



15 August 2012

To: - *Members and stakeholders of the EGCC Scheme*

Consultation on EGCC Scheme document 2012 – open letter to submitters

Thank you for your submission

The Board of the Electricity and Gas Complaints Commissioner Scheme thanks all those who provided submissions on the proposed changes to the EGCC Scheme document.

The Board has considered the 19 submissions received in response to the second round of consultation and agreed on which changes to endorse. The Board has asked the responsible Minister, the Hon Simon Bridges, to approve the changes. The Minister has 45 working days to reject the proposed changes. If no response is received within that time frame, the changes are deemed to have been approved.

Subject to the Minister's approval, the changes to the Scheme document will be effective from 1 October 2012.

All documents relating to the proposed changes are available on the Scheme's website at http://www.egcomplaints.co.nz/current_consultation.php. These include a summary of the Working Group's recommendations, and the Board's response.

Increasing the Scheme's financial limit to \$50,000

The Board unanimously agreed to propose an increase the financial limit of the Scheme to \$50,000 (or \$100,000 with the agreement of the Scheme Member). The question of the appropriate financial limit was something on which Members and consumer organisations were divided.

Before voting on the issue, the Board decided to take the extra step of my meeting with the Minister to see whether he would be prepared to accept a compromise position. The Minister made clear his resolve to increase the limit, as he believed the increase to at least \$50,000 was necessary to address what he saw as a justice gap.

Before deciding on the proposal, the Board also received advice from the Board of the Electricity Networks Association that network companies could accept a \$50,000 financial limit.

Not otherwise expanding the scope of the Scheme

In making the changes, the Board has been concerned to avoid otherwise expanding the scope of the Scheme. The Board is satisfied the recommended changes to the definition of complaint do not expand the scope of the Scheme.

One submitter believed the principles of complaint handling outlined in C.2.1 (unchanged in this review) runs the risk of giving rise to a complaints culture. The Board disagrees and considers the definition is sufficiently clear and members should apply common sense to assessment of what constitutes a complaint.

Independent review cycle for the Scheme

There was some concern about the recommendation in the Baljurda report to change the independent review cycle for the Scheme to at least every five years, rather than the current three. The Board is satisfied that the change to at least every five years is adequate, given the cost and time involved and the Board's ability to make changes in the intervening period.

Some submitters believed the Scheme could only be amended following an independent review and were concerned having a longer period between reviews could prevent the Scheme from evolving to meet changed circumstances. This is not the case. The Board can make changes to the Scheme at any time, and one of the criteria for considering a change is that the change may allow the Scheme to develop in response to changes in the environment. The process for making changes to the Scheme is set out in clauses E.62 to E.66 of the Scheme document.

Levy system

The levy system was reviewed in 2010 and a new levy system put in place.

One submitter considered the levy payment should be voluntary, or alternatively annual levy increases should be kept at 1% below CPI. The Board considers neither of these options viable, given the EGCC's operational budget and its need to ensure it has enough resource available to handle its predicted complaint workload. The budget needed to operate the Scheme drives the amount of the levies, and views of Members on the budget are sought through the Member Committee (E.22).

Yours sincerely



Richard Janes
Independent Chair
Electricity and Gas Complaints Commissioner Scheme Board