

*To resolve complaints appropriately and to assist industry,
through feedback and education, to achieve effective and
efficient self-resolution of complaints.*

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annual report 2003

message from the chairperson

The completion of the first full financial year for the Electricity Complaints Commission reflects well on the efforts by the commissioner and her team to ensure that processes are in place to manage the resolution of complaints effectively and to consolidate relationships with member companies.

Consumer awareness has increased through media coverage and education initiatives by the commissioner, including combined consumer forums with the Insurance and Savings and Banking Ombudsmen in Auckland, Christchurch and Dunedin.

The number of people contacting the office of the commissioner has decreased through the year, suggesting increased consumer awareness of the way the scheme operates. As consumer awareness increases, more issues are being dealt with directly by the companies without the need for assistance from the office of the commissioner. This has meant that the level of consumer frustration we were aware of during the set-up of the scheme is decreasing.

office of the commissioner

As the office of the commissioner matures we are seeing improved efficiencies in file processing. The office is responding well to the challenges that face any “start-up” organisation and is constantly looking to increase its professionalism.

I would like to thank the commissioner, Judi Jones, for her unfailing passion for the role and for maintaining the independence of the office. Judi has recruited an excellent staff – now totalling seven fulltime and three part-time people – who have been busy resolving and conciliating queries and complaints. All those who have had the opportunity to meet the staff have been impressed with their range of skills, qualifications and experience. Their qualifications range from an honours degree in electrical engineering, through law degrees to a degree in criminology.

membership

The Electricity Complaints Commissioner Scheme is voluntary. I am delighted that almost all retailer and lines companies have now joined the scheme with Horizon, Network Tasman and Buller Electricity joining in the past year. I am hopeful that the commission’s goal of 100% membership will be able to be reached in the near future.

review of the code of practice

As required by the constitution, the commission has initiated an independent review of the Code of Practice. Chen Palmer & Partners were employed to carry out the review. Their report and submissions have been posted on the Electricity Complaints Commission website: www.electricitycomplaints.co.nz. The commission is undertaking the consultation required during the next few months and is pleased to have the support of Utility Associates in doing so.

The performance and effectiveness of the scheme will be the subject of an independent review three years after its adoption and thereafter, every five years. The first review will commence in 2004.



commission

I would like to thank my fellow commission members – Murray Jackson (Genesis), Matt Todd (UNL), Nick Toonen (Citizens' Advice Bureau), Pat Hanley (consumer representative) and the alternates Cindy O'Brien (Ministry of Consumer Affairs) and David Russell (Consumers' Institute) – for their interest in the scheme and their support. It is with regret that I note that Matt Todd has resigned from the commission following a change in his employment situation. It is with pleasure that I welcome Kerry Nickels (Vector) to the commission in his place.

I would also like to acknowledge the positive relationship the commission has with the board of the council and in particular the support received from the independent chair, John Robertson. The regular communication between our two bodies has contributed to the smooth running of the scheme in its first full financial year.

The commission has also regularly reported on progress to the Minister of Consumer Affairs, and the Minister of Energy. The commission has been particularly gratified by the interest taken by the Minister of Energy in the progress of the scheme.

budget

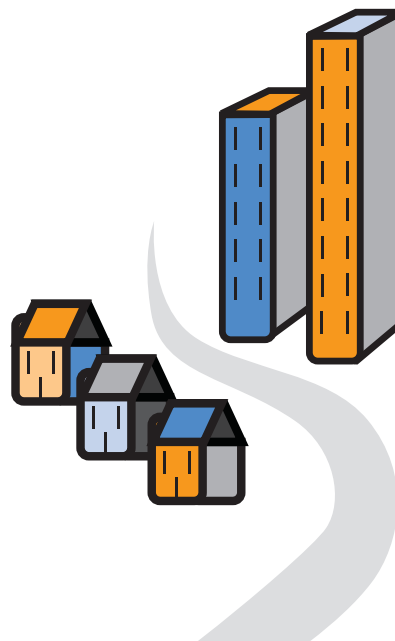
The commission was pleased to end the year 15% under budget, and member companies will be receiving a credit in their invoice for the second instalment of the levy later this year.

