

12 December 2018

Hon Heather Roy
Independent Chair
Utilities Disputes Limited
Wellington

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By email: submissions@utilitiesdisputes.co.nz

Dear Madame Chair

**Submission on Utilities Disputes' Consultation on Levies
and Bulk Membership Option**

This is Vector Limited's (Vector) submission on Utilities Disputes Limited's (Utilities Disputes) *Consultation paper for levies and bulk membership option*, which forms part of the five-year review of Utilities Disputes. The consultation paper was released on 21 November 2018.

We set out in the Appendix our responses to the consultation questions using the template Utilities Disputes provided for this consultation.

No part of this submission is confidential.

We are happy to discuss any aspects of this submission with managers or staff of Utilities Disputes. Vector's contact person for this submission is:

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Yours sincerely
For and on behalf of Vector Limited



Richard Sharp
Head of Regulatory and Pricing

Appendix – Questions for submitters

Principle/Area of document	#	Question	Vector's response
Day count trigger and more graduated scale	1	Do you agree with the Board's intention to retain a day count trigger for levies and not to add any further graded levy steps?	<p>Vector does not have any objection with the Board's intention to retain a day count trigger and not add any further graded levy steps. This proposal is not particularly relevant in our case, where very few complaints against Vector are resolved at level 1 or 2.</p> <p>For a quicker resolution of complaints and in support of the Scheme's objectives, we suggest that incentives be strengthened at level 1. For example, the suspension of files should be done expeditiously to avoid unnecessary fees; the earlier the suspension, the lower the cost for the relevant provider and complainant.</p> <p>In our view, there should be no additional fee where there is no level of activity, e.g. where Utilities Disputes is awaiting further information from the complainant.</p> <p>Where a complaint has been submitted for the Commissioner's consideration, we suggest that the 'clock be stopped' while the provider and complainant are awaiting the Commissioner's ruling, i.e. this period should not attract a fee. Both parties will have no control over the progress and timing of the resolution of the complaint from this point onward.</p>
Fee for jurisdiction challenges	2	Do you agree with the Board's intention not to proceed with a fee for	Yes, we agree with the Board's decision not to proceed with a fee for jurisdiction challenges.

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		jurisdiction challenges?	We agree with the suggestion by some submitters that conciliators need to be more considered in sending through deadlock cases that should be outside the jurisdiction of Utilities Disputes.
Complainant's engagement delaying the complaints process	3	How adequate are the current measures used by Utilities Disputes for managing a lack of complainant engagement?	<p>The lack of engagement by a complainant is outside the control of the relevant member/service provider. We do not have visibility of the information, or further information, required by Utilities Disputes from the complainant for the complaint to be progressed.</p> <p>We suggest that the clock be stopped while Utilities Disputes is awaiting a response from a complainant who is not willing, or does not appear to be willing, to engage in the complaints process. We urge Utilities Disputes to use its suspension powers (i.e. stop the clock) in a timely manner in such cases.</p> <p>We also suggest that Utilities Disputes, if it is not already doing it, to identify the questions that can generate the type of information that is most helpful in the timely resolution of complaints. These may include, for example, the complainant's preferred method of communication and all alternative channels of communication to that complainant. Utilities Disputes can also request complainants to respond within a reasonable timeframe (e.g. 20 days) in all instances.</p> <p>We further suggest the quick closure of cases where there is sufficient basis to do so.</p>

Principle/Area of document	#	Question	Vector's response
Deadlock fee	4	<p>How well do the following options provide an alternative to a fee for complaints reaching Utilities Disputes at deadlock?</p> <ul style="list-style-type: none"> • Charging a fee for complaints reaching Utilities Disputes at deadlock after a provider has a certain number of complaints reach Utilities Disputes at deadlock • Removing the period between a deadlock check being sent to providers and a file being accepted for consideration by Utilities Disputes, allowing Utilities Disputes to begin investigating a deadlocked file immediately • Public reporting of complaints Utilities Disputes received at deadlock. 	<p>Vector does not agree with the imposition of a deadlock fee after a provider reaches a certain number of complaints at deadlock. It adds complexity to the process and cost to the relevant provider's customers.</p> <p>In addition, the nature of complaints across providers is not similar. In Vector's case, complaints from our small customers could be more complex because the Auckland distribution network is more complex than other (or most other) networks. As the biggest distribution network in the country with the biggest customer base, it is not unreasonable to expect that the number of complaints against Vector reaching Utilities Disputes at deadlock can reach the number that attracts the proposed fee more easily than other similar providers. Alternatively, differentiated thresholds according to market share can be considered, but that would only add complexity to Utilities Disputes' operation.</p> <p>We do not agree with the removal of the 24-hour period before a deadlock check is sent to providers and a file is accepted for consideration by Utilities Disputes. This removes or weakens incentives for the service provider and complainant to make further efforts to come to a resolution. On the contrary, we believe that this period should be extended to provide more time for the parties to gather information that could 1) facilitate resolution and avoid the complaint being referred to Utilities Disputes, or 2) assist Utilities Disputes should it end up considering the complaint.</p>

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Minimum fee for membership	5	Do you agree with a \$50 minimum fixed levy for all providers?	[No comment.]
Transpower and First Gas levies	6	<p>Do you agree with Transpower and First Gas' levies being increased:</p> <ul style="list-style-type: none"> • on the same basis as every other network provider going forward? • initially from the 2018-2019 levy year to match what they would have been if their increases had been at the same rate as every other provider since 2011? 	<p>Yes, Vector agrees with this proposal in the interest of fairness, and on the condition that it would not result in fee increases for providers overall and therefore pass-through costs to consumers. We take the issue of energy affordability very seriously as Vector's consumer base includes many disadvantaged and vulnerable consumers.</p> <p>In relation to the application of this proposal to First Gas, we assume that it applies only to its transmission business, noting that First Gas also has a distribution business. We assume First Gas' distribution business is currently levied on the same basis as other distribution businesses.</p>
Bulk membership	7	Do you support a bulk membership option intended for smaller providers through an industry group or association?	Yes, we support a bulk membership option for smaller providers through an industry group or association provided it does not create any inefficiencies or increase cost for consumers.