



MAJOR ELECTRICITY USERS' GROUP

11 November 2010

Evelyn Cole
Manager, Consumer Policy
Ministry of Consumer Affairs
By email to consumerlawreform@mca.govt.nz

Dear Evelyn

Submission on Consumer Law Reform additional paper: Electricity and the Consumer Guarantees Act

1. This is a submission on the Ministry of Consumer Affairs (MCA) additional paper "Electricity and the Consumer Guarantees Act (CGA)" published October 2010. This additional paper is one of a number of specific topic papers following the initial comprehensive Consumer Law Reform discussion paper in June 2010¹. MEUG made a submission² on the section discussing electricity in the initial discussion paper.
2. MEUG has considered the analysis in the additional paper, the submissions of other parties, clarified some details with MCA staff, compared the proposed actions with recommendations by the Ministerial Review of the Electricity Market in relation to the CGA and discussed the additional paper with Consumer NZ and Federated Farmers to gain insights from a smaller end users perspective. The conclusion of this review is that MEUG supports the 6 recommended actions in the additional paper, ie:
 - i. *"The acceptable quality guarantee that applies to electricity as a good continues as it provides appropriate remedies for consumers.*
 - ii. *The lesser responsibility of lines companies under the reasonable skill and care guarantee is not appropriate.*
 - iii. *The CGA is amended to remove the distinction between electricity as a good and as a service, so anyone supplying electricity to a consumer should be supplying it as a good, and will therefore be subject to the acceptable quality guarantee.*
 - iv. *Retailers have the benefit of a statutory indemnity from lines companies in respect of payments made to consumers by retailers under the acceptable quality guarantee*

¹ <http://www.consumeraffairs.govt.nz/legislation-policy/policy-development/consumer-law-reform>

² <http://www.meug.co.nz/includes/download.aspx?ID=111818>

where the breach of acceptable quality was caused by an event on the lines companies' networks.

- v. *Transpower is included in the CGA as a lines company providing services to consumers for the purposes of an indemnity to retailers for losses from a breach of the acceptable quality standard caused by an event on its network.*
 - vi. *The jurisdiction of the Electricity and Gas Complaints Commission is extended to include indemnity disputes between retailers and lines companies (including Transpower) in respect of the CGA guarantee."*
3. We suggest Government should consider and act on these recommendations in a timely manner. This submission is not confidential.

Yours sincerely



Ralph Matthes
Executive Director