The commission is confident that the office of the commissioner is performing well and is well placed to handle the challenges of the next year.

for the commission



Alison Paterson *Independent Chairperson, Electricity Complaints Commission*



commissioner's report

I am delighted to be presenting my report on the first full year of operation of the office of the Electricity Complaints Commissioner. With more than 3000 customer contacts to date, we have grown rapidly and the past year has been spent on establishing the processes and systems for handling complaints, the selection and recruitment of staff and finding and establishing premises, as well as handling significant volumes of enquiries and complaints.



judi jones electricity complaints commissioner

The set-up phase and first year of business have presented significant challenges. The newness of the scheme for ourselves, member companies and consumers has meant complaint resolution has sometimes taken longer than we would have liked. However, we have now built a solid foundation of information and practices and have an understanding of a number of key issues. This is allowing us to now fast-track some complaints and I anticipate that this will improve as the 2003-2004 year progresses.

This year I have also put emphasis on building and maintaining our independence, as well as developing respectful relationships with both member companies and complainants.

I have worked with community groups to ensure that they have a good understanding of the scheme, the important role of the companies, and the stage in the process when it is appropriate to refer complainants to us. In publicising our existence in compliance with my terms of reference, I have been cautious not to "solicit" complaints and to stress that the office of the commissioner offers an independent dispute resolution service to both companies and customers.

staff

The selection and recruitment of appropriately experienced and qualified staff was a matter that took some time at the start of the year. Staffing levels have grown with the demand and my office finished the year with a full-time staff of seven and three part-timers. Nanette Moreau, Manager Conciliation, now heads a team of four full-time conciliators and two full-time resolution officers. In addition, the office has a full-time office manager/executive assistant and three part-timers – communications/publicity officer, business manager and team support person.

Because of the increase in files reaching deadlock, we decided to employ an additional two conciliators. One of these positions is a one year contract to ensure that we have flexibility and can respond to any workload fluctuations. The new conciliators have been appointed and will commence duties early in the 2003-2004 financial year. We have remained in our offices in Lambton Quay, but are having to make some structural changes to accommodate the two additional conciliators.

I have been delighted by the calibre of the staff I have been able to recruit. A list of the staff and their qualifications is included on page 9, with the organisation chart on page 10.

premises

When I selected the premises for the office in central Wellington the space was particularly attractive to me as it was possible to expand or contract, as was necessary to deal with the complaints. The expansion of the office has been accommodated with some minor structural changes.

operations

We have handled more customer contacts than anticipated in our first full year. In addition, the number of files reaching investigation increased significantly in the latter stages of the year.

categorisation of customer contacts

We record the work of the office in three categories: queries, complaints and investigations. A customer contact is classified as a query if it is a matter where advice only is given (for example, about the process) or the matter is outside my jurisdiction (for example, about a gas matter or the price of electricity). Contacts where it is obvious that the event occurred before October 1, 2001, the matter is trivial, or it is obvious that the company has responded appropriately to a problem, are also recorded as queries.

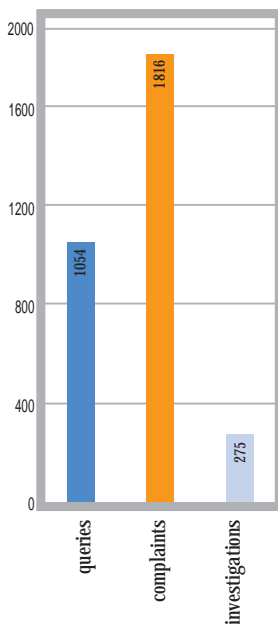
Often customers contact us at the time, or shortly after, they have made a complaint to the member company. Others make their complaint to us in the first instance. In all of these instances we refer the customer to their electricity company, and write to the customer advising them that the matter needs to be dealt with through the company's own complaints process before I have jurisdiction to investigate. We also notify the company that their customer has contacted us to let us know about their concerns. These contacts are categorised as complaints.

Once a complaint reaches deadlock, we categorise the file as an investigation. It is allocated to a conciliator, who then investigates the complaint and also takes steps to see whether the complaint can be resolved by agreement between the company and their customer. If no resolution is achieved, I commence the recommendation process.

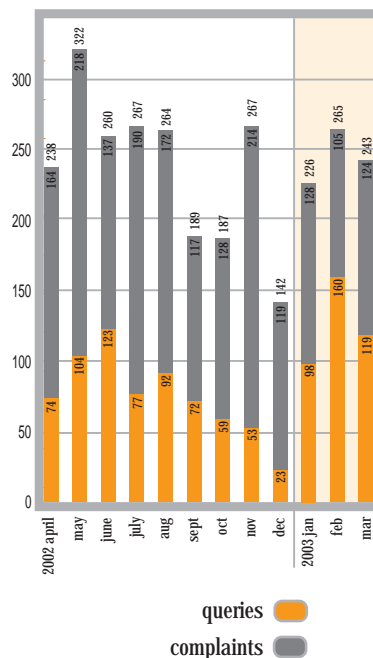
workload

Predicting the workload of the office for the initial period was difficult. We were surprised by a significant increase in files reaching investigation in the latter stages of the year, and until we could be certain of this being a trend rather than a spike, I was reluctant to commit to the employment of permanent staff. It has proved to be a trend and I have recently employed further staff.

