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**Submission on the Independent Review  
of the EGCC Scheme**

1. Vector Limited ("Vector") welcomes the opportunity to make this submission on the Electricity and Gas Complaints Commissioner Scheme's ("EGCC Scheme") consultation document on the independent review of the Scheme, dated 29 March 2012. No part of this submission is confidential and we are happy for it to be made publicly available.
2. While Vector acknowledges that the costs per complaint and time to resolve deadlocked complaints have declined over the last couple of years, Vector considers that substantial further improvement is still needed. Accordingly we are supportive of regular reviews of the EGCC to drive continuous improvement.
3. Vector supports many of the changes recommended by the Baljurda Report ("the Report") and subsequently endorsed by the EGCC.

**The proposed changes**

4. Vector believes many of the changes recommended by the Baljurda Report will help promote the objectives of the EGCC Scheme, including delivering immediate efficiency gains and bringing the Scheme closer to international benchmarks and best practice.
5. In particular, Vector supports the following proposals:
  - promoting transparency by naming Scheme Members in statistical reports;
  - promoting awareness by publishing summaries of the Commissioner's determinations, with non-identifying information;

- reducing the cost of annual reporting by requiring the EGCC Board to only report material or persistent breaches, instead of all breaches;
  - allowing greater flexibility for Members to negotiate extensions of response times directly with complainants; and
  - providing the Commissioner with a discretionary power not to investigate, or continue to investigate, particular complaints such as vexatious complaints.
6. There are three key proposals, however, that Vector disagrees with for the reasons indicated below.

*Jurisdictional limit of complaints*

7. Vector disagrees with the proposal to increase the jurisdictional limit of complaints that the EGCC can consider to \$100,000. The EGCC is intended to address the complaints of “small consumers”. While not inconceivable, \$100,000 claims are rare in Vector’s experience. We believe such cases are likely to be raised by small businesses, which would have the wherewithal to negotiate commercially agreed solutions with the relevant Member(s).
8. Vector **recommends** the alternative proposal of adjusting the current jurisdictional limit of \$20,000 (or up to \$50,000 with the approval of the Member company concerned) to the Consumer Price Index every three years. This is a reasonable approach that better reflects the nature of the vast majority of complaints received by the EGCC.

*Independent review intervals*

9. Vector disagrees with the proposal to change the three-year independent review intervals to five-year intervals. A five-year interval is too long to accommodate changing consumer needs arising from developments in energy markets and technologies.
10. Vector **recommends** the retention of the three-year review intervals in order to better accommodate new developments, for example, complaints regarding smart meters.

*Replacement of questionnaire with random compliance audits*

11. Vector disagrees with the proposal to replace the current 13-page detailed questionnaire with audits of Members’ websites and random compliance audits. We support the aim of reducing compliance costs but do not believe this proposed change would meet that aim. We do not find completion of the annual

questionnaire to be particularly onerous. In contrast, full on-site compliance audits can be costly and onerous. On balance, we prefer the status quo. We note in this context that a further proposal of the Report is that if the EGCC becomes concerned with the performance of a Member's complaint handling process, it may undertake an audit of a Member's processes and provide advice to that Member regarding any remedial action. As the EGCC will already have audit powers where there are grounds for concern, there is no need for random audits at other times.

12. Vector **recommends** the current approach of requiring members to monitor compliance with the Scheme and report annually on their compliance to the Board by way of the questionnaire is retained.

### **Levy allocation mechanism**

13. While the Baljurda Report is comprehensive, it does not consider how the EGCC levy is apportioned across Scheme Members. Vector **recommends** that the EGCC review the levy allocation mechanism as a matter of urgency. This review should consider how the levy allocation mechanism could be better aligned with the "user/causer/beneficiary" pays approach, which is consistent with the principles of efficiency and fairness.
14. Vector further **recommends** that the next independent review of the Scheme include benchmarking against other consumer complaints schemes in New Zealand and overseas, including in relation to cost (per complaint) and length of time for complaint resolution.

