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17 September 2014

By email: submissions@ea.govt.nz

Consultation Paper – Improving transparency of consumers' electricity charges

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

EGCC submission – EA – Improving transparency of consumers' electricity charges

Thank you for the opportunity to comment on the Electricity Authority's consultation paper called '*Improving transparency of consumers' electricity charges*' dated 24 June 2014. This submission is made by the Board of the Electricity and Gas Complaints Commissioner Scheme (EGCC Scheme).

	Question
1	Do you agree with the Authority's view of the role of transparency in promoting competition?
	The Board makes no comment but notes that transparency promotes trust.
2	Do you agree with the problem definition?
	<p>The Board notes the EGCC Scheme received at least 15 complaints (out of a total of 192 pricing related complaints¹) in the last 12 months about the lack of transparency at 'moments of truth', specifically about the announcement of a change in price or charges. In addition, the EGCC Scheme received at least 18 further complaints about "confusing" and "difficult to understand" bills.</p> <p>These complaints illustrate that some consumers may not understand the drivers of price changes due to a lack of transparency. This lack of transparency potentially adds to or partly creates the already existing problem that some consumers have in understanding their bills.</p> <p>Some examples of complaints about the lack of transparency at 'moments of truth' include:</p> <ul style="list-style-type: none">• A complaint where no reason or explanation was given for an increase in the daily gas charge from \$0.85 to \$1.10.

¹ Pricing related complaints in this case include complaints about price increases, pricing plans and the format of bills.

	<ul style="list-style-type: none"> • A complaint where a decrease in the distributor's charges was not reflected in the bill. • A complaint about "poor information" provided about a 14% increase for the price of electricity. • A complaint about "misleading information" where a retailer wrote to the complainant explaining the variable portion of the bill would not increase when it did increase. • A complaint about not receiving information about a 77% increase in the daily fixed charge. • A complaint about a retailer's letter advising the network charge would increase by 1% when it increased from \$0.19 to \$1.15. The complainant said the retailer did not explain why the increase is higher than the 1% stated in the letter. • A complaint about a retailer's letter advising of a price increase but not advising how the increase is to be calculated. • A complaint about a retailer charging \$2.10 for the daily fixed charge when the distributor charges \$1.14. The complainant said the retailer advised the difference in the charge is for offsetting the costs of replacing meter boards and covering the costs of meter readers. The complainant said the explanations "do not make sense".
3	Do you agree with the Authority's proposal?
	<p>The Board notes that from the complaints received by the EGCC in the past 12 months several complaints were about the communication by retailers and distributors around price increases, specifically complaints that relate to the 'blame game' problem. Some examples of complaints of this nature include:</p> <ul style="list-style-type: none"> • A complaint where the retailer "blames" the distributor for a price increase. • A complaint where the retailer provided the complainant with "misleading information" about a price increase by saying the distributor is responsible for the increase. The complainant, after speaking to the distributor, said this is untrue. <p>The Board believes clear and accurate information will reduce consumer confusion.</p>
4	Do you agree with the alternative options?
5	Are there any other options the Authority should consider?
	The Board acknowledges the alternative options and does not propose further options for the Authority to consider.
6	Do you have any comments on the proposed Code amendment?
7	Do you have any comments on the draft template?
	The Board has no comments on the proposed Code amendment or the draft template.
8	Do you agree with the statement of the objectives of the proposal?
	The Board makes no comment.
9	Do you agree with the assessment of the costs and benefits of the proposal?
10	Are there any other costs or benefits that should be included in the assessment?
	The Board makes no comment on the assessment of the costs and benefits of the proposal and submits no other costs or benefits should be included in the assessment.
11	Do you agree with the evaluation of the alternative options?
	The Board makes no comment.
12	Do you agree with the assessment of the proposed amendment against the requirements of section 32(1) of the Act?
	The Board makes no comment.

13	Do you agree with the assessment against the Code amendment principles?
	The Board makes no comment.

Yours sincerely

A handwritten signature in black ink, reading "Heather Roy". The signature is written in a cursive style with a large, looped 'H' and 'R'.

Hon Heather Roy
Chair
Board of the Electricity and Gas Complaints Commissioner Scheme