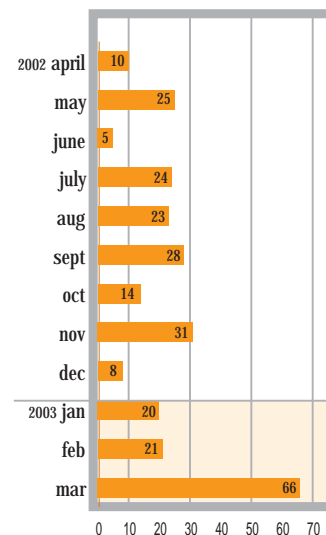
workload
by major category



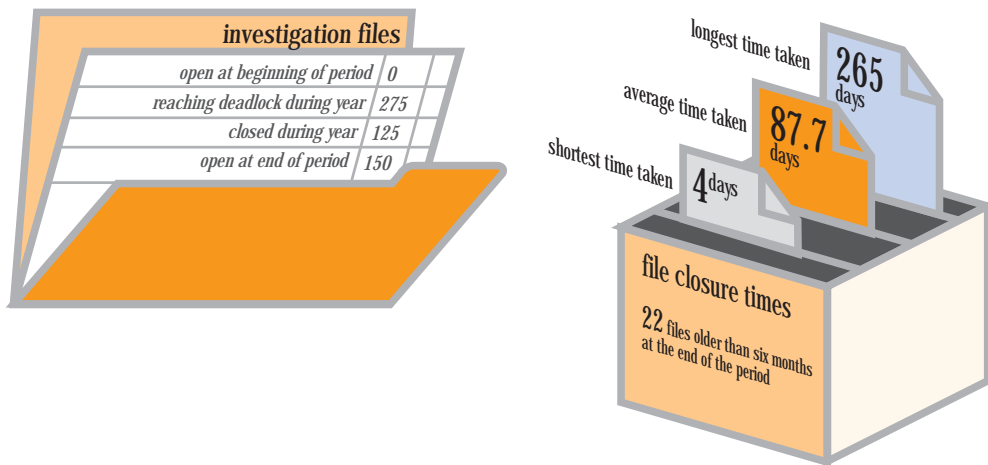
queries & complaints
by month



deadlock files
by month



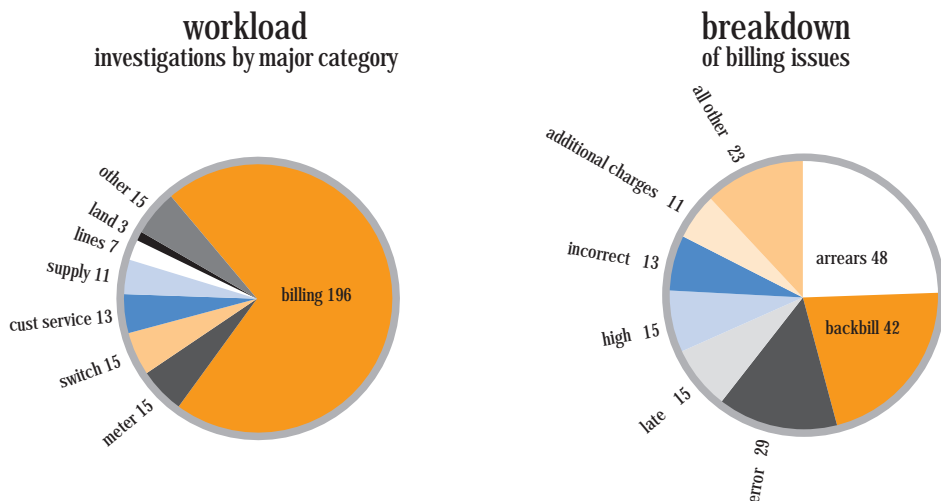
We reached the end of the year with a backlog of files for investigation. The reasons for this included the change in pattern of complaints reaching deadlock referred to above, the time taken to investigate, and some delays in getting information from companies and complainants. The relative newness of the office has also impacted on the turnaround of files. With all new staff, new issues and a process that was also new to the member companies, we have not been as quick to deal with matters as I would like. Improving file closure times will be a strong focus for the office in the 2003-2004 financial year.



