



The Electricity and Gas Complaints Commissioner Scheme is an independent service for resolving complaints about electricity and gas companies. It is free to complainants.

The Commissioner can look at complaints about electricity or gas companies, including complaints relating to land on which companies may have equipment. The Commissioner can look at complaints where the amount in dispute is up to \$20,000, or \$50,000 with the agreement of the company.

The Scheme encourages the parties to settle complaints between them. There is a diagram showing how the Scheme works on the inside back cover of this book.

In the 2010-11 year, the Scheme received 3,258 enquiries and 1,210 complaints. Of the 1,210 complaints, only 18 could not be settled between the parties. The Commissioner made a recommendation for settlement of these complaints.

The Commissioner needs to publish anonymous summaries (case notes) of every complaint for which she makes a recommendation. This is to provide guidance to member companies and complainants, and to show consistent and fair decision making.

The Commissioner also publishes selected case notes of complaints settled between the complainant and the company.

This annual publication contains a selection of recent case notes. All case notes are published on the website, www.egcomplaints.co.nz

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1

Mr J got different explanations for a large electricity bill

Case number	22517	Issues High bill – different explanations given – billing error – estimated bills	Outcome Settled
Year	2009		
Category	Electricity		

The complaint

Mr J received a large electricity bill with an explanation that it was because of a computer error. When Mr J queried the bill, the company gave a different explanation.

The company offered Mr J a fifty per cent discount because of the differing explanations. He declined this offer because he said he could not be sure the bill was correct and he wanted the company to be held accountable for its errors.

The outcome

The EGCC's investigation showed several factors contributed to Mr J receiving the large bill:

- The company opened an account against the wrong address when Mr J signed up. The company did not identify the error for four months.
- The company sent disconnection notices to Mr J before it had issued the first bill. The company found this problem was linked to the address error.
- The company's first bill to Mr J used a meter reading taken in December 2007. Mr J opened the account in April 2008.
- The company also produced estimated bills for eight months, despite Mr J letting the meter reader into the house to read the meter. The estimated bills were higher than normal.

During a conciliation conference the company recognised the errors on the account and offered to credit the entire bill back.

The company also offered to put Mr J on a priority list for a smart meter to eliminate any future meter reading issues.

Mr J accepted the offer as full and final settlement of the complaint.

The business did not receive or pay any bills

Case number	23727	Issues Meters – disconnection – correct information – explanation of process	Outcome Settled
Year	2010		
Category	Electricity		

The complaint

Mr S complained his electricity retailer misunderstood a request from him to disconnect one of two meters at his business.

When Mr S opened his business the shop address had two meters, each with separate ICP (installation control point) numbers. Mr S decided to consolidate the supply to the business through a single meter so he would only pay one set of daily charges.

Mr S's electrician made the necessary changes to the meters. The electrician told Mr S which ICP to deactivate and Mr S passed this information to his electricity retailer.

Mr S said the wrong ICP was deactivated which meant the business did not receive or pay any bills. Mr S said he got a call from the manager of the business saying the power was off and a card threatening disconnection was delivered to a neighbouring business. Mr S also had letters from the retailer about disconnection.

Mr S complained this led to disruption to the business and embarrassment for him.

The outcome

The EGCC investigated the complaint. The investigation found:

- The electrician gave Mr S the wrong ICP number to pass on to his retailer for deactivation
- The business had never been disconnected
- No payment arrangement was in place for the business's electricity account and arrears had built up
- Communication from the retailer was confusing

The company offered to put a \$100 credit on the account, apply the prompt payment discount to arrears that occurred since the complaint was made, and arrange a payment plan for the balance. The company apologised for distress caused over the apparent disconnection. Mr S accepted the offer and the complaint was settled.

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Miss W was billed for electricity used at the property before she opened an account

Case number	24902	Issues Start read on meter – final read on meter – liability for use when no account in place	Outcome Settled
Year	2010		
Category	Electricity		

The complaint

Miss W complained she was billed for electricity used at a property before she moved in, and this contributed to her owing \$2,672 to her electricity retailer.

Miss W moved into a property in November 2009. She opened an electricity account with retailer A. The previous occupant had an account with retailer B, which was closed in February 2009.

Miss W's first bill from retailer A was high. Miss W believed this was because the previous occupant gave retailer B a low final meter reading, and she was being charged for that person's use.

The outcome

The complaint was settled between the parties after investigation by the EGCC.

The EGCC's investigation showed retailer B continued to read the meter at the property after the previous occupant closed their account. Electricity was being used at the property but no one was being billed for it.

When Miss W opened her account with retailer A, retailer A asked for a final reading from retailer B. Retailer B gave the final reading it had billed on, rather than the most recent reading taken at the property. Miss W was then billed for electricity used at the property before she became a customer of retailer A.

After considering the results of the investigation, retailer B agreed to provide the last reading taken at the property. This reading was taken two weeks before Miss W opened her account with retailer A.

Retailer A re-issued a bill using this reading with an adjustment for the two weeks based on Miss W's average consumption of electricity. However, the re-issued bill did not include payments Miss W had made towards her account.

Retailer A then offered to apply a goodwill credit of \$380 in recognition of the errors it had made in billing, as well as deducting the payments that had been made. In total, the amount owing was reduced by \$1,672 to \$1,000. Miss W accepted the offer and agreed to a payment plan for the arrears.

Mr C believed the pillar was a safety hazard

Case number	25344	Issues Lines – maintenance – safety	Outcome Settled
Year	2010		
Category	Network		

The complaint

Mr C complained to his network company about the safety of an electricity pillar on the boundary of his property.

Mr C said the pillar was between two driveways where cars could easily hit the pillar.

In 2010, the network company changed the pillar to a larger pillar.

Mr C said cars using the driveway were more likely to hit and damage the larger pillar because of its size. Mr C believed the larger pillar was a safety hazard and the network company should move the pillar to a safer location.

