



## THE CONSUMER GUARANTEES ACT 1993

### This practice statement tells you

- What the Consumer Guarantees Act 1993 (CGA) does
- How the CGA may apply to a complaint
- What compensation the CGA may make available

### What the CGA does

Section 7A of the CGA gives consumers of electricity and gas a guarantee for quality of supply. The CGA says consumers can ask for compensation from a provider when there is an issue with supply.

### When does the CGA apply to a complaint?

The CGA may apply to a complaint when:

- the supply of electricity or gas does not comply with the CGA guarantee, and
- the complainant is a consumer

### What is the guarantee? (Section 7A)

The guarantee says providers must supply electricity and gas that is safe, reliable, and consistent. The guarantee says this safety, reliability and consistency must be what a reasonable consumer would expect supply to be in that place.

### Who is a consumer? (Section 2)

A consumer is a person who:

- buys electricity or gas for personal, domestic or household use
- does not buy electricity or gas for resupply, or use it to produce something

Both business and residential customers can be consumers under the CGA.

### When does supply breach the guarantee?

Supply of electricity or gas breaches the guarantee when:

- it is not safe, consistent or reliable (section 7A (2))
- a reasonable consumer considers the supply unreasonable (section 7A (3))
- a potential breach is not covered by the exceptions in Section 7A(4) of the CGA



### ***Not safe, consistent, or reliable (section 7A (2))***

Electricity or gas may not be safe, consistent, or reliable when:

- there are surges in electricity
- there is damage to appliances
- there are prolonged electricity or gas outages

### ***Reasonable breach of supply (section 7A (3))***

Sometimes a breach of supply may be reasonable. This might be when:

- actions outside the control of the provider affected the supply
- safety or maintenance work interrupted the supply
- the supply fluctuates within tolerances the law permits
- the supply is as reliable as can be expected in that place
- price affects the quality of supply

Utilities Disputes looks at each complaint to decide if the supply is unreasonable.

### ***A potential breach is not covered by exceptions (section 7A (4))***

Section 7A(4) of the CGA says there are some exceptions to the guarantee of supply.

These are when:

- a consumer uses the supply unreasonably
- a provider explains supply may be poor and a consumer accepts supply

### ***What compensation is available? (section 18)***

Section 18(4) of the CGA says a provider must compensate a consumer when a breach of supply causes loss or damage. Utilities Disputes will consider:

- if loss or damage is a result of the breach
- if loss or damage is foreseeable as a result of the breach
- the level of compensation
- the proof of loss provided by the complainant

### ***A result of the breach (section 18(4))***

Utilities Disputes decides if there is a link between the breach and any loss or damage on the balance of probabilities.

### ***Foreseeable as a result of the breach (section 18(4))***

If the breach caused any loss or damage, the loss or damage must be foreseeable. This means a reasonable person must be able to see the breach would cause any loss or damage.

### ***The level of damages which can be awarded***

Utilities Disputes can ask a provider to compensate a consumer up to \$50,000. This amount is set out in the Scheme rules.