The “inventory” of files for investigation is set out above, with the information on the time taken to close files during the year.

Issues

In respect of files for investigation, the biggest issue has been billing. This has comprised more than 70% of files for investigation. The significant problem in respect of billing is where the customer receives a back bill for some reason, such as a catch-up bill following a long period of estimates, a period when the electricity supplier did not read the meter, or where the price for the electricity consumed had been calculated wrongly by the electricity supplier. Some other recurring issues include problems with meters, switching and customer service. We are investigating a small but increasing number of complaints about the quality of electricity supply and outages

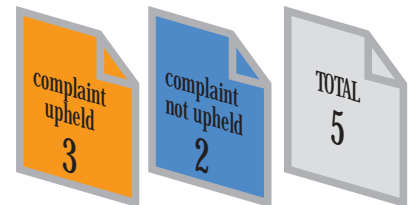


outcomes

It is pleasing that the greater percentage of complaints have been able to be settled by agreement between the customer and the member company. While more than 1800 customers have notified us that they have a complaint, only 275 files have reached deadlock. In addition almost all deadlocked files were settled by agreement.

However, on 14 occasions I have written to the customer and the company giving my preliminary assessment of the complaint and giving them notice of my intention to make a particular recommendation. Of these 14 complaints, nine were settled between the customer and the company, and on five occasions, one party or the other made submissions requiring me to deal with the complaint by way of issuing a recommendation, see outcome of recommendations, right.

Outcome of Recommendations



database

With the maturing of our office, we needed a more sophisticated database to manage the work. After a broad selection process, we accepted a proposal from an Australian company, Merit. As with many system implementations, there were problems to work through and difficulties to resolve. The system was initially installed at the end of January and was planned to be fully operational in February. We are still working (June 2003) on a number of issues with the database provider.

The lengthy implementation process for the database meant I was not able to report to members in the way I would like to and the time spent on implementation also slowed down the resolution of complaints. However, the system already is and will continue to be able to provide better reporting capabilities, will enhance our internal file management and enable us to refine our processes which together will help to speed up the time taken to handle queries and resolve complaints.

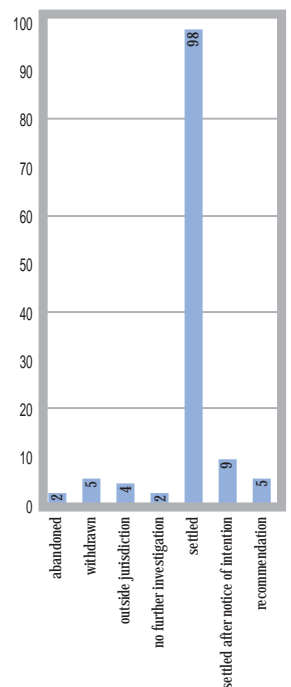
communication

Part of my terms of reference is a requirement to publicise the scheme. We have done this by sending out brochures to members, relevant government agencies and community groups (on request); media interviews where appropriate; establishing a web site at www.electricitycomplaints.co.nz; responding to requests for speaking; and seminars with members. My consistent message is that the commission is a place to come to for independent dispute resolution of complaints, once the complaints procedures with the companies concerned have been exhausted. We always encourage open communication with the electricity retailer or lines company as the first option.

We have not spent significant amounts of money on marketing material and have not done any advertising. However, we have established a strong branding logo and identifying colour (orange) which ensures our communications stand out.

We have produced a basic information brochure entitled "How can we help you?" and supported this with an information sheet that is sent to complainants once the matter reaches deadlock and the file is going to be investigated.

outcomes



The office of the commissioner has established a quarterly newsletter, Watts Up, that includes case studies and other relevant information. This is sent to government and community group contacts as well as member companies and the council and is posted on our website.

During the year I have regularly visited member companies and spoken to industry (directly and at forums such as the Utilicon Electricity Conference) and consumer groups (such as budget advisors, community law centres and citizens' advice bureaux).

I was pleased to update the website during the course of the year to make it a useful resource for both consumers and member companies and to incorporate our corporate style. We will be continuing to use the website as one of our primary tools of communication.

As the offices of the Banking Ombudsman and Insurance and Savings Ombudsman have similar processes, I have combined with these two to present consumer forums in Auckland, Christchurch and Dunedin. We have further forums planned in other centres in 2003. I have also participated in regular meetings with these industry ombudsmen in which we discuss issues in common and share best practice in dealing with files.