### **Closing comments**

15. Vector's responses to specific questions in the consultation document are indicated in attached submission form (Appendix A). We look forward to the next consultation in May, and are happy to discuss our views further with the EGCC, as necessary.
16. Should you have any questions, or require further information, please contact Luz Rose, Senior Regulatory Analyst, on 04 803 9051 or [Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz).

Kind regards



Bruce Girdwood  
**Manager Regulatory Affairs**

## Appendix A. Responses to Specific Questions

Recommendations	Agree or disagree ✓ or X	Vector's comments
Ability to refer cases to a higher level – change not needed	✓	Vector agrees there is no barrier under the current Scheme for the Commissioner to refer a case to a “higher level” within the Member company that is the subject of a complaint. There is therefore no need to amend the Scheme Document for this purpose.
No change to Scheme's legal basis	[Seek independent legal advice]	<p>Vector suggests that the EGCC seek independent legal advice on the need to change the legal basis of the Scheme.</p> <p>While the current legal basis does not in any way hamper the Scheme's effectiveness, it would be to the Scheme and Members' interest to ensure the Scheme continues to be effective in the foreseeable future.</p> <p>Vector <b>recommends</b> that the EGCC's legal basis be reassessed in the next independent review of the Scheme.</p>
The test case procedures – to remain	[Seek independent legal advice]	Vector <b>recommends</b> that the EGCC seek independent legal advice on the need to retain the test case procedures. If these provisions are superfluous, we believe they should be deleted from the Scheme Document.
Definition of a complaint - Para 5.1.1, page 33	✓	Aligning the definition of a complaint in the Scheme Document with the ISO 10002:2004 definition would contribute to bringing the EGCC closer to international benchmarks and best practice.
Determinations - Para 7.1 page 39	✓	Publishing 'anonymised' summaries of the Commissioner's determinations would promote transparency of the Scheme. Vector notes that decisions by other

Recommendations	Agree or disagree ✓ or X	Vector's comments
		<p>regulators are generally made publicly available, and there is no reason why the EGCC would not be able to do the same.</p> <p>Vector <b>recommends</b> that the EGCC consult the relevant Members before it publishes any summary of determinations. Some information, while anonymised, could still have significant commercial implications for particular Members.</p>
Reporting Para 7.3 pages 40-41	✓	Vector agrees with the publication of Members' names against complaint statistics.
Member compliance reporting Para 7.3.1 page 41	x	<p>Vector does not agree that the EGCC should monitor compliance by auditing Members' websites and randomly auditing Members' materials. Vector <b>recommends</b> retaining the current 13-page compliance questionnaire that Members are required to complete annually as it is less onerous to complete than the Review suggests.</p> <p>Undertaking both full compliance reporting (through the questionnaire) and audits would be superfluous and costly for both Members and the EGCC.</p>
Acknowledgment of complaint Para 8.1.1 page 42	✓	<p>To expedite the acknowledgement of complaints, where possible, and provide greater flexibility where more time is required to resolve particular complaints, Vector proposes a combination of:</p> <ul style="list-style-type: none"> <li>• allowing oral complaints to be acknowledged over the phone (subject to the complainant's agreement) and recorded, as recommended by the Baljurda Report; and</li> </ul>