The outcome

The EGCC worked with the parties and they settled the complaint between them. They reached an agreement that the pillar would be moved and Mr C would contribute to the cost.

The EGCC got an independent expert's advice on the safety of the pillar and the options to improve the safety of the pillar.

The expert said the relevant legislation was the Electrical (Safety) Regulations 2010.

Section 20 says that *"...works and installations are deemed to be electrically unsafe if: cables (including underground cables) are inadequately protected against the risk of damage by the nature of their covering or their method of installation."*

The expert said the method of installation at Mr C's property means the pillar and the cables were inadequately protected. Therefore, the expert said the pillar was "electrically unsafe".

The expert mentioned the following options to improve the safety of the pillar:

- Install bollards around the pillar; or
- Replace the existing pillar with an "in ground" fuse enclosure that is level with the driveway; or
- Move the pillar to a safe location

In a telephone conference with the conciliator and the independent expert, the complainant and the network company agreed to move the pillar. However, the network company said they should not pay the full cost.

The network company estimated it would cost \$6,564.81 (excluding GST and margin of profit) to move the pillar to a new location and off Mr C's property.

The network company and Mr C reached the following agreement resolving the complaint:

- The network company would remove the pillar from Mr C's driveway and upgrade the existing pillar to the right of his driveway to include Mr C and his neighbour's electricity connections
- Mr C would contribute \$2,000 towards the cost of removing the pillar and moving the connections
- Mr C would supply cobblestones to the network company to restore the area where the pillar was originally located

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Ms X did not know she had been getting estimated bills

Case number	25634	Issues Billing – meter not read – customer service	Outcome Settled
Year	2010		
Category	Electricity		

The complaint

Ms X complained about an electricity bill of \$3,980.13. She said her electricity retailer gave her no explanation for the high bill.

Ms X did not know she had been getting estimated bills. She received monthly e-mails with the direct debit amounts, but did not look at her full electricity bill and only knew the total. The e-mail did not say if the bill was based on a reading or an estimate.

When Ms X complained, she was not satisfied with her retailer's explanation of why the back bill happened. She said the electricity company did not give her enough time to consider an offer in settlement of the complaint.

Ms X offered to pay half the disputed amount or pay the full bill at \$5 a week. The retailer declined this offer but applied a \$500 discount to Ms X's account. The retailer said this was roughly the prompt payment discount amounts Ms X missed out on.

Ms X did not pay her bills while disputing the back bill. She said she did not know the correct amount to pay, or how much each bill was for. This was because the monthly bills were combined with the back bill.

Ms X and her retailer could not resolve the matter and asked the EGCC to help.

The outcome

The complaint was settled between the parties after discussion with the Commissioner's office.

The retailer said the bill was a back bill. It said the meter reader could not access the meter for 14 months for a meter read. The retailer said bills were estimated for 14 months and the bill was a catch up.

Ms X did not think there an access issue because she sent a key to the retailer in April 2009.

The discussion identified several points:

- Ms X did not know the retailer had not received the key
- Ms X used the power
- The retailer had not given Ms X much time to resolve the matter
- The retailer had not told Ms X it could organise 'after hours' reads

After the discussion the retailer reduced the back bill amount to \$3,024.69. It did this by:

- Recalculating the bill to apply the relevant tariff at the time the electricity was likely to have been used
- Applying prompt payment discounts to the amount of the backbill

The retailer agreed to provide a breakdown of the back bill in writing. This showed the actual monthly cost and the total overdue balance.

Ms X offered to pay half the back bill over time. The retailer agreed to this and set up an 18-month instalment plan to settle the account.

The retailer agreed to look at installing a smart meter free to solve future meter reading problems. Ms X accepted these proposals in full and final settlement of her complaint.

Being charged at the wrong rate increased lines charges to the business

Case number	26452	Issues Complaint management – which company – refund – entitlement – billing – incorrect tariff – refund	Outcome Settled
Year	2011		
Category	Electricity		

The complaint

Mr A, as agent, complained a network company refused to bill his client's business at the correct rate from April to September 2010. The business has half-hourly metering. This means the business is entitled to a special rate for lines charges. Mr A said being charged at the wrong rate increased lines charges to the business by \$3,500.

The business gets bills for electricity from a retailer. Mr A told the retailer his client's business had a half-hourly metering set up, and the retailer used the correct rate to calculate the April and May bills.

However, the metering information was not changed on the electricity registry and the retailer later reversed the bills and re-issued them using the wrong rate. The retailer changed the rate back but refused to reimburse the full amount of the difference between the rates.

The outcome

The EGCC talked to all parties about the issues in the complaint. Three issues were identified:

- Which company should manage the complaint?
- Was the business entitled to a refund?
- If so, how much should that refund be?

As the business's contract was with the retailer, the retailer was confirmed as the company responsible for managing the complaint.

The EGCC worked with the parties to resolve the complaint. The retailer offered to credit the difference between the metering rates for the period from April to July. This was calculated at \$2,948. The EGCC also helped the parties reach agreement on payment of the non-disputed balance.

Mr A's clients accepted the offer and the complaint was settled.

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Ms E's bills showed a debt balance of \$200

Case number	26533	Issues High bills – billing	Outcome Settled
Year	2010		
Category	Electricity		

The complaint

Ms E complained her electricity bill was too high to be an accurate reflection of the electricity used at her property for the period from March to November 2010.

Ms E had been paying \$60 a fortnight on a smoothed payment plan based on her average electricity use over a year. Ms E said she believed this was too high because her partner had more appliances at his house and only paid \$90 a month.

Ms E was also concerned because in winter, her bills showed a debt balance of around \$200. Ms E believed she was being billed for \$200 worth of electricity use each month, on top of her fortnightly payments of \$60.

Ms E's partner said Ms E had a plumber and electrician check the appliances at her property, but they found nothing wrong.

