

11 June 2012



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**Submission on the Independent Review of the EGCC Scheme
– Second Consultation**

Introduction

1. Vector Limited ("Vector") welcomes the opportunity to make this follow-up submission on the Electricity and Gas Complaints Commissioner Scheme's ("EGCC Scheme") consultation document on the independent review of the Scheme – Round 2, dated 28 May 2012. No part of this submission is confidential and Vector is happy for it to be made publicly available.
2. Vector's contact person for this submission is:

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Jurisdictional limit

3. Vector's submission focuses on the issue of the jurisdictional limit of complaints that the EGCC Commissioner can consider, which the EGCC Board is specifically seeking further feedback on. This matter appears to be the only 'unresolved' high-level issue of the ongoing review of the Scheme.
4. Vector **supports** the Working Group's recommendation to the EGCC Board to increase the jurisdictional limit to \$25,000 (and up to \$60,000 with the consent of the Member concerned). This recommendation is much closer to the Baljorda Report's recommendation of adjusting the limit every three years in line with inflation, which would have meant an adjustment of the current limit from \$20,000

to approximately \$23,000. Vector notes that this recommendation was widely supported by submissions on the first consultation document on the Scheme's review (there was consensus amongst retailers and lines companies).

5. Vector does not support the step-change recommended by the Minister of Consumer Affairs, which would increase the jurisdictional limit to \$50,000, for the following reasons:
 - a. The intent of the Scheme is to resolve the complaints of "small consumers" in an expeditious and low-cost manner. Higher value complaints do not usually involve small consumers but commercial entities that have the wherewithal to resolve issues through commercial means or through the Courts. It is not unreasonable to assume that commercial entities and Scheme Members are interested in resolving issues expeditiously, and preferably, through commercial means.
 - b. In Vector's experience, higher value complaints are very rare. A step change in the jurisdictional limit to accommodate 'outlier' complaints would expand the scope of the Scheme significantly, which would involve higher administrative costs for the EGCC and compliance costs for Scheme Members, hence higher costs for electricity and gas consumers.
 - c. The resolution of higher value complaints is likely to be more complex and, as pointed out by Unison¹, could require specialist expertise and therefore more costly to resolve. The EGCC Board (and the Minister and MED) should be cognisant that cost increases for Scheme Members will ultimately be borne by electricity and gas consumers.
 - d. Members of the EGCC are already bearing a significant increase in the EGCC levy, following the legislative requirement for all electricity and gas companies to become Members of the Scheme.
 - e. In respect of land complaints, it is worth noting that Vector has not had any significant land complaints in the past 20 years. We have good relationships with landowners, and any land complaints we had were expeditiously resolved and did not involve complaints being escalated to the next level.
6. With regards to the Ministry of Economic Development's alternative suggestion of setting a different jurisdictional limit for land complaints, Vector believes there should be no differentiation between land complaints and all other complaints. Doing so would imply that land complainants are not small consumers, and therefore, should not be covered by the Scheme in the first place.

¹ <http://www.egcomplaints.co.nz/docs/Unison%20submission.pdf>, page 2.

7. Should a decision be made to adopt the Minister's recommendation, Vector would like it to be supported by robust evidence or a cost-benefit analysis indicating that a higher limit would be cost-effective and would, on balance, result in greater benefits to consumers. Any significant changes to the Scheme should only be made if it better achieves the purpose of the Scheme.
8. Vector looks forward to a resolution of the issue on jurisdictional limit in a manner that does not impose undue costs on the EGCC and its Scheme Members, and ultimately, electricity and gas consumers.

Yours sincerely

A handwritten signature in blue ink that reads "B. Girdwood".

Bruce Girdwood
Manager Regulatory Affairs