve workflow management and reporting. We have delivered training to member companies on complaint handling, and provided feedback to them on their compliance with the Code of Conduct for Complaint Handling.

As the workload has increased, we have faced the particular challenge of handling complaints in a timely manner. To ensure we keep a focus on this in 2012-13, we have set a performance indicator of closing all files in 180 working days.

We could not have delivered on the objectives of the Scheme without the work of member companies and referral agencies – I thank them for their contributions to ensuring complaints are recognised and handled as required by the Scheme.

I also thank the Board, especially the Chair, for its support and encouragement of innovation in the way we do things.

And finally, my thanks to my staff, especially the Deputy Commissioner, Nanette Moreau, for their hard work to ensure we deliver an effective complaint handling scheme. I am also grateful to my staff for their feedback about our workplace that meant we won the small workplace category of the JRA Best Workplaces Award 2011.



*Judi Jones* **Judi Jones** Commissioner

## Annual review

The Board's annual review confirms the Scheme continues to meet the requirements for approval. This was confirmed by the positive result from Baljurda Consulting's independent review (see page 7), which concluded the Scheme is a very effective external complaint handling scheme.

Most performance standards were met. This was achieved through increased productivity while dealing with 35% more cases than were budgeted for.

Further progress was made on the relatively new role of monitoring and reporting on member compliance with the Scheme (see page 12). This will continue as a focus for 2012-13.

The Board is consulting on proposed changes to the Scheme, most of which were recommended by the Baljurda review. The Board expects the changes to assist the Scheme continuing to improve its performance and achieve its purpose. The performance standards for 2012-13 reflect the commitment of the Board and Commissioner to continuous improvement.

## Performance standards

Standard for 2011-12	Performance 2011-12	Standard for 2012-13
75% deadlocked files closed within 90 working days (total time to close)	Met – 76.1% of deadlocked files closed within 90 working days	75% deadlocked files closed within 90 working days (total time to close)
Independent review of sample cases confirms recommendations from 2010-11 review have been implemented	Substantially met (see commentary on page 6)	Independent review of sample cases confirms recommendation on file reviews has been implemented
Cost per case: The proportion of total budget to total cases \$405	Met – \$301.74	\$300
Survey of complainants shows 95% overall satisfaction with complaint handling process	Met	85% of complainants whose file reached deadlock rate Scheme performance at resolving complaints as good or better
Survey of members show 70% satisfaction with the Scheme	Met	85% of members rate Scheme performance at resolving complaints as good or better
All compliance reporting to regulators is complete, accurate, delivered on time, and cost effective	In progress – expected to be met	All compliance reporting to regulators is complete, accurate, delivered on time, and cost effective
Awareness in the community – UMR survey shows 5% unprompted awareness and 20% prompted awareness	Partly met (see commentary on page 6)	Reduction in proportion of members' reported non-compliance with the requirement to advise complainants about the Scheme
Accessibility – maintain results from responses to certain questions in complainant survey	Substantially met (see page 14)	Responses to accessibility questions in complainant survey reach 80%, 90%, and 85% respectively

### Commentary on annual review

The performance standard of closing 75% of cases within 90 working days was met, with 76.1% being closed within this timeframe. The performance indicator of closing 50% of deadlocked cases in 40 working days was also met (54.3%), but closing older cases remained a challenge. We closed 83.9% of cases within 120 working days, against the target of 90%.

The Board accepts the increased workload (average cases per conciliator of 605 against the budget figure of 450) was a significant factor in the older file target not being met. The business plan and budget provides for an increase in conciliators in 2012-13.

One performance standard was that an external review of sample cases confirmed the recommendations from the 2010-11 review had been implemented. This standard was substantially met. The reviewer was not satisfied one recommendation (regularly reviewing open files) had been fully implemented. The Commissioner has strategies in place to ensure this work is completed in 2012-13.

The performance standard of the average cost per case being \$405 was met – the average cost per case was \$301.74. As was the case in 2010-11, the increase in total cases combined with productivity gains resulted in this improved outcome.

The performance standard of maintaining 95% overall satisfaction from complainants (those with deadlocked complaints) was met. This was

based on the findings of the Baljurda review, which reported 95% of complainants were satisfied or extremely satisfied with the help and courtesy received from the Commissioner's office.

The performance standard for Scheme member satisfaction was also met. This was based on the findings of the Baljurda review, which reported 84% of members rated the EGCC's role in handling complaints was either good or very good, 84% were satisfied or very satisfied with the degree to which due process had been followed by the Commissioner, and 92% considered the Scheme is meeting its purpose.

The performance standard of 5% unprompted and 20% prompted awareness of the Scheme was partly met. The UMR survey showed an increase in the awareness levels to 5.6% and 17% respectively. The Board accepts the standard was aspirational, and has noted the comments in the Baljurda report that a survey testing recognition of the name of the Scheme is not the most appropriate measure of awareness.

The performance standard for accessibility was to maintain the results of certain questions in the complainant survey. This was partly met (see page 14). The Board is satisfied the variance was not significant and is satisfied the Scheme continues to meet the benchmark of being accessible.

The performance standard for reporting (which includes this Annual Report) being complete, on time, and cost effective is expected to be met.

## Independent review of the Scheme

The Scheme document requires the Board to obtain an independent review of the Scheme within one year of approval of the Scheme, and three yearly thereafter.

In 2011 the Board engaged John Wood from Baljurda Comprehensive Consulting Pty Ltd to carry out an independent review of the Scheme. This was the first such review since the Scheme was approved in April 2010. Mr Wood is a former Deputy Commonwealth Ombudsman. The Baljurda report on the review was published on the Scheme's website (see [www.egcomplaints.co.nz/news.php](http://www.egcomplaints.co.nz/news.php)) and sent to the responsible Minister, Hon Chris Tremain as then Minister of Consumer Affairs.