In order to assist member companies, we have produced a member manual which has been provided to all member companies. This outlines our processes and includes all of our information material, samples of correspondence and brochures and newsletters.

ANZEWON

I was delighted to be invited to become a member of the Australian National Energy and Water Ombudsman Network, which was renamed the Australia and New Zealand Energy and Water Ombudsman Network (ANZEWON). The other members of this are Fiona McLeod (Energy and Water Ombudsman Victoria), Clare Petre (Energy and Water Ombudsman New South Wales), Nick Hakof (Electricity Industry Ombudsman South Australia) and Jan O'Grady (Tasmanian Electricity Ombudsman). ANZEWON members met quarterly and I was pleased to be able to host the ANZEWON meeting in Wellington in February 2003.

This group provides significant support and opportunities for peer review. Members have developed a common statistical database of complaint handling, which allows issues in common (or where there is an obvious anomaly) to be discussed.

I would like to thank ANZEWON members for the support and encouragement they have given me. At the time I joined ANZEWON, the members were in the middle of a significant piece of shared work. This was an analysis of the policies and procedures of the member offices, with the aim of identifying best practice in complaint handling. This was of great benefit to me and contributed to the development of policies and procedures in this office.

support

I would like to thank the Chairperson of the Electricity Complaints Commission, Alison Paterson, and the other commission members for their much valued support and guidance; the Chairperson of the Board of the Electricity Complaints Commission Council, John Robertson, for his work with me on behalf of member companies; and my staff for their diligence and unfailing cheerfulness as they worked with me to resolve complaints.

Looking forward

I have already seen the positive impact on the electricity industry from the existence of the Electricity Complaints Commission. I believe the availability of a fair, consistent and independent dispute resolution process has contributed to the increase of consumer confidence in the industry. Electricity “horror stories” have dropped out of the media, as customers become more aware of the complaints process and confident that if they cannot resolve matters with their electricity company, there is somewhere else to go.

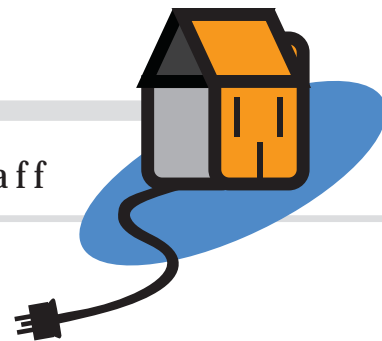
The support from the industry has contributed significantly to this improved consumer confidence. Member companies have actively reviewed practices to improve the delivery of their service and have willingly engaged in the processes of the scheme. I thank them for that.

I look forward to continuing our work providing a sound, independent complaints resolution service that is valued by both consumers and member companies.



Judi Jones *Electricity Complaints Commissioner*

electricity complaints commission staff



Electricity Complaints Commissioner

Judi Jones, LLB, MBS (Distinction), Dip Bus Stud, DipTertTeach, AAMINZ

Manager Conciliation

Nanette Moreau, B Comm, LLB, trained mediator (US)

Conciliators

Debbie Bidlake, BA/LLB

David Harmer, BA/LLB

Chavdar Petkov, MEng (Electrical) (Hons)

Heather Sinclair, BA, BTP, Dip Bus Stud (Dispute res)

Part-time contract staff

Jane Ireland, LLB

Gael Webster, BSc, LLB

Resolution Officers

Ali Cowan, BA (Criminology)

Iain Kinsey, BA (History)