Ms E asked her electricity retailer to test her meter. The retailer found no fault with the meter and added a \$130 fee for the meter test to Ms E's account.

The outcome

The EGCC got recordings of Ms E's calls to her retailer, use history based on meter readings for Ms E's property, and copies of her bills.

The call recordings showed the retailer had not ensured Ms E understood how smoothed payment plans work. Such plans allow for a build-up of credit in summer months to cover the cost of higher electricity use in winter months. In winter months, it is not unusual for there to be a debt balance.

The use history showed a definite seasonal pattern, with higher electricity use in winter.

The EGCC met with Ms E and explained the smoothed payment plan. The EGCC talked to Ms E about her bill and explained the higher winter debt balance is not the amount of electricity she is billed for each month.

After the meeting, Ms E said she did not want to take the matter any further but she wanted the retailer to waive the \$130 meter testing fee. The retailer agreed to do so and the complaint was settled.

Mr V was paying for three times as much capacity as he needed

Case number	28135	Issues Information – whether options discussed – financial loss	Outcome Settled
Year	2011		
Category	Electricity		

The complaint

Mr V complained his electricity retailer did not provide information about capacity on its invoices. Mr V said this meant he was paying for three times as much capacity as he needed but had no means of knowing this was happening.

Mr V had been a customer of the same retailer for seven years. He said he paid for 3 phase/60 amp supply for all this time although his business never used more than 20 amps.

Mr V said he was unaware of this until a salesperson from another retailer told him he was paying too much. Mr V investigated this. He believed he was being charged for more capacity than he could use.

Mr V said after he discovered this he contacted his retailer and asked to be switched to a lower capacity, which was done. Mr V wanted to be reimbursed for the cost of the un-needed capacity for the last seven years.

The outcome

The retailer challenged the Commissioner's jurisdiction to consider the complaint on the basis they had made a reasonable offer to Mr V by paying the cost of the downgrade in a timely manner. The Commissioner said, based on information provided by the complainant, she was unable to be satisfied whether the offer was reasonable.

During the investigation the EGCC arranged a conciliation teleconference. As a result, one of the retailer's account managers visited the site and talked to Mr V about the situation. Mr V suggested the retailer should provide load and phase information on bills. Mr V also said the retailer should ask new customers about their needs and circumstances when they sign up to ensure they are on the best plan. The account manager promised to take Mr V's suggestions to the retailer's decision makers.

The retailer downgraded the capacity at Mr V's business from 60 amp to 20 amp at no cost and paid for the contractor's site visit. The retailer credited Mr V's account with \$200.

Mr V was satisfied with the action taken by the retailer and the complaint was settled.

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Mr R wanted a low-user tariff for his property

Case number	19067	Issues Billing	Outcome Outside jurisdiction
Year	2007		
Category	Electricity		

The complaint

Mr R wanted a low-user tariff for his property. However, the property was in an area that was exempt from the low-user regulations. Mr R believed the reasons for the exemption no longer applied. Specifically, Mr R said the area was not remote, and this was one reason for the exemption.

The outcome

The network company that serviced the area had a Ministerial exemption to the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004. Mr R's property was in an area identified as remote within the Notice of Exemption. This meant the network company was exempt from complying with the regulations in that area.

Mr R thought the tariff set for the property was unfair.

The Commissioner's terms of reference make it clear she may not comment on the tariff set by a company, although she may ensure the correct tariff has been applied. In this case the exemption meant the network company's decision not to apply the low-user tariff did not breach the regulations.

The Commissioner ruled the complaint was not in jurisdiction under clause B1.10(a) of her then terms of reference. The Commissioner's view was that it was more appropriate for the complaint to be considered by another body or person, or under a statutory process. The Commissioner suggested the complaint could be handled by the Minister of Energy through the Ministry of Economic Development because the Minister of Energy has the statutory authority to address the issue.

The Commissioner noted she is not an advocate for either complainants or members of the scheme. The Commissioner is required to provide an independent dispute resolution service for matters that fall within the jurisdiction of the EGCC scheme.

Mr F said low voltage meant he was unable to run his farm

Case number	21378	Issues Supply – voltage variation	Outcome Complaint not pursued further
Year	2009		
Category	Electricity		

The complaint

Mr F's complaint was about the voltage at his farm property and about the way the network company treated him.

There were four parts to Mr F's complaint:

- **Low voltage** – Mr F said that during 2007 he began experiencing problems with his electrical appliances which he believed were due to low voltage. For example, he could not use his toaster, and his water pump burnt out (Mr F's insurance company covered this particular loss). Mr F's electrician confirmed the voltage at the property fell as low as 190 volts at times. Mr F said the low voltage meant he was unable to run his farm. He complained to his network company about the situation.
- **Cost of the new transformer** – In December 2008, the network company installed a new transformer on Mr F's land. This fixed the voltage problem to his property. The total cost of the work was \$19,785. Of this, the network company paid \$17,649 and Mr F paid \$2,136. The network company said it would normally have paid the "recoverable cost" of the transformer, \$2,136, and the customer would pay the remaining \$17,649. The network company said it made an exception in this case because it felt sorry for Mr F and recognised it had acted slowly in dealing with the problem. Mr F believed the company should have covered the entire cost of the new transformer.
- **Conduct of the network company's staff** – Mr F was unhappy with the way he was treated by some of the network company's employees. Mr F said a staff member laughed at his situation when he believed Mr F was no longer on the phone. Mr F also said he felt another staff member threatened him. Mr F said the staff member told him unless he signed an agreement that the work done was in full and final settlement, the network company would remove the transformer it had just installed. Mr F said he never considered the work to have been done in full and final settlement, as he intended to make insurance claims. Therefore, he needed the network company to accept responsibility for the damage.

