



**Submission on the Electricity and Gas  
Complaints Commission's Consultation  
Paper Reviewing the Electricity Consumer  
Code of Practice and the Gas Consumer  
Code of Practice: October 2007**

From

**Contact Energy Limited**

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## Introduction

Contact Energy welcomes the opportunity to provide comments on the Commission's consultation paper. Contact's responses to the specific questions asked in the paper can be found over the page.

For any questions related to this submission, please see:

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Question	Relevant Clause in Code	Comment from Contact Energy
<p>Q1. Do we need the Electricity and/ Gas Codes? If so, how do you see them working with guidelines that are created by the Electricity Commission and Gas Industry Company? For example, the electricity model retail contract.</p>		<p>Yes.</p> <p>At present we have to look at a number of different sets of guidelines to determine our obligations, for example the Code, the Electricity Commission model contract and the Electricity Commission Guideline on Arrangements to assist Low Income and Vulnerable Consumers ("<b>Vulnerable Consumer Guideline</b>"). This creates a disproportionate amount of administration and compliance cost. We consider that these should all be incorporated into one set of guidelines, or at least they should all be consistent with each other.</p>
<p>Q2. Are the Electricity and/ Gas Codes working well?</p>		<p>Generally.</p>
<p>Q3. Are there any clauses in the Codes that promise more than can reasonably be delivered?</p>	<p>C18.7</p>	<p>Clause C18.7 regarding the maximum timeframe for the final warning of disconnection is not sufficient or workable given the increased volume of credit activity required by the new Vulnerable Consumer Guideline and the fact that no residential disconnections are now done on Fridays. In addition, our business process is to verify that the final warning has actually been delivered to the customer prior to a site visit being scheduled. This is problematic in rural areas where delays of several days are routinely experienced. The above affects 40% of the customers we manage at this final warning stage, meaning the account is restaged for another final warning (as the Code requires another final warning to be sent if disconnection does not occur in seven days) thus increasing the debt for customers who can arguably least afford it.</p>

		In short, the Code needs to reflect the new Vulnerable Consumer Guideline and be consistent with it.
Q4. Are there any clauses in the Codes that are vague or ambiguous?	C20.2	Notify not defined.
	C11.1 and 11.2	Need clarification as to how these clauses work together. The Code should clarify that the individual notice is to be given as soon as practicable following the original 30 days' notice (e.g., in a newspaper), and the individual notice does not need to be received 30 days before the price change.
	C18.7	"Emergency disconnections". Please define these so that they clearly include "safety" reasons (ie illegal reconnection and suspected tampering).
	C14.1 (3 <sup>rd</sup> bullet point)	This does not make it clear that the customer cannot just short pay an invoice. It needs to state that the correct amount must be agreed with the retailer and the customer cannot just decide what they think the correct amount is and only pay that.
Q5. Should complaints handling by the Electricity and Gas Complaints Commissioner always be free to consumers? Are there some circumstances where a charge is appropriate such as where a meter undergoes testing or voltage variation is recorded?		<p>Yes. Charges for testing are the customer's responsibility unless a fault is found.</p> <p>If a customer lays a complaint that is frivolous or vexatious, then the customer should be charged.</p> <p>There should be no charge for the retailer when the complaint is taken to the investigation stage, but is then withdrawn by the customer.</p>
Q6. Would it be useful if the Codes included an explanation of the purpose of some or all of the clauses? If so, which ones in particular?		<p>Some definition of particular points could be more helpful (See Q4 above).</p> <p>No further explanation of purpose is necessary.</p>
Q7. Are there examples of changed industry duties and practice that should be incorporated into the Electricity and/	C18	Yes, changes are required to the Codes to incorporate the changed business processes and desirable outcomes

Gas Codes?		<p>required by the new Vulnerable Consumer Guideline. Clause C18.7 of the Code states that a retailer must provide a final warning of disconnection no less than 24 hours nor more than seven days before disconnection. The Vulnerable Consumer Guideline sets out processes that must be followed before disconnection takes place. The timeframe in the Code does not allow enough time to follow the processes set out in the Vulnerable Consumer Guideline as these processes often take more than seven days.</p> <p>Industry guidelines/regulations need to be consistent. See comments above.</p>
Q8. What other changes should be made to the Codes? Please provide reasons why you think the changes should be made.	C3	There is onus on Consumers being treated with respect in clause C3(a) but there should also be a requirement for Consumers to treat member Companies with respect.
	C17.1	<p>Clause 17.1 “The Bond must not be more than the expected loss if a Consumer doesn’t pay”. However, the Draft Model Contract and Vulnerable Consumer Guideline state “the amount of the bond should not exceed \$150”. This is inconsistent. Our average bill is currently more than \$150 per month. Our credit cycle is 42 days long, meaning our calculated “expected loss” is significantly more than \$150 (i.e. two months’ billing). We are not suggesting all bonds should be set at this level, just that there should be consistency of wording between the Code, Contracts and Guideline and that retailers should be allowed to reserve the right to charge differing bond levels based on calculated “expected loss” taking into account the history of that ICP.</p>
		The Code should only apply to residential / domestic customers and not to businesses and this should be clarified in the Code. The intention of the Scheme is to provide Consumers with an accessible forum where they

		can find a free, independent complaints resolution service. It is not appropriate for business customers to be able to use a forum that is funded by the Companies to make claims against a Company.
	C7.4	The Code should clarify that Consumers must comply with Consumer Contracts. We suggest that this is added as a new clause C7.4.
Q9. Are there any other matters that you wish to raise?		We have no further matters to raise at this point. We look forward to seeing a revised draft of the Code and may wish to provide further comments at that stage.
Q10. Please tell us how you first became aware of the Codes and the associated issues.		Standard working documents for our organisation.
Q11. How do you think consumers usually become aware of the Codes? Do you have any specific suggestions as to how consumer awareness of the codes can be broadened?		Through the EGCC website. Customer advocacy groups. Word of mouth. Work and Income. Contact's letters and documentation state that we are a member of the EGCC Scheme and promote the Scheme to our customers. The majority of consumers are not aware of the Code.