### The review concluded:

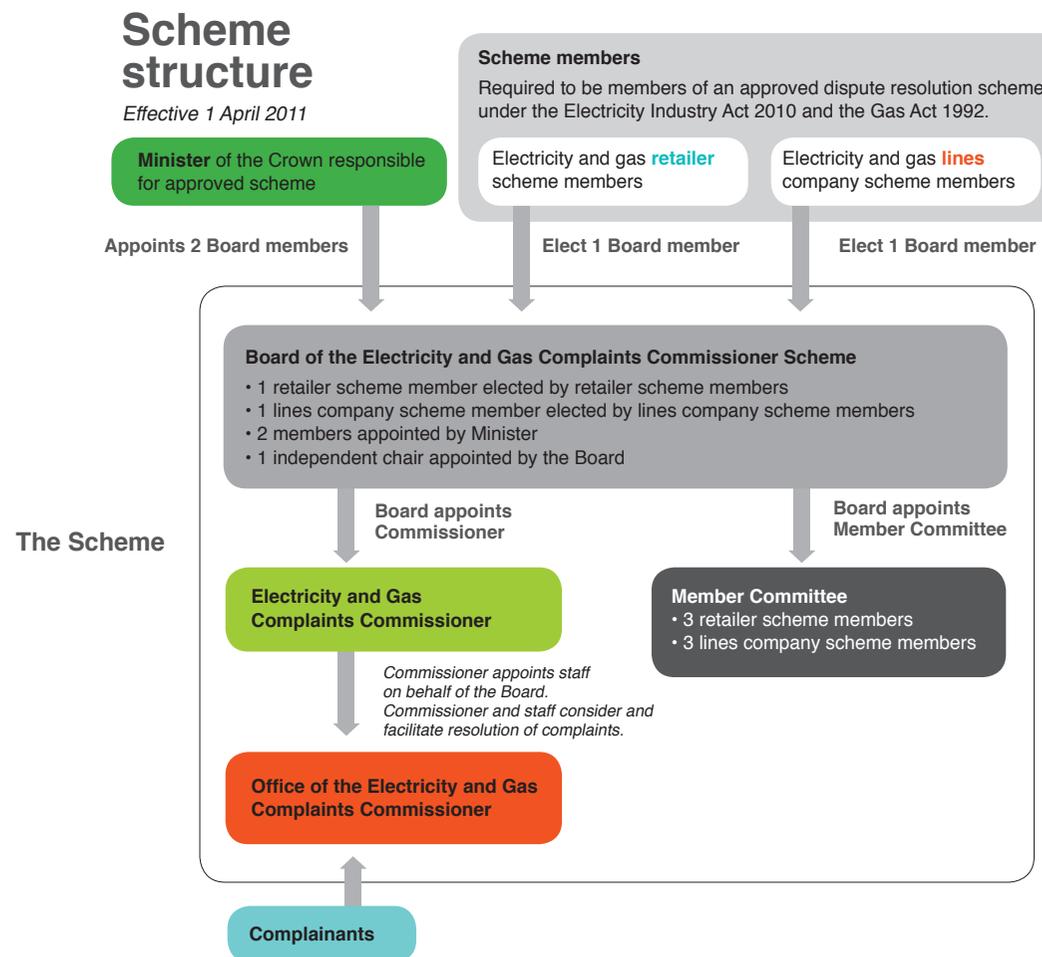
*"The EGCC is a very effective external complaint handling scheme. Feedback from comments from stakeholders, surveys, staff discussions, and document analysis, all support this view.*

*"Improvements made to the Scheme Document as of April 2011, are manifest, and represent one of the best and most thorough constitutions I have seen.*

### Mr Wood commented:

*"There is no need for any major reform of the Scheme Document, including the Code of Conduct. There are a number of recommendations and suggestions that I consider, would improve the operation of the Scheme for all parties..."*

The Board is consulting with stakeholders (including Scheme members and the Ministry of Consumer Affairs) on all recommendations.



We can look at almost any complaint about an electricity or gas company. This includes complaints about the actions of staff or contractors. Complainants are not necessarily customers of the company about which they are complaining. We can look at complaints where the amount in dispute is less than \$20,000, although this can be extended to \$50,000 with the company's agreement.

## Complaint handling

The Scheme's core business is complaint handling. Our process is designed to identify complaints, and to work with the parties to resolve them as soon as possible. The majority of complaints, 91% this year, are settled between the parties once the complaint has been identified by this office and referred back to the company for resolution.

Number of people or organisations contacting the office	Nature of contact	Increase from previous year
4783	Enquiries – we record contacts as enquiries where we provide information.	47%
2707	Complaints – we record a matter as a complaint when the person expresses dissatisfaction with goods or services.	124%
7490		67%

Complaints are accepted for consideration when we are satisfied the complaint is within the Commissioner's jurisdiction, and the company has been told about the complaint but has not been able to resolve it within 20 working days. The Scheme describes these complaints as being deadlocked. A complaint can become deadlocked before 20 working days where the member company has made it clear they do not intend to do anything about the complaint, or where the complainant would suffer unreasonable harm from waiting, or it is otherwise unjust.

### Our process

Our process includes conciliation conferences. Conciliation conferences are held by phone, and are a cost-effective way of reaching early resolution. We may also consider conciliation conferences later, if we think it would be helpful. Even where the conciliation conference does not lead to resolution, it may help clarify the issues and facts.