- **The "scrap metal agreement"** – Mr F said he had an agreement with the network company to leave the service line with him after the network company took it down. Mr F planned to give this to his neighbour as payment for allowing him to tie into the neighbour's 11Kv line at a pole on the neighbour's land. However, the network company took away the line in question. The network company said there was never a commitment to leave the line behind as scrap has to be signed in to the contractor's yard and goes through an audit process.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner's preliminary recommendation upheld the complaint, but did not propose any additional compensation for settlement.

The Commissioner based her recommendation on the following conclusions:

- The network company's supply of electricity to Mr F's property met legal requirements
- The most likely cause of the voltage problems was related to the length and quality of Mr F's service line
- On the balance of probabilities it was likely the network company agreed to leave the service line for Mr F
- Mr F did not receive a reasonable standard of service from the network company in dealing with the issues
- The network company's contribution to the cost of installing the transformer exceeded the amount the Commissioner would ordinarily recommend as a fair and reasonable settlement of the complaint

The Commissioner therefore recommended Mr F accept the contribution of \$17,649 in full and final settlement of his complaint. Mr F was not satisfied with this recommendation, but decided he would not pursue the complaint further.

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Mr D wanted his answer-phone replaced

Case number	22108	Issues Supply quality – unplanned outage – damage to appliance	Outcome Complaint not pursued further
Year	2009		
Category	Electricity		

The complaint

Mr D complained a power outage had damaged his answer-phone machine. Mr D wanted his answer-phone replaced and thought this would cost around \$50. Mr D felt there was no fault on his part and he should not have to replace the appliance at his own cost.

The outcome

The network company agreed there had been an electricity outage in Mr D's area. However, the network company did not believe the outage was likely to have caused the answer-phone to fail.

The network company said the outage was in the high voltage network and was likely to have been caused by water entering the electricity cable.

One of the Commissioner's independent technical experts advised that a fault on the high voltage network was unlikely to have caused the damage to the answer phone. The expert said the effect of the outage was like turning the answer-phone off and on at the wall.

The Commissioner discussed the results of the investigation with Mr D. While Mr D was unhappy with the conclusions of the investigation, he did not ask the Commissioner to consider the complaint any further.

Mrs B said her computer was damaged when an advanced meter was installed

Case number	24607	Issues Meter – damage – Supply – outage (planned) – surge – voltage variation – damage/loss	Outcome
Year	2010		Recommendation
Category	Electricity		– not upheld

The complaint

Mrs B said her computer was damaged when an advanced meter was installed in her home. Mrs B was not able to use her computer for two days and had to pay \$247 to have it repaired.

Mrs B said her computer was shut down and plugged into a surge protection device during the installation. She said she believed the electricity retailer's contractor should have ensured the computer was isolated from the power supply before starting the installation.

The electricity retailer did not believe the installation caused the damage to the computer. The retailer said it believed the damage was caused by component failure rather than a surge.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner did not uphold the complaint because she found it was unlikely the installation caused the damage to the computer.

The Commissioner sought advice from an independent technical expert about the damage.

The expert said Mrs B's computer was shut down and plugged into a surge protection device. The surge protection device was plugged into a wall socket that was switched off at the wall. Several other appliances in the house were plugged in and switched on during the installation. None of them had surge protection and none of them were damaged.

The expert said only large surge events would travel through a plug when the wall socket is switched off. The expert said a significant voltage surge would usually damage the internal components of the surge protection device, and this could be identified by blackened areas or broken wires. The expert tested the device and found no such damage.

However, the expert said the surge protection device had been electrically damaged. The expert said the damage could only have occurred if the device was plugged in and switched on at the wall. The cause of the damage could either be long-term overheating and failure, or a small and sustained over-voltage.

The Commissioner looked at half-hourly meter information provided by the retailer. This showed no evidence over-voltage occurred at the time the meter was installed.

The Commissioner decided it was unlikely the damage to the computer was caused during the installation of the advanced meter.

Both Mrs B and the retailer accepted the Commissioner's recommendation.

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Mr L believed the business should have had a smaller meter

Case number	23149	Issues Billing – high – gas meter capacity	Outcome
Year	2010		Recommendation – not upheld
Category	Gas		

The complaint

Mr L represented the owners of a food trading business. He disputed the retailer's fixed daily charges for the gas supply to the business.

The business paid the retailer fixed daily charges of \$60,689.44 over 2,285 days (\$26.56 per day). Mr L believed the business should have had a smaller meter, which would have meant lower daily charges, and only paid \$30,022.47 (\$13.14 per day).

Mr L thought the retailer should have installed a smaller meter when the owners moved their business into the property in April 2003. He also said the retailer should have realised in November 2003 the meter was able to provide more gas than the business needed. This was when staff called the retailer to query the high fixed daily charge. Mr L said the retailer did not provide clear information about how to reduce the fixed daily charge when staff called.

Mr L also said the retailer should have recognised English was a second language for the owners of the business. Mr L thought the retailer should have provided better support to the business to ensure it had the most suitable meter and was on the best price plan.

The retailer said it charged the business correctly. The retailer said it installed the correct size meter in April 2003, based on the appliances on the property at the time. The retailer offered the business a payment of \$1,000 for any customer service problems.

Mr L rejected the retailer's offer of payment.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

After completing an investigation, the Commissioner recommended Mr L accept the retailer's offer of \$1,000.

The Commissioner said the amount of gas a customer uses from day-to-day is different from the capacity of the meter to deliver gas. The meter has to be able to deliver enough gas for the customer to be able to use all their appliances at the same time. A gasfitter works out the capacity needed by adding up the requirements of all the appliances installed at the property. The retailer then works out which of its meters will deliver that capacity.

The Commissioner believed the retailer installed the correct size meter in April 2003, based on the information provided on the gasfitter's certificate and the types of meters provided by the retailer at the time.

It is not appropriate for the retailer to tell customers what appliances they need to run their business. It is up to the customer to decide whether to remove or install gas appliances and when to use them.

Given the business had used the services of a gasfitter before, the Commissioner believed the retailer provided enough information to the business about downgrading the gas supply.