Recommendations	Agree or disagree ✓ or X	Vector's comments
		<ul style="list-style-type: none"> <li>allowing Members to claim a further 20 working days so long as they advised the complainant in writing, including the reasons for needing extra time, as suggested by the EGCC.</li> </ul>
Referral to a higher level Para 8.1.2 page 45	[See item 1 of this table]	As indicated in our response to item 1 of this table, Vector does not see the need to amend the Scheme Document to allow the Commissioner to refer cases to a higher level within the Member company. There is nothing under the current Scheme that prevents the Commissioner from doing so.
Discretion not to investigate Para 8.1.3 pages 43-44	✓	Vector agrees that the Commissioner should be given a discretionary power not to investigate, or continue to investigate, if she considers there is little likelihood that sufficient evidence will be available to make a decision about the merits of a case.
Extensions of time Para 8.2.1 page 45	✓	[Refer to response to "Acknowledgement of complaint" above.]
Coverage Para 9.1 page 46	✓	Vector generally agrees with proposed changes that would resolve inconsistencies and clarify some matters in the Scheme Document.
Information management Para 9.1.1 page 46	✓	
Financial limits Para 9.1.2 pages 46-47 & Minister's recommendation (see section 7 of this document)	Agree with indexing to inflation, <u>not</u> with the \$100,000 limit	<p>Vector disagrees with the Minister's proposal to increase the jurisdictional limit of complaints that can be considered by the EGCC to \$100,000.</p> <p>Vector instead <b>recommends</b> the EGCC's proposal of adjusting the current claim limit of \$20,000 (or up to \$50,000 with the</p>

<b>Recommendations</b>	<b>Agree or disagree ✓ or X</b>	<b>Vector's comments</b>
		approval of the Member company concerned) to the Consumer Price Index every three years. This is a reasonable approach, which better reflects the nature of the vast majority of complaints received by the EGCC.
Professionalism Para 9.2 page 47	✓	Vector agrees that Members be requested to provide the EGCC with any changes in their in-house complaint process, including team membership and terms and conditions relating to their service.
Systemic problems Para 9.3 pages 47-48	✓	Vector agrees that the Commissioner be given a discretionary power to investigate systemic problems. The resolution of systemic problems would lead to lower costs for both Members and the Scheme.  We agree that no separate levy is required for the EGCC to identify and address systemic issues.
Internal complaints mechanisms Para 9.5 page 50-52	✓	Vector agrees that if the EGCC becomes concerned with the performance of a Member's complaint handling process, it may undertake an audit of a Member's processes and provide advice to that Member regarding any remedial action.
Defaulting Scheme Members Para 9.6.1 page 52	✓	Vector agrees that Scheme documents be updated to provide information on the processes for dealing with defaulting Members.
Independent review Para 9.7 pages 52-53	Disagree	Vector disagrees with the proposal to change the three-year independent review intervals to five-year intervals. A five-year interval is too long to accommodate changing consumer needs arising from energy market and technological developments.

Recommendations	Agree or disagree ✓ or X	Vector's comments
		As indicated in the attached letter, Vector <b>recommends</b> that the EGCC review the levy allocation mechanism as soon as possible to align it closer to a "user/causer/beneficiary" pays approach, which is consistent with the principles of efficiency and fairness.
Code of Conduct for Complaint Handling Para 10.4 page 55	✓	Vector believes rationalising and simplifying the Code of Conduct for Complaint Handling will provide greater clarity and certainty for Members and consumers going forward.
Further changes proposed by the Board – see Appendix 1		
Replace reference to the Achievement Standards with reference to Schedule 4 of the Electricity Industry Act 2011	✓	
Land Complaint definition	✓	
B.8.4 – clarify	✓	
Heading above B.9 – add heading	✓	
E.16.16 – make consistent with B.52.10	✓	



<b>Recommendations</b>	<b>Agree or disagree ✓ or X</b>	<b>Vector's comments</b>
E.52.14 - remove requirement to report separately on activities relating to Land Complaints	✓	
Rationalise Part C - Code of Conduct for Complaint Handling	✓	Vector assumes that specific changes to the Code of Conduct for Complaint Handling will be included in the May 2012 consultation.
C.8.5, C.32 - clarify	✓	As above.
C.7 - make reference to plain and accessible language general	✓	As above.
C.7.7 - nominated contact	✓	
C.7.6 - consistency with C.30	✓	
C.9 - consistency with definition of complaint	✓	
E.11.2 - term for Chair of Board	✓	