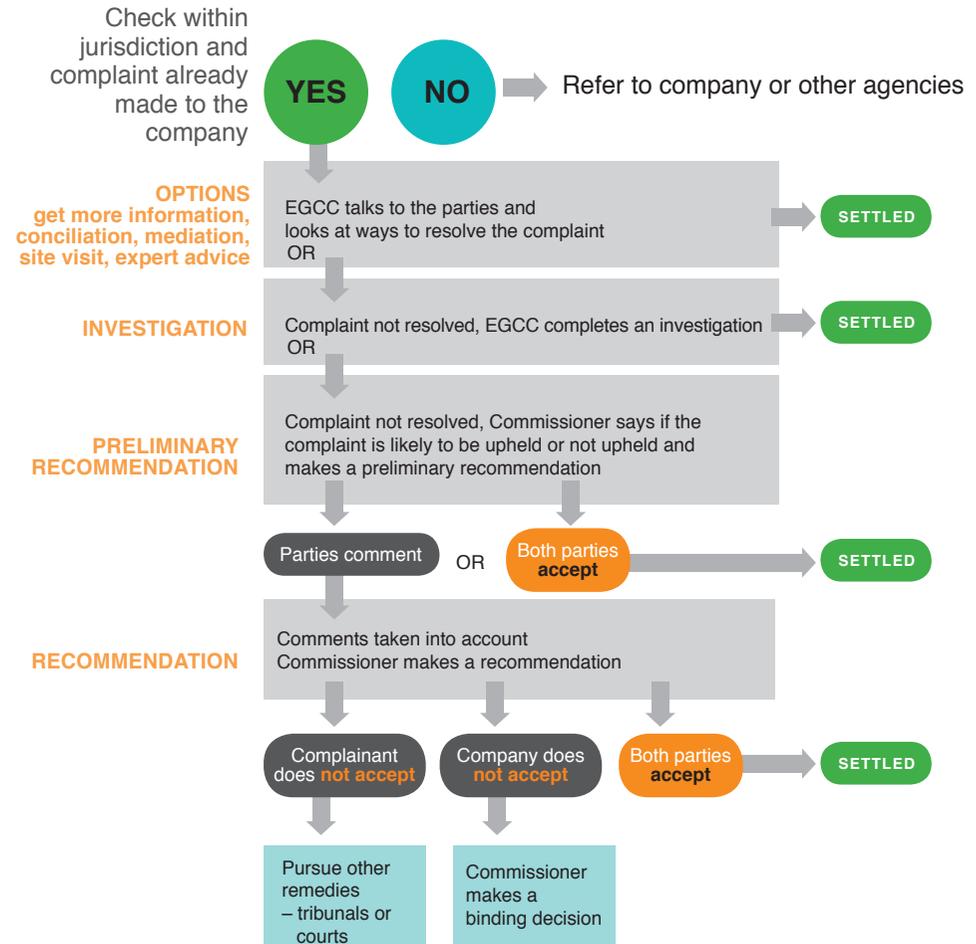
We use mediation techniques, including those learned in LEADR training. LEADR is an Australasian organisation that promotes alternative dispute resolution, including mediation. This is in response to feedback from members, who emphasised the importance of having accredited mediators. We have eight accredited mediators in the conciliation team.

We have the skills and expertise to provide face to face mediations when requested and agreed to by the parties, but get few requests for this service.

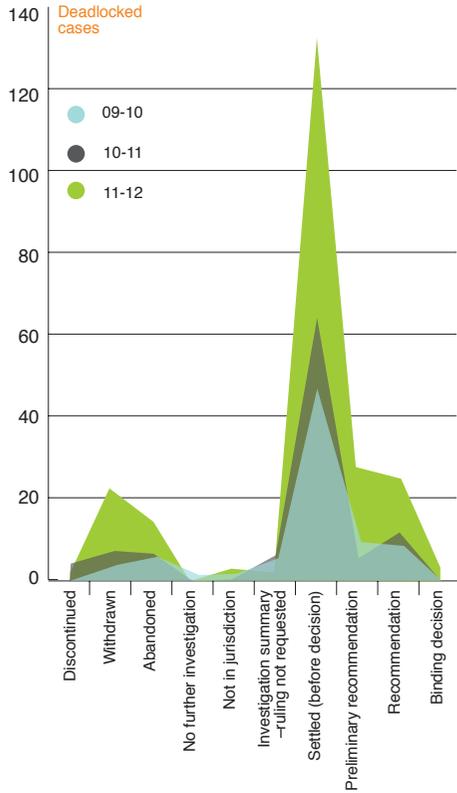
As part of our resolution process, we may seek advice from the Commissioner’s panel of experts. There is a formal process for appointing experts to the panel to ensure the right level of expertise is available. The advice assists in framing questions for an investigation, or helps conciliators understand some of the technical issues. Less frequently, we request a formal report from a panel member, and this is generally provided to both parties. We requested formal reports in 11 cases this year. Under the Scheme document member companies are normally responsible for paying for expert advice.

We may also conduct site visits. These may be carried out by conciliators, or we may ask experts, depending on the location and the purpose of the visit. We offer the same level of service throughout the country, so cases in the Wellington region are not more likely to be visited.

### Commissioner accepts complaint for consideration



Outcomes for deadlock cases  
3 year comparison



**Deadlock**

Of the 2,707 complaints received in the year, 238 were not able to be resolved with the company and reached deadlock. We continued to work with the parties using the processes described above and settled 133 of these complaints. A further 42 cases were closed for a variety of reasons (see graph). In 55 complaints, one of the parties asked the Commissioner make a recommendation. The Commissioner responds with a preliminary recommendation, on which both parties can comment. If necessary she then makes a recommendation, which can be accepted or rejected by the parties. If the complainant accepts a recommendation but the company rejects it, the Commissioner makes a binding decision. Three binding decisions were issued in the year, after two years in which none were issued.

If the complainant rejects a recommendation they are able to take the complaint to other forums, such as the Disputes Tribunal or the District Court. If the company is a state owned enterprise, unresolved complaints can be taken to the Office of the Ombudsmen.

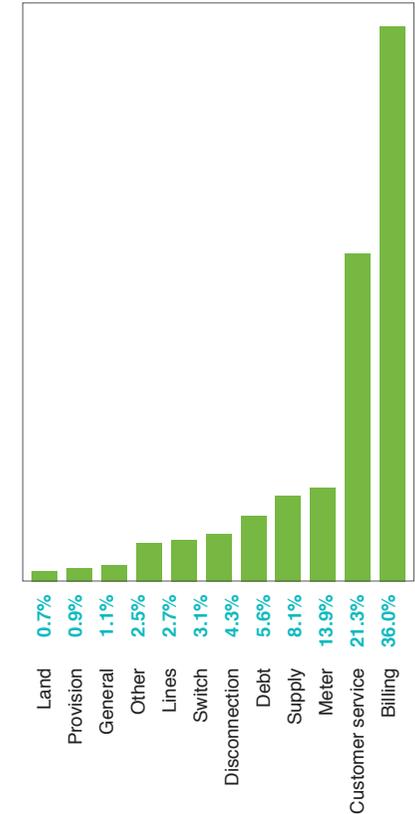
Stage of process	Closed at this stage	Upheld/not upheld	Complainant rejected
55 preliminary recommendations	27	14 upheld 13 not upheld	1 upheld rejected
28 recommendations	25	14 upheld 11 not upheld	5 upheld rejected 1 not upheld rejected
3 binding rulings	3	3 upheld	

**Issues**

We record the issues as presented by the complainant at the time the complaint is brought to the office. The complainant's experience is the starting point for resolution. However, during the process, other issues may emerge. For example, a complainant may have a complaint about a high bill, although the cause of the problem is found to be the meter.

