

EGCC Scheme

Submission by

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Question	Yes/No	Comment
<p>1 Do you agree with the Board's proposal that the Commissioner have jurisdiction to consider complaints about LPG in cylinders</p>	<p>NO</p>	<p>Whether the ability of the Scheme to “capture” relevant “Scheme Members” via the Gas Act definition of Gas Retailer, or to “exempt” certain classes of supply, the issue is addressed on the basis of should the jurisdiction include Cylinder Supply in some or all of its forms. (Note that Elgas do have two small Distribution Networks for which we see the Scheme as being entirely relevant for those customers but that is not in contention, however the comments in Question 5 apply)</p> <p>The “Diagram of the Scheme” (page 5, Part A), Has a dotted line around Scheme Member and a statement: “required to be members of an approved dispute resolution scheme under the Electricity Industry Act 2010 and the Gas Act 1992” and then two boxes: one being Electricity and Gas Retailer scheme Members and the other being Electricity and Gas Line Company Scheme Members. Additionally the definition of “Scheme Member” states “A Retailer or Lines Company that is an approved member of the Scheme.”</p> <p>The clearly implied meaning here is the supply of a product (Electricity or Gas) by means of a NETWORK of lines or pipes. The Product is sold to the Customer via a Retail Company and the Product is transported to the Customer via a Network that is under the control of another separate Line Company. This does not specifically include Cylinders or Tanks.</p> <p>Notwithstanding the Gas Act definition of Gas Retailer currently includes Retailers of LPG via Cylinder; the EGCC is clearly set up to handle complaints of a nature arising from the supply of Electricity or Gas via such Networks of lines or pipe.</p> <p>The Gas Act requirement for “Retailers and Network Operators” to be members of a disputes resolution scheme is ostensibly for the protection of Domestic Consumers connected to such supply Networks. Elgas supply in Bulk via road tanker to major commercial and industrial companies. This quantised delivery is covered by commercial contract which invariably includes clauses for Complaints and Disputes, thus obviating the need for this kind of customer to be covered by the EGCC.</p> <p>We then come back to the Domestic Customer that uses the Cylinder Gas for domestic purposes. The EGCC has determined that small cylinders (less than 15kg) are exempt from the scheme (but without any clarification on whether the “customer” using this size cylinder has obtained the cylinder from a Retail Store (eg Swap a 9kg at a Service Station or other outlet) or the cylinder has been delivered as part of a commercial contract with the customer. That being the case, there is in point of fact no difference then between a customer who is delivered a 9kg</p>

		<p>cylinder and one who is delivered a 45kg cylinder. Therefore we submit that the same rationale that allows for an exemption for 9kg cylinders applies to all sizes of cylinder and tank supply where the cylinder or tank is dedicated to one "customer".</p>
<p>2 Do you agree with the proposed changes to the definition of Gas in the Interpretation section</p>	NO	<p>The Definition of "GAS" (page 7 Part A) excludes (a) LPG for transportation purposes; and (b) LPG in cylinders covered by the Exemption, and (c) CNG for transportation purposes.</p> <p>Currently the Exemption that has been Gazetted includes all cylinders of less than 15 kg.</p> <p>Elgas sells LPG Cylinders of 15, 18 & 20kg for use largely for Forklift (transportation use) We feel that it is important that this is clearly included in the Transportation exemption.</p> <p>Additionally Elgas supplies LPG in bulk to various customers EITHER for Automotive supply at a Service Station (clearly included in the (a) exemption or the fact that this sale is covered by Wholesale customer and therefore NOT being sold by us as final Retailer; OR directly to bulk tanks in larger commercial customers who then fill their own forklifts. We presume this [bulk forklift sale] is included in the "Transportation" exemption but would like it specifically defined for clarity.</p>
<p>3 Do you agree with the proposed effective date for considering complaints about LPG in cylinders (clause B.6.4)?</p>		<p>Given the inconsistencies in the Scheme when you are attempting to correctly include or exclude certain Classes of [LPG Cylinder]supply we would suggest you need a further 6 months to conclude the process.</p>
<p>4 Do you agree with the removal of "Consumer" from clauses D.9, F.15 and F.17?</p>	YES/NO	<p>The word Consumer has been replaced with the term ICP. Elgas is unique in the LPG industry in that, unlike all the other LPG Suppliers, we are truly independent of ALL the other forms of energy (ie Electricity and Natural Gas). Additionally ALL LPG Cylinder Installations have no need of using ICP's at any stage in the installation and operation of the facility. None of our customers have registered any ICP with us and it is completely irrelevant to an LPG Cylinder operation.</p> <p>The definition for ICP is as per page 8 Part A "(b) Gas, The point on a Gas Lines Company's Distribution system at which Gas may flow between the Distribution System and the Consumer's premises, which the Gas Lines Company nominates as the point at which a Gas Retailer is deemed to supply Gas to a Consumer"</p> <p>Even when you consider the Gas Distribution System definition in the Gas Act you cannot consider that a Cylinder or Tank installation that is dedicated to one customer constitutes any form of Distribution System.</p>

		<p>There is no part of this definition that can be construed to accommodate LPG supplied in cylinders or tanks: hence this also supports our objection to the inclusion of Cylinders and Tanks in the Scheme as per our comments in Question 1 above.</p> <p>If you modify the definition of ICP to include something to cover LPG Cylinder installations then you have to assume that ALL the LPG industry will have to implement some form of ICP registration which will be onerous in the extreme, as well as largely meaningless. Additionally it will follow that your definition of Gas can no longer apply as it currently stands.</p> <p>.</p>
<p>5 Do you have any other comments you would like the Board to consider about the proposed changes for LPG in cylinders</p>	<p>YES</p>	<p>If the Board wishes to calculate levies based on ICP's, then specifically what information are they going to request from Elgas in order to make a determination on customers' eligibility. Given our comments in (1), (2), & (4) above, there are a number of customers that will not count as eligible, assuming the current definition and exemption remains unchanged.</p> <p>The determination of fees once the clarification of eligibility of customer class has been determined is, to Elgas, rather nebulous.</p> <p>The LPG industry is a very small percentage of the customer base: cf: 1,500,000 Electricity, 250,000 Reticulated Natural Gas, LPG 90,000 customers respectively. Within the LPG Market the TOTAL Elgas Business represents no more than 17% of the LPG Market and that is before we start removing the Exempt categories as discussed above.</p> <p>In determining the scale of fixed fees they MUST be truly aligned with the correct percentage of energy usage NOT the number of customers, given variability of the usage by any individual customer.</p> <p>We submit that a small fixed cost should be appropriate for the LPG industry with Actual Costs based on time taken to resolve and the number of Deadlocked disputes is a more functional way to recover any costs incurred by the Scheme.</p> <p>We feel that it is important that ALL the members of the Scheme have a transparent calculation of the levy showing what fixed costs are being recovered and how their respective percentage is calculated. At this point, reading the Scheme Document there is nothing to tell us how large or small the Fixed and Variable costs will be.</p>
		<p>NB: Elgas is unique in the Retail Energy space in New Zealand in that we are the ONLY completely independent LPG supplier and the only EXCLUSIVE LPG supplier. Consequently it is important that any such levies imposed are not unevenly weighted.</p>
		<p>To conclude, it is still Elgas' submission that all LPG Cylinder and</p>

		Tank Installations should be EXCLUDED from the EGCC Scheme
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