



meridian

30 October 2007

Review of the Codes of Practice
Electricity and Gas Complaints Commission
PO Box 6144
Wellington

By email: f.day@egcomplaints.co.nz

Dear Fiona

Review of the Electricity Consumer Code of Practice and Gas Consumer Code of Practice

Meridian Energy (Meridian) welcomes the opportunity to make submissions on the Review of the Electricity Consumer Code of Practice and Gas Consumer Code of Practice. Acknowledging that Meridian's core business is the generation and retailing of electricity our submissions relate only to comments on the Electricity Consumer Code of Practice.

General comment

Meridian was a founding member of the then Electricity Complaints Commission, considering that the establishment of an independent and free dispute resolution scheme was an important part of creating a mature competitive retail market. Meridian continues to support the scheme, and notes that the number of complaints being assessed by the Commissioner has fallen considerably since the schemes' establishment.

Review of the Constitution

Meridian is conscious that the Electricity Commission is moving towards approving a single complaints scheme under the Electricity Act. In the event that the Electricity and Gas Complaints Commission becomes the 'approved' scheme Meridian suggests that consideration is given to whether it might be appropriate to bring forward the review of the Constitution currently scheduled for 2009, and undertake a comprehensive review of the relationship with the Electricity Commission. This would enable the relationship of the Electricity Consumer Code of Practice and the various model agreements, guidelines (and potentially rules and regulations) under the Electricity Commission's jurisdiction to be considered in a clearer frame.

Prescriptive nature of the codes & customers choosing to opt out (knowingly)

Meridian has previously submitted (in various forums) concerns that models or codes can have the effect of stifling innovation in the offerings made to customers. With this in mind, Meridian suggests that consideration is given to whether the code could be recast as a set of principles rather than detailed rules and whether provision could be made to allow customers to *knowingly* opt out of the 'code' should they consider that in doing so they would be making an appropriate service-price-value trade-off for their own circumstances.

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Answers to specific questions

Meridian's responses to the specific questions raised in the consultation paper are provided in the attached Appendix.

If you have any questions please contact me.

Yours sincerely



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Attachment: Appendix One: responses to specific questions.

Submissions Template: Review of the Electricity Consumer Code of Practice and the Gas Consumer Code of Practice

To assist the working group in the orderly and efficient consideration of responses, please consider using this table.

Question	Relevant Clause in Code	Where possible, please include details about the number and source of complaints that have lead to the concern.
<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>Meridian supports the concept of the Codes and considers they fulfill a necessary requirement of setting standards against which member companies can be measured.</p> <p>However, Meridian suggests consideration is given to whether the codes could be recast as a set of principles rather than detailed rules and whether provision could be made to allow customers to <i>knowingly</i> opt out of the 'codes' should they consider that in doing so they would be making an appropriate service-price-value trade-off for their own circumstances.</p> <p>When considering the relationship between the Codes and guidelines or model arrangements developed by industry governance bodies it must be borne in mind that only the former is currently enforceable against member companies. Issues may, however, arise if guidelines or model arrangements are elevated in status to become enforceable or mandatory - whether by tertiary (rules) or secondary (regulation) legislation. In such circumstances, if the either guideline or models are regulated then the Code must be subordinated to it.</p> <p>In such circumstances Meridian submits that an amendment is made to the Code to the effect that legislative or regulatory provisions which stipulate standards which are more favourable to consumers than those provisions shall apply in replacement of the Code.</p> <p>In circumstances where guidelines or models are not elevated in status it is Meridian's submission that the Commissioner ought to give consideration to them in deliberating on complaints as examples of industry practice.</p>
<p>Q2. Are the Electricity and/ Gas Codes working well?</p>	<p>C.11</p>	<p>Meridian is not aware of any significant issues with the Codes although as detailed above there is potential for the codes to stifle innovation.</p>