Billing, customer service, meter, disconnection, debt, and supply are the most common issues in all complaints.

Deadlocked complaint issues 11-12



### Time to close

We closed 76% of deadlocked cases within 90 days, achieving the performance standard set by the Board. More than half of cases were closed in under 40 working days, but the average time to close increased.

### Systemic issues arising from complaints

The Commissioner is required to report on systemic issues in complaints. These are issues that are affecting or have the potential to affect groups of people. In all cases, the first response is to work with the member company to identify the issue and consider options to resolve complaints fairly and consistently.

- Some companies stopped accepting calls from mobile phones to their 0800 numbers. As there is no regulatory requirement for companies to have a free call number, we raised this issue with the Ministry of Consumer Affairs.
- Some companies began taking a firmer line with customers who owed money or had difficulty paying their bills. One company began giving customers three days notice they should move from post-pay to pre-pay, or switch to another retailer. Our investigation showed the company's own terms and conditions said customers should get 30 days notice. The company adjusted its business practice to give customers the longer notice.
- A company introduced a new billing system. Incorrect data entry meant a group of more than one hundred customers received bills that were lower than they should have been. When this issue was identified, the customers then faced back bills. This issue is still under consideration by the Commissioner.
- A company did not have an agreement to use meters provided by another company. This caused problems for customers who switched from one company (which owned the meters) to the other. We advised both companies we had started receiving complaints. The companies

reached agreement and the issue was resolved.

- A company's door-to-door sales personnel were quoting low prices that encouraged people to switch suppliers. After switching, customers found they were being charged at higher prices than those quoted. We raised this issue with the retailer, who reviewed its sales processes and training.
- A company installed advanced meters, but delays in completing certification of the meters meant customers received unexpected back bills. We clarified issues with the Electricity Authority and raised the issue with the company.
- Some companies refused to connect customers where a debt was owed by a previous occupant of the property. We raised this issue with the Ministry of Consumer Affairs and Ministry of Economic Development so they could consider the regulatory framework.

### Complaints about the operation of the Scheme

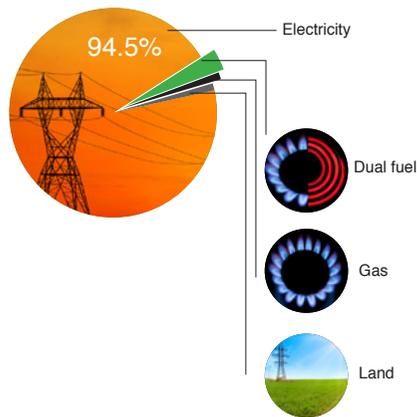
We received two complaints about the operation of the Scheme this year, both from complainants.

The Board considers each Scheme complaint (as required by the Scheme document) and responds to the person making the complaint. The Board has delegated Scheme complaints to the Chair. The Chair has responded to one complainant, and is still considering the other complaint.

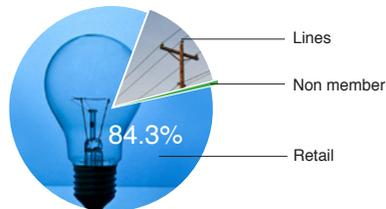
The table sets out a general summary of the complaint about the Scheme and its outcome.

Scheme complaint received	Outcome
Not dealing with complaint properly; not passing on all information; not taking all information into consideration when investigating complaint.	Board declined to take action. Complaint could have been acted on in a more timely manner at some points, but delays also occurred while EGCC was waiting for a response from the complainant. Other claims not substantiated.

### Deadlocked complaint category 11-12



### Retail and line complaints 11-12



## Members

We welcomed six new members to the Scheme this year (see page 25 for a full list of members). There are 38 lines company members and 23 retail company members, with three companies being in both categories.

### Member satisfaction

We set a performance standard for member satisfaction with the Scheme from a survey in January 2011. Sixty-five per cent of members rated the Scheme's performance in investigating and facilitating the resolution of complaints as good or better.

This year the performance standard was measured using responses from the mail survey of members carried out as part of the independent review of the Scheme. The performance standard was achieved, with 84% of members rating our performance as good or better.

### Member services

The Scheme has several communication channels specifically for members, separate from the business of complaint management.

The Commissioner sends an e-newsletter, the Member Update, every two months. Members receive quarterly statistics showing the number of enquiries and complaints received about their company relative to total numbers. Employees of member companies can request a log-in to the secure Members-only section of the website. The section has the latest versions of the Member Guide, Member Updates, and information about the levy, compliance, and seminars.

We also offer specific training sessions for members on request. The Commissioner and staff presented sessions on letter writing and dealing with difficult complainants to several member companies.

## Member Forum

We had over 50 people at the annual Member Forum, held in Wellington on 1 September 2012. We had updates from the Electricity Authority, the Gas Industry Co and the Ministry of Consumer Affairs. There was a presentation on advanced meters, and a video on dealing with difficult complainants. We had a panel discussion on our process and, with crossed fingers, scheduled a role play session on conciliation conferences. As one person put it in the follow-up survey, "I have never been a fan of participating in role play [...] in saying that, it was a good session." The presentation on how Orion NZ Limited has dealt with uncertainty since the Canterbury earthquakes was well-received. We are grateful to all the presenters, panellists and role-players for sharing their expertise.

The Member Forum was preceded by induction for new employees of member companies. This session was focused on the history, structure, and process of the Scheme and all presentations were made by Scheme staff.

The purpose of these events is the exchange of information, but feedback from participants and our staff is that there is great value in meeting with peers.

### Member compliance

One of the Board's duties is to monitor member compliance with the Scheme, in particular with the Code of Conduct for Complaint Handling (Code of Conduct). The Code of Conduct requires members to report annually to the Board on their compliance with the Scheme. The Board then provides each member with recommendations on how to achieve full compliance.

The self-review reports for this year show increased compliance, although not all recommendations made following the 2011 reports had been implemented.

All retailers now comply with the requirement to have information about their complaint handling process and about the Scheme on invoices.

The Board notes it took some members more than eight months to achieve this. On the other hand, fewer than half of lines companies have satisfactory information about the Scheme on materials published for land owners and land occupiers. This means land owners and land occupiers are likely to be less aware of members' complaints processes and of the Scheme itself. The Board expects to see improved compliance by lines companies in the next self-review.

