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EG Complaints Commission Submission

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To Whom It May Concern,

## **Electricity and Gas Complaints Commissioner Scheme: Membership Exemptions**

### **Submission on behalf of Elgas Limited.**

Elgas are a supplier of LPG with National coverage throughout both islands of New Zealand. Our service offer includes supply through reticulated gas networks and through the provision of cylinders (45 – 210kg) that are either filled on site or exchanged.

Under the outlined scope of the proposed exemption scheme there is a clear indication that the cylinder operations of Elgas (and its industry competitors) will fail to reach Exemption Status. Elgas wish to **VERY STRONGLY OPPOSE** the move that will see the Cylinder operations included in the EGCC Scheme.

The EGCC was set up under the Electricity and Gas Act (the Act) for the protection of consumers and to give them a means of being heard.

It is the submission of Elgas that the imposition of the EGCC Scheme on Cylinder operations will breach the fundamental precepts of the scheme itself and hence will fail to achieve its objective. It is the experience of Elgas regarding complaints that are made and then progress to need external resolution, these would be better made to another body rather than the EGCC.

Also it is Elgas' submission the EGCC Scheme will be incapable of being "accountable, efficient, and effective" in its dealings with Cylinder Customers in its entirety. The process of the complaint will be unable to add value to the customer in their complaint, whilst adding cost to the product and service.

Both the Electricity Industry Act and the Gas Act focus on the provision of energy supply to the customer through a continuous supply network of lines or pipelines. This process of being attached to a distribution system inherently places certain restrictions on the end user which, quite rightly, need to have some means of redress for the consumer.

In the case of the Network Distribution, the customer does not own or have any vested interest in the lines or distribution system and as such is at the mercy of the Supplier should they present problems. ALL the listed companies in the discussion document were either Lines companies (gas or electricity) or Retail companies utilising the common lines of the previous groups.

*“The supply of gas in bottles was not originally anticipated as requiring coverage.” Discussion document quotation.*

Elgas would contend that the original rationale was sound. In complete contrast to “Distribution Networks” is the supply of LPG in cylinders/tanks is on a quantised or discrete supply. Also each of the relevant LPG companies has their own “Distribution” conduit namely the fleets of trucks that deliver. Consequently the Customer is not able to be held to ransom by an inscrutable line or retail company. If they do not get the satisfaction they desire there are no impediments to changing point of supply.

The comments in the discussion document:

*However, the Scheme itself currently only extends jurisdiction to complaints about suppliers of reticulated gas. The supply of gas in bottles was not originally anticipated as requiring coverage. The supply of gas in 45kg bottles located on-site is an alternative to reticulation and has many of the same characteristics. As such, the Ministry considers that it should be included within the Scheme’s jurisdiction.*

It is the submission of Elgas that the discussion document fails to identify the differences in the means of distribution and hence incorrectly determines that the suppliers of cylinder LPG should be included within the scheme.

Ownership of equipment is that of the consumer excluding the cylinders or tanks, generally from the first stage regulator. Elgas submits that there are no impediments to change of supplier.

The quality of the gas is largely the same across the industry, however if there is a perception by a customer that the gas is better from one then they actually have the ability to change, unlike those connected to a line retailer.

Billing complaints are generally around failure to pay as the quantised nature of the delivery means there is never a question on volume, quantity, units delivered or used.

In summary, whilst Elgas acknowledge the need for a complaints process in Network supplied energy (which includes LPG networks) there should be an exemption for all cylinder operations.

LPG Cylinder complaints to the EGCC will result in vexatious and/or petty cases, or in fact complaints outside its mandate. These will detract from the EGCC being able to adequately act on cases that have merit.

The EGCC will not provide any valuable contribution to the already existing complaints processes within the LPG Cylinder industry. Therefore it fails to meet its own objectives of being “accountable, efficient, and effective.” All that will result is the EGCC coming up with the same result as determined by the LPG Retailer in their complaint process, which would be considered accessible, fair, and independent but in the process adds cost to the

consumer for no added benefit, hence fails to be accountable, efficient or effective beyond that which already exists.

To make the submission even simpler, other than the fact that LPG is an energy source, it can be distributed in two fundamental ways: continuous (via pipeline) or discrete (via cylinder). The way in which the Consumer interacts with the Supplier is fundamentally different; the way in which the gas is delivered is fundamentally different [from networked Gas or Electricity], and as such the nature of the types of complaints are fundamentally different.

The EGCC is set up to handle complaints arising out of NETWORK distributed energy and the inclusion of LPG Cylinder Operations will be contrary to the fundamental workings of the EGCC.

*Elgas wishes to be heard in support of its submission.*

Yours faithfully

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Operations Manager NZ

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