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25 July 2014

Hon Heather Roy
Independent Chair
Electricity and Gas Complaints Commissioner
Lambton Quay
WELLINGTON

By email: submissions@egcomplaints.co.nz

Dear Hon Roy

Submission on proposed amendments to the scheme document - LPG in cylinders

Genesis Energy Limited welcomes the opportunity to provide a submission to the Electricity and Gas Complaints Commissioner ("the EGCC") on the consultation paper "proposed amendments to the scheme document - LPG in cylinders".

Genesis Energy supports the inclusion of LPG cylinders (greater than 15kg) under the category of gas for the scheme document. However, we consider the EGCC needs to address two operational issues with the levy charge, namely:

- how levy charges will be distributed given there is no ICP identifier that exists for LPG in cylinders; and
- providing sufficient time for retailers to adapt their internal processes to referring to the EGCC.

ICP cannot be a measure of levy charge for LPG in cylinders

Unlike electricity or reticulated gas, there is no ICP numbers for LPG in cylinder. That means it is impossible to use ICPs to map the market share and calculate individual member's contribution portion to levies. There are two reasons on for this.

1. No centralised registry system is available. The closest equivalent to an ICP register would be if the EFCC asked retailers to provide a list of their current LPG cylinder customers. However there is no independent way of verifying this information.
2. Retailers themselves have limited knowledge on active LPG cylinder customers from inactive customers since the consumer interaction is only when they order a bottle replacement, LPG retailers will not necessarily know whether a particular LPG customer is still active or not as some consumers may stop using LPG for a long period of time. Further, customers can use LPG from multiple retailers. Retailers have little or no visibility of whether a consumer has been using bottled LPG one retailer, or has been switching between retailers.

As an alternative, we recommend that the EGCC adopt an approach that distributes fixed levy equally among all identified LPG related businesses, or alternatively charge only a variable levy against complaints received. This can be reviewed in 2015.

1 October 2014 is a more realistic implementation deadline

The current implementation period for this change is set down for 7 August 2014. We do not consider this provides LPG retailers with sufficient time to notify their customers about the changes, make internal changes to our processes, let alone incorporate any changes into our terms and conditions.

We suggest 1 October 2014 provides a much more realistic implementation timeframe.

If you would like to discuss any of these matters further, please contact me on 04 495 6357.

Yours sincerely



Daisy Shen
Regulatory Advisor