Many members limit information about the appropriate time to access the Scheme as being after the expiry of 20 working days. The Scheme also provides for circumstances where the Commissioner may consider a complaint earlier. This is where the member has made it clear they do not intend to do anything about a complaint, the complainant would suffer unreasonable harm, or it would be otherwise unjust to wait any longer.

Members raised concerns about the difficulty of complying with the requirement to provide a complainant with a written acknowledgement of a complaint in two working days. These members felt this requirement does not make sense in situations where the complaint may have been resolved immediately. One member explained in those circumstances they comply with the requirement by sending a letter which both acknowledges the complaint and confirms the resolution.

The independent review (see page 7) was asked to consider this matter. The reviewer recommended the Code of Conduct be rationalised and simplified, and recommended changes to allow for:

- no acknowledgement of complaints where the matter can be resolved quickly
- where complaints are submitted orally and the complainant agrees, allow members to orally acknowledge receiving a complaint.

In earlier years, the Commissioner's office has surveyed members' terms and conditions and websites separately. These items are covered in the assessment of the self-review reports, so there was no survey this year. The Board has accepted a recommendation from the Commissioner that the mystery shopper survey be delayed while she reviews the methodology of the survey. This work is expected to be completed in July 2012, and any survey will take place after that.

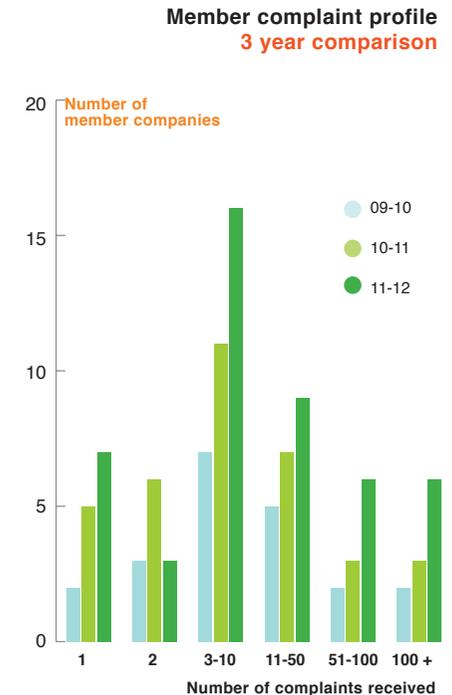
### Member complaint profile

The distribution of complaints remains constant between members, despite the increase in overall complaint numbers. We received no complaints about 14 member companies.

### Reporting of breaches

The Scheme document requires the Board to report all breaches of the Scheme rules to the Minister of Consumer Affairs. The Board is also required to report on member breaches in the Scheme's Annual Report.

The Board has not previously named members in either of these reports. Members and the Minister have been advised that this will change in the next self-review period. The Board is currently consulting on a proposed change to the Scheme to modify the requirement to report material or persistent breaches, so the reporting threshold may vary from the current requirement to report all breaches.



## How clients were referred - top 7

	09-10
White Pages	213
EGCC website	152
Own Knowledge	142
CAB	116
Company	108
Work & Income NZ	108
Company Reminder Notice	82
	10-11
Company bill	1750
Own Knowledge	283
EGCC website	263
White Pages	260
Company	214
CAB	150
Work & Income NZ	98
	11-12
Company bill	4175
Company	286
Own Knowledge	265
EGCC website	219
White Pages	122
CAB	84
Friend or Relative	84

## Awareness and accessibility

### Audience

Two of the Scheme's founding principles are being known in the community and being accessible. In practice, this means we have a wide general audience.

Members have a role to play in reaching this audience by having information about the Scheme on all consumer information and on information for land owners and land occupiers. Members are also required to tell people about the Scheme if they have not been able to resolve the complaint between them. Much of the communications and outreach work we do is intended to reinforce the messages provided by members. We are also mindful of the need to make information accessible for speakers of languages other than English, and for those who have sensory disabilities.

### Measuring performance

We measure our performance in relation to these principles two ways. We take part in a general awareness survey run by UMR, and survey complainants on their experience of using the Scheme.

The UMR survey measures prompted and unprompted awareness of the Scheme, and provides some demographic information about respondents. The results from October 2011 showed unprompted awareness had increased from under four per cent to over five, an increase of over 40%. Broadly speaking, the results showed older male respondents were more likely to know about the Scheme, and to cite the media as their source of knowledge. People under 30 who knew about the Scheme were more likely to cite the internet and word of mouth as sources of knowledge.

We survey complainants about accessibility and awareness, and their overall satisfaction with the Scheme. The Board uses the results of this survey as performance standards (see page 5).

Question	Target	Achievement
How easy was it to find contact details for the office of the Electricity and Gas Complaints Commissioner?	neutral or better 96%	97%
Following your first contact with the EGCC were you given the information you needed?	most or better - 96%	94%
How easy was it to talk to us about your complaint?	neutral or better - 100%	97%

This year a separate group of complainants was surveyed as part of the independent review of the Scheme. The results of the surveys showed similar levels of satisfaction with the ease with which people could find the Scheme and talk to staff in the office.

The demographic information collected in both surveys showed Asian and Pacific Island people are under-represented as complainants relative to census figures. It also showed few complainants aged 30 or under, and that most complainants are 45 or older.

## Events attended

We took part in eight Consumer Rights Days organised by the Ministry of Consumer Affairs. These days bring together a variety of complaint resolution organisations who present information about their area of expertise to community groups. We attended Consumer Rights Days in Otahuhu, Gisborne, Napier, Whangarei, west Auckland, central Auckland, Whanganui, and Upper Hutt.

We joined the other New Zealand members of the Australia and New Zealand Ombudsmen Association at the National Agricultural Fieldays at Mystery Creek in June 2011. Our stand had information from the Office of the Ombudsmen, the Insurance and Savings Ombudsman, the Banking Ombudsman and this Scheme. Each organisation dealt with a good number of enquiries. We had a complainant arrive with information relating to their complaint, and were able to begin the resolution process on the spot. There were 117,495 visitors to the Fieldays in 2011.

Staff attended a range of industry events, including a seminar on a study of a \$1billion roll-out of smart grid investment in Alberta, Canada, and the Electricity Networks Association tree working group.