The recommendation was translated into the language spoken by the business owners.

Mr L did not accept the Commissioner's recommendation.

The electricity retailer had not kept its promise to fix prices for two years

Case number	22333	Issues Billing – misunderstanding as to fixed price offer	Outcome Recommendation – upheld
Year	2009		
Category	Electricity		

The complaint

Mr U complained his electricity retailer had not kept its promise to fix prices for two years. Mr U said telemarketers for the electricity retailer had convinced him to switch companies by making the offer. Before the two year period had elapsed, Mr U's retailer notified him it would be increasing his prices.

Mr U also complained about the way the retailer responded to him. He said he wrote two letters complaining about the matter, but did not receive a response until after a third letter. Mr U said the retailer's representative contacted him and told him he was unwise to have switched without something in writing. Mr U said the representative told Mr U he was trying to create confusion where none existed.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner's preliminary recommendation upheld the complaint and recommended the retailer pay Mr U \$450.

The Commissioner based her preliminary recommendation on the following conclusions:

- On the balance of probabilities the retailer (through its telemarketer) had led Mr U to believe his prices would not be increased for two years.
- Mr U had relied on this representation in his decision to switch electricity retailers
- The retailer had not responded to Mr U's complaint in a timely manner
- The estimated price difference between the new price and the fixed price for the remaining period of the two years was \$450

Both parties accepted the preliminary recommendation and the complaint was settled.

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Frequent electricity surges at the property damaged appliances

Case number	22234	Issues Billing – high – disputed Supply – surges – damaged appliances	Outcome Complaint about high bills: Withdrawn Complaint about surge damage: Recommendation – upheld
Year	2011		
Category	Electricity		

The complaint

Ms T had two complaints. The first was that her electricity bills were high, the second was about the frequency of electricity surges at her property which damaged many appliances.

1. High electricity bills

Ms T said her electricity bills were about \$400 a month. She said on at least two occasions she received bills for over \$2,000. She said she did not understand why her bills were so high.

2. Frequent electricity surges

Ms T said in the past two years many electric appliances and light bulbs at her property had been damaged. Ms T believed this was because of electricity surges, and she wanted compensation. Ms T said the damage to electric appliances at her house had added to the financial and emotional stress in her life for the past few years.

The outcome

1. High electricity bills

The EGCC said it could only look at whether the retailer was causing the high bills. The EGCC investigated the billing and had found nothing to suggest the retailer was causing the high bills.

The EGCC investigation found:

- Ms T's electricity bills after the meter change were similar to bills before the meter change
- The meter test results said the meters removed passed all tests
- The retailer was billing Ms T for electricity use recorded on meters at her property

- Ms T's electricity meter readings recorded high electricity use
- Ms T had potential to use high amounts of electricity based on her electric appliances
- Ms T was on an appropriate billing plan for the electricity used at the property
- Electricity surges are unlikely to cause higher electricity use
- The retailer estimated two of Ms T's bills in a row, covering a four-month period, resulting in a high catch-up bill of about \$1,900
- Ms T's electricity meter showed electricity use on four occasions when the parties conducting the test understood all her electric appliances were turned off
- The retailer had credited Ms T's account with \$2,000 as goodwill, in recognition of the estimated billing issue and the customer services Ms T had received to date

While the meter continued to record electricity being used when all the appliances were switched off, the EGCC explained to Ms T that its role was not to look into internal wiring in the house to find what was causing the high bills.

After considering the investigation summary, Ms T asked the EGCC to end its investigation about her complaint about high bills.

2. Frequent electricity surges

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement. The Commissioner recommended the complaint be upheld, and the retailer pay Ms T \$4,200:

- \$4,000 in compensation for damaged appliances
- \$200 for inconvenience in pursuing her complaint

The Commissioner sought advice from independent technical experts about Ms T's complaint. During a site visit an electrical inspector found one of the fuses had suffered heat damage which he believed was most likely as a result of a poor connection some time previously.

One of the Commissioner's independent technical experts said the cause of the appliance damage was most likely transient over-voltages generated by a slowly deteriorating and intermittent connection.

The Commissioner based the recommendation on the following findings:

- The retailer was Ms T's electricity supplier over the period her electric appliances were damaged
- The Commissioner believed Ms T experienced electricity faults
- The Commissioner believed some of Ms T's electric appliances were damaged following the faults

- The cause of the faults could not be confirmed conclusively
- The cause of the faults was more than likely on the network side of Ms T's electricity connection
- The electricity the retailer supplied to Ms T did not meet the acceptable quality guarantee required by the Consumer Guarantees Act
- The loss Ms T suffered was reasonably foreseeable
- Some appliances could have failed for other reasons
- Ms T suffered inconvenience in pursuing her complaint

Ms T and the retailer accepted the Commissioner's recommendation.

16

Confusion and delay left the house without electricity for eight hours

Case number	22429	Issues Customer service – failure to provide information	Outcome Recommendation – upheld
Year	2009		
Category	Electricity		

The complaint

Mr G complained his electricity retailer did not properly log or respond to calls he made about the service line to his house. Mr G said the resulting confusion and delay led to his house being without electricity for eight hours, and left him with a \$600 electrician's bill.

Mr G called his retailer at 6.30am when he noticed the electricity service line was pulling away from the front of his house. The retailer told Mr G someone would be there within the hour to have a look at it.

No one had come to the house by 7.45am so Mr G called his retailer again. The retailer said someone was being sent out.

Mr G called again at 10.20am and was told there had been a misunderstanding. The retailer told Mr G the network company would send a contractor out to disconnect his service line for safety reasons. Mr G was told the repair of the service line was his responsibility, but the contractor would probably be able to fix the service line. The contractor would contact Mr G with details.

The contractor disconnected the service line around midday, but no one contacted Mr G to tell him this was happening. Mr G's elderly mother was at home and was distressed when the power went off.