Team Support

Monica Singleton, 4th year BCA & LLB

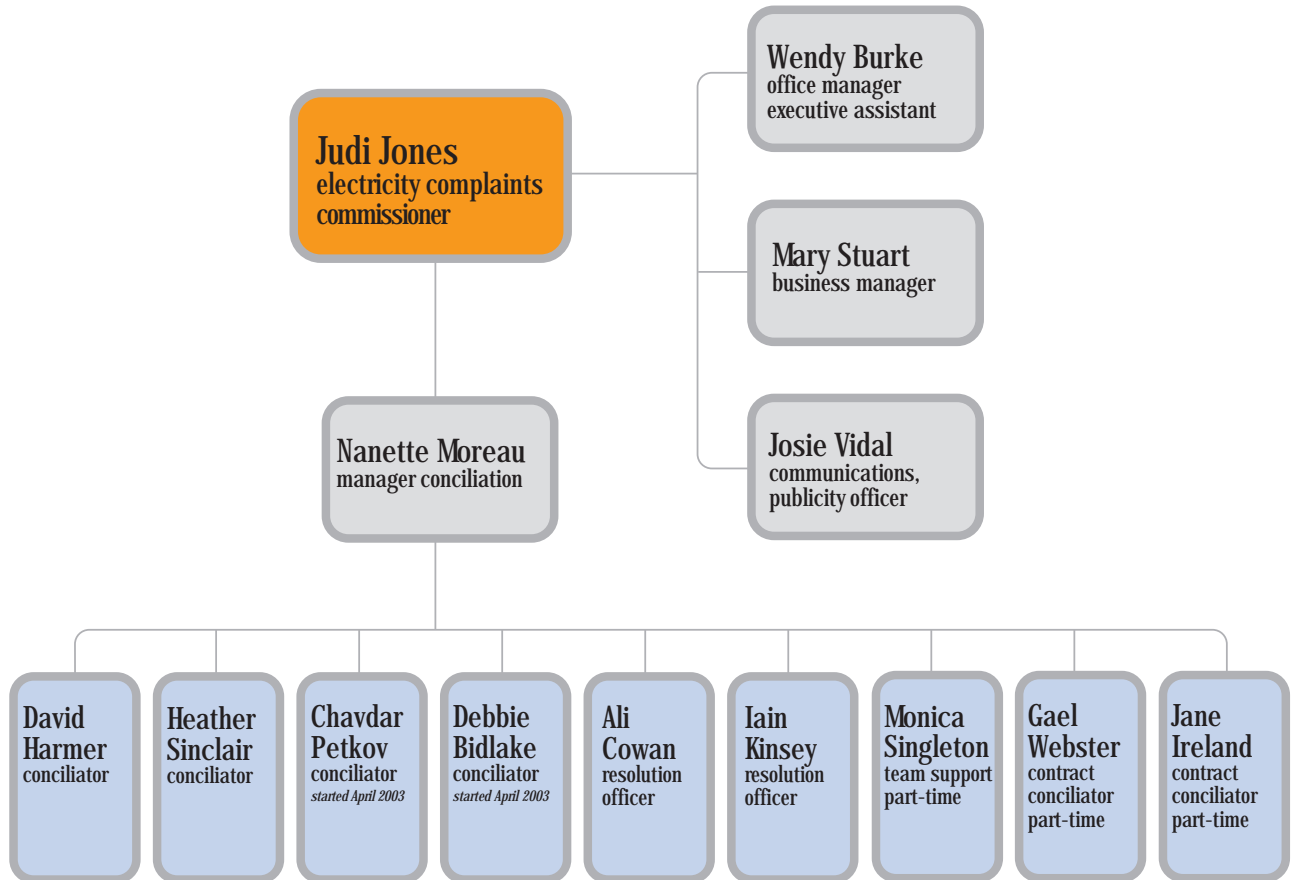
Administration

Wendy Burke, TCB Advanced

Mary Stuart, MA (Recreational Management), BA

Josie Vidal, Journalism Diploma

organisational chart



A property owner thought it was the understatement of the year when they received a note from an electricity company saying their account was “for a higher amount than you may have expected”, together with a bill for more than \$9500.

Previous monthly accounts had been between \$80 and \$101.

The property owner complained to the office of the Electricity Complaints Commissioner that they were unhappy with the treatment they had received from the electricity company. They felt the amount being “back billed” was not their responsibility and that they had been placed under stress trying to sort out their account. While the matter was in dispute, they say they were plagued with calls regarding their bad debt, threats of disconnection due to non-payment and requirements to respond to letters and phone calls within a certain number of days.



The account was originally charged at a commercial rate during the construction of the multi-unit development that occupies the site. When the building was completed and tenants moved in, the owner, who does not live at the site, requested that the rate for supply be changed to a domestic rate.

The first invoice generated for the domestic account was an estimated invoice. The account was in the landlord’s name and electricity costs were recovered through rentals. From October 2000 until January 2002 the owner received estimated monthly invoices. In January 2002 however, an invoice based on an actual reading was generated for \$9581.59.

The first actual reading was more than 21 months after the account for domestic supply was opened. The code now requires that meters should be read a minimum of four times a year, unless the consumer agrees otherwise, and the metering and reconciliation information agreement (MARIA) at the time required a reading by a qualified meter reader once every 12 months.

In February 2001 and June 2001 attempts were made to read the meter by the electricity company, but failed because of inability to obtain access. However, the electricity company did not contact the owner until November 2001 regarding access to their property. The owner straightaway ensured a meter reader had access to the property.

