

29 November 2013

Judi Jones
Electricity and Gas Complaints Commissioner
PO Box 5875,
Lambton Quay,
Wellington 6145

By email: submissions@egcomplaints.co.nz

Dear Judi

Re: Bottled LPG, acting Chair and other minor changes

Thank you for the opportunity to provide feedback on the proposed amendments to the Scheme Document. We have responded to the specific questions raised in the attached questionnaire, but also believe that there are wider questions to be considered in the EGCC's decision to expand its remit to cover LPG.

LPG is distributed through a range of mechanisms, including pipelines, through to retailers swapping bottles on petrol station forecourts and hardware stores, refilling of the customers own bottles, or retail sale of non-returnable containers. These markets are variously served directly by producers, resellers or through distribution arrangements and agency relationships. The amendment as proposed suggests that bottled LPG consumers are 'mapped to each retailer'. This does not reflect the reality.

The servicing and distribution of 45kg gas cylinders is merely a subset of the LPG market. We do not see any reason why the scheme should exclude LPG and CNG used 'for transportation services' nor the other distribution methods mentioned above. LPG purchased from a petrol station is just as likely to be used at home as in a motor vehicle. If the scheme is to cover some suppliers of LPG, then it should cover all suppliers. Although the justification for the expansion of jurisdiction is not outlined in the consultation documents, we assume that the reason is that LPG is covered by the Gas Act, and accordingly, the Scheme should reflect this. The Gas Act does not distinguish between different distribution methods, and in our view, therefore, nor should the Scheme Document.

We question then how the EGCC scheme can be levied in a way that it captures all potential LPG sales situations and not place undue costs on one particular group. Any levy collected to cover the cost of the scheme should capture all transactions in an equitable way to ensure that it is not just a minority funding the Scheme.

There has been suggestion that a class exemption should be granted for cylinders smaller than 45kg. The only differentiation between the sizes of LPG cylinders is that most consumers prefer to have the 45 kg refills delivered rather than transporting them themselves. However, recently, consumers have been able to also order delivery of 9kg cylinders also. Retailers are not compelled to deliver LPG cylinders to consumers (for example, as distinct from how reticulated energy is supplied) unless they wish to do so.

The commercial arrangements associated with supply of LPG by bottle are very simple, and the consumer has the flexibility to switch suppliers at any time. There is nothing about the supply of LPG that cannot be handled through normal consumer protection law.

Our response to the consultation document is appended to this letter. Please feel free to contact me if you wish to discuss our views further.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Paul Baker', with a stylized flourish at the end.

Paul Baker
Commercial & Regulatory Advisor

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Submitter: Nova Energy

| Questions for submitters | Yes/ No | Comment |
|--|---------|---|
| 1. Do you agree with the Board's proposal that the Commissioner have jurisdiction to consider complaints about bottled LPG? | Yes | <p>While the Commissioner may have jurisdiction to consider complaints about bottled LPG, there is a lack of evidence that there is a need for the EGCC to act on that jurisdiction.</p> <p>There are problems inherent in defining the consumers that need access to making complaints and the relative share attributable to each retailer (refer to our cover letter).</p> |
| 2. Do you agree with the Board's proposal that would allow the Board to appoint a consumer representative as acting Chair when the Chair is unavailable? | No | <p>The chair is currently independent. Given that they have a casting vote, this is important. It would be inappropriate to have a chair that is not independent as that undermines the role of chair and independence of the Commission.</p> |
| 3. Do you agree with the other minor changes proposed? | Yes | |
| 4. Do you have any other comments or concerns about the proposed changes you would like the Board to consider? | | <p>Please refer to our cover letter.</p> |