Mr G called the retailer again at 12.30pm to ask about getting the line reconnected. The customer service representative told Mr G they could only make sure the job request had been put through, which it had.

Mr G contacted an electrician. The electrician called the retailer as he did not believe he was allowed to reconnect the service line.

At 5pm Mr G got in touch with the network company. The network company sent another contractor out who repaired the service line. The power came back on at 8pm. The contractor waived their \$200 fee, but Mr G got a bill for \$600 from the electrician.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner's preliminary recommendation upheld the complaint and recommended the retailer pay Mr G \$600 in recognition of the poor customer service he received.

The Commissioner based her preliminary recommendation on the following conclusions:

- The contract Mr G has with his retailer says Mr G is responsible for the repairs to the service line from the point of supply
- It is difficult for a customer to know where the point of supply is without advice from the retailer
- On the balance of probabilities, the retailer did not pass on a service request to the network company after Mr G's first call
- The customer service representative who took Mr G's second call assumed the fault was with the meter
- It was not until the third call that Mr G was told he was responsible for the service line
- The retail company told Mr G the network company would repair the line, but only asked the network company to disconnect the line
- Neither the retailer nor the network company gave Mr G the names of contractors who could fix the line
- Mr G was liable for unnecessary costs by getting an electrician who did not have experience repairing service lines
- Mr G waited more than 12 hours for the service line to be repaired and had no electricity for eight hours
- Mr G and his mother both experienced stress and aggravation as a result of the retailer's response

The retailer recognised the service it provided to Mr G was inadequate and the delay in repairing the line was unacceptable. Both parties accepted the preliminary recommendation and the complaint was settled.

Direct debit notices were sent to an incorrect e-mail address

Case number	23095	Issues Customer service – breach of conditions of direct debit payment authority by member – wrong information provided by complainant – alleged tampering of call recording by member	Outcome Recommendation – upheld
Year	2010		
Category	Electricity		

The complaint

Ms Q, on behalf of the business she worked for, complained the electricity retailer had failed to send an invoice before direct debiting funds from the account. Ms Q said the parties had agreed to a normal direct debit arrangement under which the retailer would give notice, by e-mail, of the net amount of each direct debit and when it would occur.

The e-mail address Ms Q gave the retailer was incorrect. The retailer sent two notices to the address and direct debited the business's account. The e-mail address was valid, so the retailer did not receive an 'undelivered' message, and did not know there was any issue with the notice or the direct debit.

Ms Q said the retailer told her on the phone that the e-mail was returned, and claimed the retailer had not supplied a complete recording of that call. The retailer denied this.

Ms Q wanted three invoices, totalling \$2,137.27, refunded. The retailer declined and offered \$150 in settlement. Ms Q rejected this offer and the retailer withdrew the offer.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to make a recommendation.

The Commissioner found that under the electricity retailer's standard terms, customers need to give written consent for direct debit notices to be sent by e-mail. The retailer breached its own terms by deducting funds based on Ms Q's verbal consent only.

The Commissioner considered if Ms Q had provided the correct e-mail address there would not have been an issue of notice, despite the technical breach of the direct debit authority. The Commissioner noted the retailer had correctly recorded the e-mail address given by Ms Q. The Commissioner noted that had Ms Q given written consent for the direct debit, there would have been an opportunity for her to check it.

The Commissioner did not find any evidence to suggest the recording had been altered. Nor did she doubt the sincerity of Ms Q's recollection of the call.

The Commissioner recommended the retailer make a customer service payment to the business of \$150, in line with its original offer of settlement. The retailer accepted the recommendation. Ms Q rejected it and the file was closed.

18

New machinery required Ms N to increase the power supply at her property

Case number	23269	Issues Estoppel – customer service – inconvenience	Outcome Recommendation – upheld
Year	2009		
Category	Electricity		

The complaint

In 2005 Ms N decided to buy new machinery for her business. The new machinery required Ms N to increase the power supply at the property. Before completing the power supply upgrade, Ms N called her electricity retailer and asked if the upgrade would change her daily charges. The retailer told her the upgrade would not change her daily charges and confirmed this information by letter.

The power supply was upgraded early in 2006.

In 2009 the retailer wrote to Ms N telling her it had mistakenly charged her the wrong daily charges since 2006. In the letter, the retailer advised Ms N her daily charge prices would increase in 30 days from \$5 a day to about \$21 a day.

Ms N, on behalf of her business, complained that:

- Before she upgraded the electricity supply from 60 amps to 80 amps in 2006, the retailer said the new 80 amp supply would not affect the daily charge
- In 2009, the retailer told Ms N the daily charge should be \$21 a day and she questioned whether this was correct

The retailer's response was:

- The information it gave the business in December 2005 about the daily charges associated with the 80 amp supply was wrong
- It charged the business the wrong daily charge between March 2006 and November 2009
- It had been paying the network company the correct rate for the business's daily charges since 2006, resulting in a loss of \$20,619.76 (excluding GST)

- It would not back bill the business for the \$20,619.76 loss incurred since 2006
- The contract between the retailer and the business allows the retailer to increase the business's pricing as long as the retailer gives 30 days notice of the increase
- It gave the business proper notice and is entitled to charge the correct daily charge associated with 80 amp supply
- In 2009 it gave the business correct information about the prices associated with 80 amp supply

The outcome

The parties could not settle the complaint between them and asked the Commissioner to make a recommendation.

The Commissioner upheld the complaint and recommended the retailer pay Ms N a customer service payment of \$350. The Commissioner based her proposed recommendation on the following conclusions.

- In 2005 the retailer wrongly told Ms N an upgrade from 60 amp to 80 amp supply would not affect the daily charges to her business
- The retailer would not be entitled to back bill for the amount it undercharged between 2006 and 2009 because the legal principle of estoppel would prevent the retailer from back billing. Estoppel is where one party makes a statement to another party intending the other party to rely on the statement. The retailer made a clear statement to Ms N about the impact of the supply upgrade on the daily charge to the business. In addition, the retailer continued to send the business invoices (between 2006 and 2009) based on the lower rate. The business was entitled to rely on the accuracy of the invoices. There was nothing to suggest to the business that either the written assurance in 2005, or the following invoices, were likely to be incorrect.