		<p>The most glaring example of this is the requirement to give no less than 30 days notice of a price change. This provision does provide a degree of price certainty for the consumer but it restricts the introduction of pricing plans or tariffs that enable price signals and for the consumer, at their behest, to obtain the benefits of low price periods whilst taking the risk of high prices (participation in demand side savings).</p> <p>Similarly, with the introduction of new metering technology, the opportunity to encourage energy conservation through innovative tariffs is potentially limited by Code C11.1.</p> <p>Meridian submits that innovative tariffs aimed at giving the consumer choice and the ability to manage their costs are consistent with the intentions of the Government Policy Statement and current initiatives on demand side management by the Electricity Commission.</p> <p>Finally in this respect the current clause does not allow member companies to respond to supply emergencies when price signals are required to reduce demand and protect security of supply.</p>
<p>Q3. Are there any clauses in the Codes that promise more than can reasonably be delivered?</p>	<p>C15.3</p>	<p>Meridian is not aware of any such provisions although Meridian considers that clause C15.3 is somewhat vague as to its actual requirements and, as such, depending on the interpretation taken, it may be requiring more than can reasonably be delivered. For example, simply reading the meter is an action which will impact on a customer's bill.</p>
<p>Q4. Are there any clauses in the Codes that are vague or ambiguous?</p>	<p>C15.3</p>	<p>Refer to the comments above (question 3).</p>
<p>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>		<p>Meridian is of the firm view that the service of the Electricity and Gas Complaints Commission in resolving complaints should remain free to consumers.</p> <p>In circumstances where services are obtained from third parties, such as meter tests, and the consumer's contractual relationship with the member company provides for payment of such a service then, Meridian considers that the consumer ought to pay in accordance with those provisions.</p> <p>Where the services of third parties are sought outside of the contractual relationship then</p>

		<p>Meridian submits that, where the services are reasonable in cost and justified in relation to the complaint, the member company involved should be consulted and their consent sought prior to a commitment being made.</p> <p>Consideration could be given to provisions within the code or constitution to enable the Commissioner to determine whether the expense should be incurred where the member company has refused and if the expenditure is to proceed for it to be borne by the member company.</p>
<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>		<p>To the extent that there is an ambiguity or uncertainty the clauses themselves should be redrafted to remove the same rather than a commentary being added.</p>
<p>Q7. Are there examples of changed industry duties and practice that should be incorporated into the Electricity and/ Gas Codes?</p>		<p>The recent revision/development of the Guideline for Arrangements to Assist Low Income and Vulnerable Consumers does require retailers to follow procedures which are different to, and more involved than the Electricity Consumer Code of Practice. Consideration should be given to the relationship between the Guideline and the Code.</p>
<p>Q8. What other changes should be made to the Codes? Please provide reasons why you think the changes should be made.</p>	<p>C.10.2</p>	<p>Meridian considers the obligations to notify all customers individually of changes in the frequency of billing and or meter reading should only apply where such changes will have a detrimental impact on the consumer; i.e. if it is beneficial to the consumer notice is not mandatory as per clause C1.1.3.</p>
<p>Q9. Are there any other matters that you wish to raise?</p>		<p>Meridian is conscious that the Electricity Commission is moving towards approving a single complaints scheme under the Electricity Act. In the event that the Electricity and Gas Complaints Commission becomes the 'approved' scheme Meridian suggests that consideration is given to whether it might be appropriate to bring forward the review of the Constitution currently scheduled for 2009, and undertake a comprehensive review of the relationship with the Electricity Commission. This would enable the relationship of the Electricity Consumer Code of Practice and the various model agreements, guidelines (and potentially rules and regulations) under the Electricity Commission's jurisdiction to be considered in a clearer frame.</p>

<p>Q10. Please tell us how you first became aware of the Codes and the associated issues.</p>		<p>Meridian was a founding member of the Scheme.</p>
<p>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?</p>		<p>Awareness usually arises as a consequence of an issue or query on customer service. Creating greater awareness is supported and in this respect Meridian considers a broad range of mechanisms need to be utilised including the use of community and social agencies, forums, member company's newsletters and communications.</p>