## Events organised

We made general presentations about the way the Scheme works at:

- Community law centres in Hamilton and Wairarapa
- Community Services Advisors at Auckland City Council
- Auckland Regional Migrant Services
- Citizens Advice Bureaux in Christchurch and Rangiora
- Ombudsmen's Forum, Hutt Council of Social Services
- Ashburton Trading Society

## Contacting us

The preferred means of contacting us is the telephone, with over 90% of enquiries and 80% of complaints received this way. Electronic communication, either by a personal e-mail or using the form on our website, is the next most used means of contacting us with a complaint, making up 15% of complaints. The balance are received by post, fax, or in person.

## Website

The website is designed to provide information about the Scheme to the public. It explains how the Scheme works, has links to members' own websites, and on-line forms for enquiries and complaints. It includes links to a video about the Scheme on YouTube, and to our Facebook page.

We measure use of the public website by the number of unique visitors per month. We began this measure in August 2010, and got an average of 688 users per month that year. In 2011, this increased to over 900 per month, peaking in June with 1053, and lowest in January with 685.



How people contacted us - total cases

	09-10	10-11	11-12
E-mail	119	214	321
Fax	44	32	14
In person	13	2	19
Letter	45	45	63
Telephone	1519	4044	6795
Web	86	131	278
<b>Total</b>	<b>1826</b>	<b>4468</b>	<b>7490</b>
<i>Electronic</i>	<i>205</i>	<i>345</i>	<i>599</i>

## Publications

Our standard publications are the brochure ‘Do you have an electricity or gas complaint?’, a summary of the Code of Conduct for Complaint Handling, and the fact sheet ‘What happens when the EGCC looks into your complaint?’. All complainants are sent a copy of these publications.

In addition to these, we have a range of fact sheets on particular topics. This year we updated the ‘Trees and Powerlines’ and ‘Making a Claim for Compensation’ fact sheets, and wrote a new one, ‘Back Bill (or catch-up bill)’.

The Commissioner must publish anonymous summaries (case notes) of every complaint for which she makes a recommendation. This is to provide guidance to member companies and complainants, and to show consistent and fair decision making. The Commissioner also publishes selected case notes of complaints settled between the complainant and the company. Five case notes are included in this report (see pages 18 to 21).

Thirty six case notes were added to the website during the year, and a hard copy publication was produced in November with 21 case notes. We send the hard copy publication to referral agencies, and it is available on our website.

## Professional relationships

Our professional relationships with the energy industry, other complaint resolution organisations, and community organisations all serve to increase awareness of the Scheme. In many cases these organisations have networks that provide alternative means for people to access the Scheme.

We have regular meetings with the industry regulators: the Electricity Authority, Gas Industry Company, Ministry of Consumer Affairs, Ministry of Economic Development, and the Ministers of Consumer Affairs, and Energy and Resources. Other government agencies we have worked with in the past year include the Office of Privacy Commissioner, the Office of the Parliamentary Commissioner for the Environment, the Commerce Commission and the Ministry of Social Development.

We have well established and ongoing relationships with Citizens Advice Bureau, the NZ Federation of Family Budgeting Services, and community law centres.

Our professional peers include the Australian and New Zealand Ombudsman Association and the Australia and New Zealand Energy and Water Ombudsman Network.

## Submissions

The Commissioner made a submission on the Consumer Law Reform Bill. The submission supported a tailor-made guarantee of acceptable quality for electricity and gas, and clarification of who is responsible to consumers (retailer or lines company) under the Consumer Guarantees Act. The submission also commented on proposed amendments to the Fair Trading Act, asking whether electricity and gas are considered a good or a service in this Act.

## Bulletin Board

➔ Conciliator Joel Pearce won the LEADR Emerging Mediator Award. All conciliators complete a LEADR course and work to gain accreditation (see page 8).



### Award

**Joel Pearce**  
winner of the Emerging Mediator Award



➔ Team manager Moira Ransom holds the best small workplace trophy for the JRA Best Workplaces 2011 Awards. We've been taking part in the survey for several years, but 2011 was the first year we had enough staff (more than 20) to compete for the awards.



# ten years 10

The Electricity and Gas Complaints Commissioner celebrates 10 years



Commissioner Judi Jones with Nigel Barbour, Powerco (l) and Dennis Jones, Orion (r).

There was a cocktail function to mark the tenth anniversary of the Scheme.



Conciliators Sarah Ramsay, Annika Voulgaris, and Hannah Morgan-Stone.

JRA  
**best** CATEGORY WINNER  
WORKPLACES '11  
The New Zealand Herald

Case	32984	Billing – back bill – incorrect address on registry – customer service – failure to respond
Year	2012	
Category	Electricity	

## No bill

### The case

#### Mrs A complained she had not received a bill from her retailer since becoming a customer five months earlier.

She said she moved into her property in May 2011 and called the retailer to create an electricity account for the property. She said between May and September 2011 the retailer did not send her an electricity bill and she worried she would receive a large back bill. She said she called the retailer several times between May and September 2011 to ask for a bill.

### The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

After the EGCC contacted the retailer about Mrs A's complaint, the retailer created an electricity account for her property. The first bill sent in September was a low estimate. The retailer then read the meter and in October sent a back bill for \$1,697.72.

The Commissioner upheld the complaint and recommended the retailer reduce the back bill by 40% after the prompt payment discount and apply a \$150 customer service payment to Mrs A's account.

The investigation showed Mrs A's property address was incorrectly recorded on the electricity registry. The electricity registry is a database of all Installation Control Points (ICPs) in New Zealand. ICPs are unique identifier numbers for a property. For a retailer to supply a property with electricity, it must request the correct ICP and address combination from the electricity registry.

Mrs A's actual address was 976A X St, but the address recorded on the registry was 980 X St. The registry had the correct ICP but the incorrect

address. Therefore the ICP and address combination the retailer had been requesting was incorrect, so the requests were declined.

The Commissioner found the retailer did not handle the establishment of Mrs A's electricity account appropriately because it:

- Failed to recognise the address of Mrs A's property was incorrect on the registry
- Failed to bill Mrs A for electricity use at the property for four months
- Sent a bill based on a very low estimate, followed by a large back bill

The Commissioner found the retailer should have recognised the address was incorrect earlier because:

- Mrs A called the retailer at least 10 times about her electricity account before the retailer created a bill
- The retailer had five switch requests rejected before it requested the correct ICP and address combination
- Another retailer asked Mrs A's retailer twice to request the property with the correct ICP and address combination

Mrs A accepted the recommendation and the complaint was settled.