The owner says that many of the property’s tenants have come and gone and that it is not possible to recover the extra power charges. If they had been contacted earlier about problems reaching the meter, which resulted in the subsequent bill, they could have had a chance to recover the money.

settlement

This complaint was settled at the investigation stage. When the facts about the complaint were put to the electricity company and explained it offered a 50 percent discount on the outstanding amount and a payment plan, which was accepted by the complainant.

first recommendation accepted

Family A was moving. In mid November 2001, they phoned their electricity retailer (company X) to give final readings from their old property and switch their account to a new property, using the same electricity retailer. A called X again on move in day to give start reads for the new property. O, the person moving out of the property, contacted their electricity retailer (Company Y) to give final readings in late November, 2001.

At 2.43 pm on December 13, 2001 the switch request was rejected because Company Y had not issued customer O's final account. Later that afternoon (at 4:01pm), Company Y processed customer O's final account.

By January 3, 2002 A had not received an account from Company X. They contacted X's call centre and were told their switch request had been inadvertently cancelled. A 45-minute conversation ensued and finished with A being told "all will be OK". Company X sent a new switch request.



At 11:54am on January 8, 2002 Company Y, believing the property to be vacant, instructed its contractor to disconnect family A's property. On that same day (at 1:21pm), the switch from Company Y to Company X was accepted. But Company Y failed to tell its contractor there was now no need to disconnect A.

Three days later, Company Y's contractor arrived at the 'vacant' property. Family A was not there, having gone to purchase supplies for weekend visitors. The contractor noted that a 'car and dog were present' but disconnected anyway. The A's arrived home with their visitors to no electricity, no pump and the resulting loss of water supply. The weekend visitors left. A phoned Company Y, but the call centre was unsympathetic. Company X restored power within 4 hours, and offered \$25.00 for phone calls and spoilt ice cream. A contacted the Electricity Complaints Commission and sought compensation for the fact that they felt humiliated and that the companies had failed to protect customer interests.

who was at fault ?

The Electricity Complaints Commissioner found that there were multiple errors in the systems of both companies. Family A had done everything they could to have a smooth switch, but had been disconnected. She issued a recommendation calling for compensation of \$400 from Company Y and \$200 from Company X. Family A accepted the recommendation, partly because the companies had made changes so other customers wouldn't be subjected to the same problem. While family A wanted more money in compensation, they felt it was time to settle their complaint.

commissioner says company compensation adequate

case study

When a customer asked the office of the Electricity Complaints Commissioner to find out “ where had all their credit gone? ” the investigating conciliator found a number of issues had resulted in the customer incorrectly being given a substantial credit from their electricity company. After all the facts were revealed, the commissioner decided not to proceed with the case.

The customer was subjected to a series of accounting errors, causing confusion. One of the errors included a substantial credit being incorrectly applied to the customer’s account when the electricity company failed to identify that a four-digit meter had gone around the clock. Rather than applying a credit, the customer should have been billed for more than \$800. The customer had two years worth of estimated accounts, rather than accounts based on meter reads, which could have picked up this error.

The electricity company wasn’t aware of the incorrect credit until it prepared a final invoice four months later, when the customer moved to new premises. At that point, the company sent an account that it said was an actual read, but subsequently confirmed was an estimate. The estimate of units billed on the final invoice was not based on prior consumption, but was an attempt to recover some of the company’s losses, as a consequence of having incorrectly applied the substantial credit. The final account was for more than the amount of credit the customer believed they would be taking to their new account and left them wondering what had happened to that credit.

settlement

While the customer did suffer some stress and inconvenience with a series of incorrect accounts and a mysterious credit, they actually came out more than \$800 ahead. This was money the electricity company agreed not to try and recover, because the error had been no fault of the customer.

In looking at the case the Electricity Complaints Commissioner considered whether the electricity company was entitled to recover part of the credit applied in error, as it did with the final account. She told the complainant that she believed that they should have known the substantial credit they received was in error. The commissioner believed that the errors made by the electricity company were adequately compensated for and therefore, she would not be investigating the complaint any further.

The commissioner said that while the processes of the Electricity Complaints Commission had been exhausted in relation to the complaint, the complainant remained free to pursue the matter through another forum, such as the Disputes Tribunal or the District Court.

The office of the Electricity Complaints Commissioner received a complaint from a customer whose property sale went through three days short of the cut off date for the annual lines discount. The complainant believed that the lines company had not given adequate notice of its intention to pay the discount and that lines companies should state the exact date that the discount will be paid, not keep this information “secret”.