- The contract allows the retailer to correct and increase the daily charges for the business's 80 amp supply with proper notice
- The retailer's wrong advice in 2005 negatively affected Ms N's business because:
 - Ms N (at a minimum) lost the opportunity to consider the increased daily charges before continuing with the upgrade
 - Ms N received an unexpected increase to the cost of business in 2009
- However, Ms N had not shown she solely relied on the retailer's statement before deciding to upgrade to 80 amp supply because:
 - As early as August 2005 Ms N was planning to upgrade the electricity supply
 - In October 2005 Ms N invested almost \$50,000 in equipment that needed a power supply upgrade
 - Around October/November 2005 Ms N shopped around for contractor quotes
 - In early November 2005 Ms N's contractor began planning and sending plans to the network company
 - On 18 December 2005, Ms N accepted the contractor quote, which was before the retailer gave the wrong information on 19 December 2005

- A customer service payment is a fair and reasonable outcome

Both parties accepted the Commissioner's proposed recommendation.

19

Ms O complained her gas retailer put her on the wrong plan

Case number	24710	Issues Pricing plan – obligation to inform	Outcome Recommendation – upheld
Year	2011		
Category	Gas		

The complaint

Ms O complained her gas retailer put her on the wrong gas plan three and a half years ago. The household used gas for the hob, heating and hot water. Ms O said the retailer did not advise her she could be on a plan better suited to her household's use of gas, and did not review her plan when she queried her high bills.

The gas retailer said it was not obliged to recommend a gas plan to Ms O and believed she had a responsibility to investigate her options.

The outcome

The EGCC held a conciliation conference with the parties, but the parties were unable to settle the complaint. The parties asked the Commissioner to recommend a settlement.

The Acting Commissioner upheld the complaint and recommended the retailer pay Ms O \$450.

The EGCC focused on two questions:

- Why was Ms O put on a low user gas plan when her household was a high user of gas?
- Did the retailer have an obligation to recommend the most appropriate gas plan?

The EGCC's investigation found Ms O applied for an account with the retailer by completing a form. The form did not ask for information about what gas appliances were in the house. In the absence of gas appliance information, the retailer put Ms O on the plan the previous occupant had been on, which was a low user plan.

The investigation found the retailer chose a low user plan for Ms O without advising her it had done so. The low user plan had a lower fixed daily rate but a higher per unit charge. Ms O's household was a high user of gas. The high user plan had a higher daily rate but lower per unit charge and would overall have benefited Ms O financially.

The Gas Industry Co (GIC) regulates the gas industry. In 2009 GIC issued 'reasonable consumer expectations' which said suppliers should 'offer a range of products and services for consumers to consider and make informed choices'. The GIC Benchmarks for Retail Contracts do not require retailers to implement the expectation. Nevertheless, the expectation remains in place and the Acting Commissioner considered the requirement relevant information when recommending fair and reasonable settlement.

The Acting Commissioner's recommendation discussed whether the retailer telling Ms O that gas plan information was available on its website was sufficient to meet the expectation of informed choice. She found that while the retailer wrote to Ms O acknowledging she had signed up as its customer, it did not tell her which gas plan it had put her on. Neither did the letter alert Ms O to the need to check the gas plan information on its website, including whether she was on the correct plan.

The Acting Commissioner found that both parties had some responsibility for Ms O being on the wrong gas plan. She found Ms O did not make her own enquiries about gas plan options. The Acting Commissioner said on balance the retailer's share of responsibility was greater because it had industry knowledge.

The Acting Commissioner upheld the complaint and recommended the retailer pay Ms O \$450. Both parties accepted the recommendation.

A back bill of \$1,307.07 after seven years of estimated bills

Case number	27858	Issues Backbill – responsibility for the account disputed – estimated bills – access	Outcome
Year	2011		Recommendation – upheld
Category	Electricity		

The complaint

Mr Y received a back bill of \$1,370.07 from his electricity retailer after approximately seven years of estimated bills. His retailer said it sent the back bill because the estimates it had used between 2004 and 2011 were too low.

The retailer said it estimated the power usage because the meter is inside the house and there had been access issues.

Mr Y disputed the bill. Mr Y had used the Powerswitch website to calculate how much his bill should have been, and did not believe he could have used the amount of power for which he was billed. Mr Y said the account was not in his name for all of the time, and he believed the access problems were caused by the retailer.

The outcome

The EGCC arranged a teleconference between the parties. During the teleconference the retailer offered to recalculate the amount owing to take into account prompt payment discounts and the length of time Mr Y was sole occupant at the property, rather than the whole period.

Mr Y rejected this offer and the parties asked the Commissioner to recommend a settlement.

The Commissioner upheld Mr Y's complaint and recommended the retailer reduce the back bill to \$500 and give Mr Y twelve months to pay.

The Commissioner based her recommendation on the following conclusions:

- The back bill occurred because there was no access to the meter and use had been underestimated for a long time
- Both parties could have taken more action to address the access issues
- Options for access included Mr Y providing a key, or the retailer installing an advanced meter that could be read remotely
- By his actions, Mr Y had assumed responsibility for the electricity account for the property after the previous account holder moved out
- The retailer offered to reduce the back bill
- The back bill should be reduced further to reflect poor customer service

The retailer accepted the Commissioner's recommendation. Mr Y rejected it and the file was closed.

21

The company paid the electricity bill under duress

Case number	29224	Issues Billing – not liable – duress – existence of a contract	Outcome Recommendation – upheld
Year	2011		
Category	Electricity		

The complaint

Company P, a commercial property company, complained that an electricity retailer made it pay an electricity account for a tenant. Company P said it agreed to pay the money claimed under duress.