### Recommendation – upheld

## The case

### Mr C complained about his electricity retailer charging him for electricity used at a property before he became a customer.

Mr C became his retailer's customer on 30 January 2011.

The retailer billed Mr C \$6,500 for electricity used at the property based on the reading received from the previous retailer to the property. The final reading was from two years before. The previous retailer's records suggested the property had since been vacant.

Mr C was unable to provide proof of the date he moved into the property. Mr C's retailer accepted a letter from his previous landlord as proof that Mr C lived elsewhere until 1 September 2010. This left \$1,944.11 owing. Mr C disputed the \$1,944.11 was his responsibility.

## The outcome

The EGCC's investigation found the retailer's terms and conditions did not allow it to bill a customer for electricity used at a property before the consumer became the retailer's customer.

The retailer offered to bill Mr C \$563.70 from the date he became a customer, for the period from 31 January to 18 May 2011. This reduced the original bill by \$5,936.30.

Mr C accepted this offer.

## Settled

Case	29531	Disputing back bill
Year	2011	
Category	Electricity	

Billed for electricity before becoming a customer

2

Case	27235	Supply – faults
Year	2011	Lines – maintenance – responsibility
Category	Electricity	

## Faults on service lines

# 3

### The case

#### Mr N complained about faults in the electricity supply to his property.

Mr N said there had been three electricity faults at his property over the past five years. Mr N wanted to know the cause of the faults and he believed the network company should pay to investigate. Mr N said electricity use on a neighbouring property could be causing the electricity faults at his property.

Mr N said his company has a responsibility to maintain the service lines as the company has network lines running across his property. Mr N said he should not be responsible for the cost of maintaining the electricity lines and poles that service his home.

Mr N's network company said the faults were occurring on Mr N's service line within the property boundary. The network company said it knew the faults were from Mr N's property as network connection fuses were blowing. The network company said it would not investigate the faults or pay for maintenance of the lines as it is not responsible for consumer's own service lines.

### The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner did not uphold the complaint. The Commissioner found:

- the company does not have a responsibility to investigate faults or pay for maintenance on Mr N's service lines
- the presence of network lines on the property made no difference to who was responsible for the service lines
- blown connection fuses are usually caused by faults on service lines

The Commissioner found Mr N is responsible for maintaining the lines and poles on his property from the property boundary. These lines and poles form Mr N's service line which connects his home to the electricity network. The Commissioner made this finding after applying the Electricity Act 1992 and Mr N's electricity retailer's terms and conditions.

The Commissioner did not agree the network company has an obligation to maintain Mr N's service lines because of the transmission lines on his property. The Commissioner found the transmission lines were built in 1950 so their location and the network company's right to maintain them is protected under the Electricity Act 1992. The Electricity Act does not require the network company to provide compensation such as free lines maintenance to land owners who have transmission lines on their property.

The Commissioner asked a member of her panel of independent experts about why network connection fuses may blow. The independent expert said:

- A network connection fuse will not blow because of electricity use on a neighbouring property
- A network connection fuse will blow due to interference on the customer's side of the network. Interference could come from lines clashing or use of faulty appliances

Based on the independent expert's opinion the Commissioner found it is likely Mr N's network connection fuses blew because of a fault on his service line, for which the network company is not responsible.

Mr N did not accept the Commissioner's recommendation. The network company accepted the recommendation. As Mr N did not accept the recommendation the file was closed.

### Recommendation – not upheld

## The case

### Miss D complained her retailer increased the rates she was charged for electricity when she was on a three year fixed price plan.

Miss D also complained about the customer service she experienced, saying the retailer's customer service representatives were rude to her. When Miss D decided to switch companies the retailer charged her \$150 for breaking the plan.

## The outcome

The EGCC discovered there was confusion about what Miss D believed she agreed to when she signed up for the plan. Miss D thought the retailer would keep charging her current rates for three years. The plan Miss D actually agreed to increased her rates immediately, and fixed that price for three years.

Miss D's account was in arrears because she did not pay the bills which she believed used the wrong rates. This meant she had also missed out on prompt payment discounts.

The retailer offered to credit:

- The difference between the pre 1 April 2011 prices and the pricing that Miss D had been billed on from March to June 2011
- The prompt payment discounts missed while Miss D waited for an explanation of the rates
- The \$150 break fee

This brought the balance owing on Miss D's account from \$763.63 to \$496.36.

The retailer apologised to Miss D for the confusion experienced, and the handling of her complaint.

Miss D accepted the offer and apology in full and final settlement of her complaint.

## Settled

Case	30871	Billing – price increase – customer service
Year	2011	
Category	Electricity	

# Confusion over fixed price rate

# 4

Case	31201	Supply – surge – damage
Year	2011	
Category	Electricity	

## Appliances damaged by pole fuse?

# 5

### The case

#### Mr Z complained that a pole fuse supplying electricity to his property deteriorated and caused damage to appliances inside the house.

Mr Z said a stove was so badly damaged in February 2011 that it needed to be replaced. Mr Z said an element on the replacement second-hand stove was damaged beyond repair in March 2011. The pole fuse had to be replaced at the same time.

Mr Z wanted the network company to compensate him for the damage.

The network company believed the damage to the appliances and the pole fuse were Mr Z's responsibility. The network company did not think it should compensate Mr Z for the damage and charged him for the replacement pole fuse.

### The outcome

The complaint was settled after an investigation by the EGCC. This included a report by one of the Commissioner's independent experts, who found the fault did not occur on the network. Mr Z did not agree with the findings but he was satisfied that the EGCC's investigation had been completed independently of the company.

The Commissioner's independent expert explained that the pole fuse at Mr Z's property was a high rupturing capacity (HRC) 63 amp fuse. The expert explained HRC fuses do not generally deteriorate. If an HRC fuse did deteriorate it would simply fail to pass current. This kind of failure could not affect any appliances inside the house.

No fuses blew at the time the first stove was damaged. Mr Z described the stove 'sparking and banging' at the time of the incident. The expert said this was consistent with old internal stove wiring or loose connections to the stove element failing, but not causing a short circuit. This would explain why the fuses did not operate.

The HRC pole fuse blew when the element on the second stove was damaged. Mr Z said there was a 'loud banging noise'. The expert said this was consistent with an internal electrical short circuit developing.