The complainant said that while lines companies say they urge arrangements to be made with incoming occupants of properties that may be changing hands at the time of the discounts, such arrangements cannot be made because the payout date is unknown to the consumer. The complainant said they consulted a lawyer and a real estate agent who both said they did not want to make provisions for the payout in any purchase agreement because the amount was unquantifiable.

complaint not upheld

After determining that this complaint was within jurisdiction – the Electricity Complaints Commissioner cannot consider charges, but can consider whether appropriate information about charges has been made available to the consumer and whether these charges have been applied correctly – the commissioner did not uphold this complaint.

She found that the discount was a discretionary payment and that there was nothing in the Code of Practice governing such payments. There was no contractual basis for the complainant to have any entitlement to the discount and the lines company was entitled to determine the qualification criteria for the receipt of this discount.

The commissioner noted that while the lines company’s newsletter did give notice of the intention to pay this annual discount, it was open to interpretation and ambiguous. She recommended the lines company reconsider how it publicises the annual lines discount so that the information is clear as to which customers qualify for it, being those at a specific installation on the cut off date. The company agreed to do this.

A switch that went wrong meant one customer went for 18 months without knowing who was supplying their electricity.

They switched from one company to another and duly received a final account from the company they had left and confirmation from the new company that they would be supplying them with electricity.

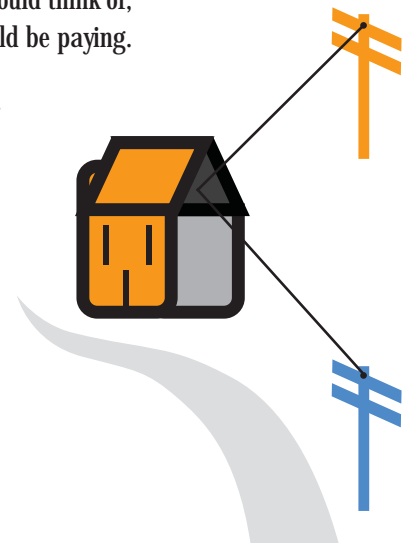
Then no bills came for 18 months. One day a bill for more than \$2000 arrived from the company the customer had switched from.

During the 18 months the customer noticed that they were not getting electricity bills and made a concerted effort to find out which company they should be paying. The customer rung everyone they could think of, and even went as far as calling the “National Grid”. No one could tell them who they should be paying.

When the bill finally arrived it was from the original supplier, not the company the customer had switched to. They were aware they had been using power they had to pay for, but were confused about the process and particularly, why it had been left for so long before the company tracked them down. They also wanted to know why they hadn’t been switched to the new company, as they had received notice that this had been done.

Not only did they get a substantial bill, they got a disconnection notice shortly afterwards and so began negotiations with the electricity company. The customer believed that sending out such a large account, covering such a long period of time was “unfair and unreasonable” and pointed out that they had never re-entered into a contract for the billing company’s services.

The customer discovered that the company they were switching to had cancelled their switch, but nobody had notified them.



negotiation

After investigation by the office of the Electricity Complaints Commissioner, the original electricity supplier agreed to halve the outstanding bill and give the customer 12 months to pay the balance. The customer elected to stay with the original supplier and not switch.

member companies

retail companies:

Contact Energy *(includes Contact and Empower)*

Genesis Power *(includes Energy Online and On Energy)*

Meridian Energy

Mighty River Power *(includes First Electric and Mercury)*

TrustPower

lines companies:

Buller Electricity

Centralines

Counties Power

Dunedin Electricity *(includes Delta Utilities Services)*

Electricity Ashburton

Horizon Energy Distribution Limited

Marlborough Lines

Nelson Electricity

Networks South *(includes Alpine Energy and Network Waitaki)*

Network Tasman Ltd

Northpower Ltd

Orion NZ Ltd

Powerco *(includes Central Power)*

Powernet *(includes Electricity Invercargill, The Power Company and Otago Power)*

ScanPower Ltd

The Lines Company

Top Energy Ltd

United Networks Ltd

Vector Ltd

Waipa Networks

WEL Energy Group Ltd

Westpower Ltd

commission members

Alison Paterson *(Chair)*

Murray Jackson

Matt Todd

Pat Hanley

Nick Toonen

Wendy Burke *(Secretariat)*

Cindy O'Brien *(alternate)*

David Russell *(alternate)*