Company P's tenant closed its account with the retailer in May 2010. The tenant remained in the property using electricity until October 2010.

The retailer told Company P it was liable, as the landlord, to pay for the tenant's electricity use. The retailer threatened to disconnect the supply of electricity to the property and to prevent the property being switched to another retailer if Company P did not pay the \$719.42 bill.

Company P said it paid the bill under duress.

The outcome

The parties were unable to settle the complaint between them and asked the Commissioner to recommend a settlement.

The Commissioner upheld the complaint and recommended the retailer refund Company P \$719.42 and pay Company P \$50 for not complying with EGCC complaint handling requirements.

The Commissioner found that Company P was not responsible for the bill because there was no contract between the Company and the retailer for supply of electricity.

The principle of *quantum meruit* (reasonable payment for goods used) did not apply because Company P did not use the electricity.

The Commissioner found the retailer's threat to refuse to allow the property to be switched, as well as the retailer telling Company P it was liable for the debt as the landlord, amounted to duress. However, the Commissioner found the threat by the retailer to disconnect the property if the debt was not paid may have been a legitimate threat under section 106(2)(c) of the Electricity Industry Act 2010.

The Commissioner found the retailer did not comply with EGCC complaint handling requirements. This is because the retailer did not tell Company P about the EGCC, as scheme members are required to under clause 7.6 of the EGCC Scheme document.

Both parties accepted the recommendation.

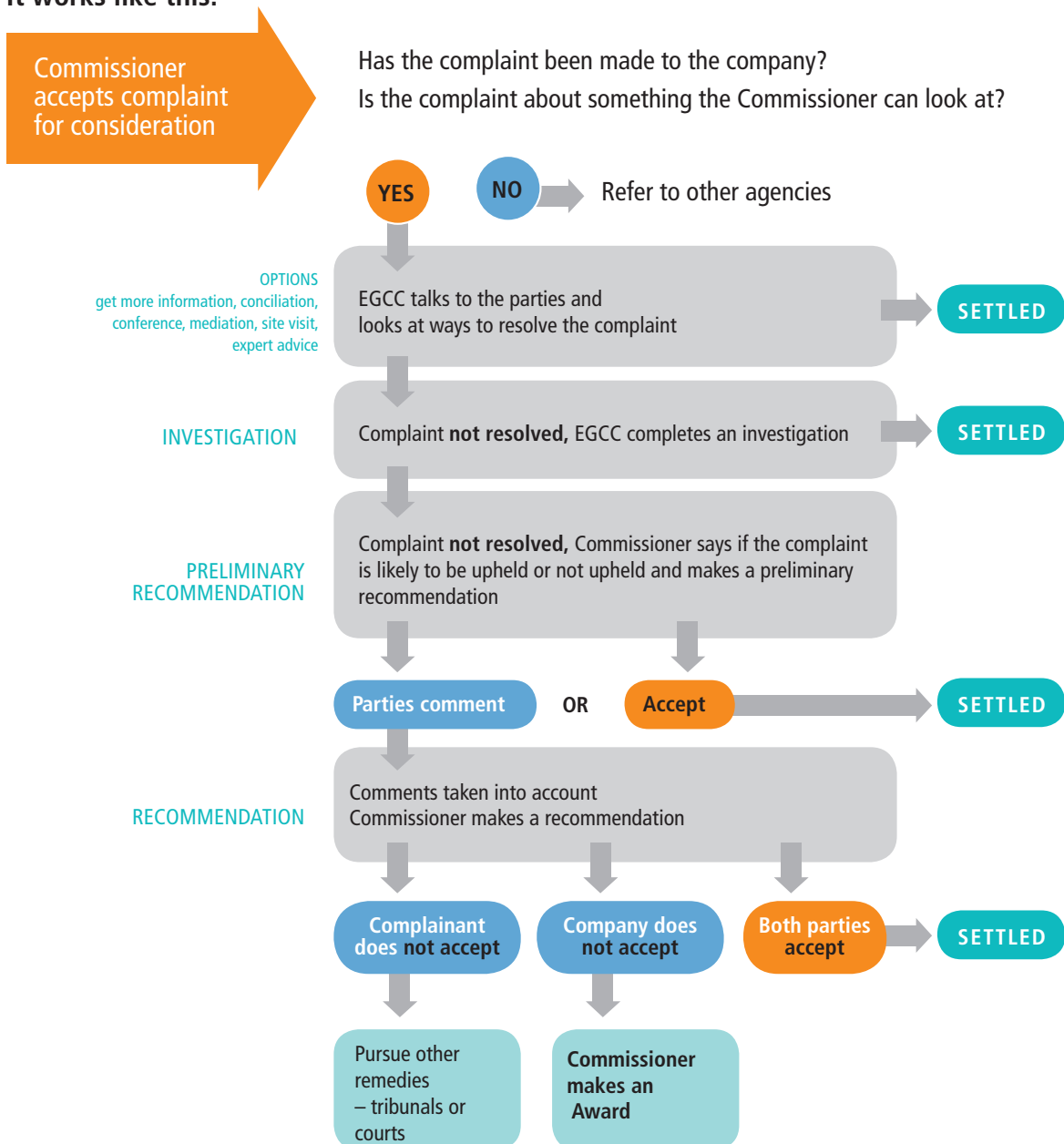
How to use the Electricity and Gas Complaints Commissioner Scheme

You can contact the Electricity and Gas Complaints Commissioner (EGCC) for help if you have a complaint about an electricity or gas company.

We encourage you to resolve the complaint directly with the company. If this is not possible, you may be able to use the EGCC Scheme.

We need to check if the complaint is about something the Scheme can look at. For example, the Scheme cannot look at complaints about price, but it can look at complaints about the way charges are applied.

It works like this:





Freepost 192682, PO Box 5875 Lambton Quay, Wellington 6145

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