The independent explained that the fuses on the house were re-wireable 30 amp fuses. These types of fuses are less accurate than the HRC 63 amp pole fuse. This means there was a chance the pole fuse would trip before the 30 amp fuses in the house. This could happen where the fault current from the appliance was higher than 60 amps. The independent expert said the difference could be a matter of seconds, and it was a question of timing as to which fuse triggered first.

### Settled



# Financial summary

## Income and expenditure (summary)



For the year ended 31 March	09-10	10-11	11-12
	\$000	\$000	\$000
annual levy	1,514	1,957	2,326
other income	37	23	106
<b>total income</b>	<b>1,551</b>	<b>1,980</b>	<b>2,432</b>
staff related costs	956	1,146	1,460
other costs	608	691	693
depreciation	42	64	107
<b>total expenditure</b>	<b>1,606</b>	<b>1,901</b>	<b>2,260</b>
<b>operating surplus/(deficit) before tax</b>	<b>(55)</b>	<b>79</b>	<b>172</b>
<b>Total cases</b>	<b>1,826</b>	<b>4,468</b>	<b>7,490</b>
<b>Cost per case</b>	<b>\$879.52</b>	<b>\$425.47</b>	<b>\$301.74</b>
<b>Budget (\$000)</b>	<b>1,547</b>	<b>1,959</b>	<b>2,282</b>

**2011-12**  
 Total cases **7,490**  
 Cost per case **\$301.74**  
 Budget **\$2,282,000**

*The figures for 2011-12 are drawn from our unaudited management accounts. The audited financial statements will be available separately on our website.*

# Electricity and Gas Complaints Commissioner Scheme



## → Independent Chair

### Dr Richard Janes

*(Appointed December 2007, term expires December 2015)*

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

## → Industry representatives

### Retailer representative Contact Energy

*(Appointed March 2010, term expires June 2012)*

**Ruth Bound**  
General Manager, Retail  
Contact Energy

### Lines company representative Electra

*(Appointed March 2010, term expires June 2012)*

**John Yeoman**  
Chief Executive  
Electra

## → Consumer representatives

### Therese O'Connell

*(Appointed September 2007, term expires August 2012)*

Therese works at the Govett-Brewster Art Gallery in New Plymouth.

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.

### Nicky Darlow

*(Appointed March 2011, term expires February 2013)*

Nicky is self-employed as a community consultant, specialising in reviews of community organisations, community development, training, and mediation and facilitation. Nicky has previously worked for the Wellington Community Law Centre and Citizens Advice Bureau.

Nicky is a Member of the New Zealand Order of Merit (MNZM) for services to the community. She was awarded the New Zealand 1990 medal for services to consumers.

## Member companies



### Lines

Alpine Energy  
Aurora Energy  
Buller Electricity  
Centralines (managed by Unison)  
Chatham Islands Electricity  
Counties Power  
Eastland Networks  
Electra  
Electricity Ashburton  
Electricity Invercargill (managed by PowerNet)  
Electricity Southland (managed by PowerNet)  
Energy Distribution Company – from May 2011  
GasNet  
Horizon Energy  
MainPower  
Marlborough Lines  
Maui Development Ltd – from April 2011  
Nelson Electricity  
Network Tasman  
Network Waitaki  
Northpower  
OnGas (a brand of Vector)  
Orion  
OtagoNet Joint Venture (managed by PowerNet)

Powerco  
PowerNet  
Scanpower  
SIESA - Stewart Island Electricity Supply Authority  
The Lines Company  
The Power Company (managed by PowerNet)  
Top Energy  
Transpower NZ  
Unison Networks  
United Networks (owned by Vector)  
Vector  
Waipa Networks  
WEL Networks  
Wellington Electricity Lines  
Westpower

### Retail

Auckland Gas (owned by Todd Energy) – from June 2011  
Bay of Plenty Energy (owned by Todd Energy) – from June 2011  
Bosco Connect Ltd (owned by Mighty River Power)  
Chatham Islands Electricity  
Contact Energy  
Empower (owned by Contact Energy)  
Energy Direct NZ

Energy Online (brand of Genesis Energy)  
Genesis Energy  
Greymouth Gas  
Hunet Energy  
Just Energy (brand of Pulse Utilities)  
King Country Energy  
K Power  
Mercury Energy (owned by Mighty River Power)  
Meridian Energy  
Nova Energy (owned by Todd Energy) – from June 2011  
OnGas (a brand of Vector)  
Opunake Hydro  
Powershop NZ (owned by Meridian Energy)  
Prime Energy – from April 2011  
Pulse Energy (brand of Pulse Utilities)  
SIESA - Stewart Island Electricity Supply Authority  
Simply Energy  
Tiny Mighty Power (brand of Bosco Connect; owned by Mighty River Power)  
TrustPower



### People

During the last 12 months the office recruited six new staff (5.3 FTEs). One of these filled a vacancy, with the balance necessary to maintain service delivery.

We introduced the role of research analyst to recognise the additional responsibilities of monitoring and reporting on compliance and systemic issues. The research and reporting analyst positions provide useful analysis and information both internally and to external stakeholders. Over three-quarters of the office is directly involved in complaint handling and resolution.

#### Electricity and Gas Complaints Commissioner

Judi Jones

#### Deputy Commissioner

Nanette Moreau

#### Team managers

Jerome Chapman

Moira Ransom

#### Conciliators

James Blake-Palmer

Ali Cameron (0.8)

Brenda Devane

Bonnie Gadd (0.5 from May 2011)

Riki Jamieson-Smyth (from July 2011)

Chris Juchnowicz

Adam Meek

Hannah Morgan-Stone (from April 2011)

Joel Pearce (0.5 from May 2011)

Sarah Ramsay (from April 2011)

Mika Reilly

Lewis Rivers (0.8 from July 2011)

Annika Voulgaris (from April 2011)

#### Corporate services manager

Paul Selwyn-Smith (0.5)

#### Communications advisor

Dinah Vincent (0.6)

#### Research analyst

Bonnie Gadd (0.5 from May 2011)

Joel Pearce (0.5 from May 2011)

#### Reporting analyst

Richard Heaps

#### Executive and team assistant

Kirsty Williams

#### Team support

Caleb Green (0.5 from August 2011)

Tamzin Hine (3 hours a week) to December 2011



## Electricity and Gas Complaints Commissioner Scheme

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