

12 December 2018

Paul Moreno  
Utilities Disputes Limited  
PO Box 5875  
WELLINGTON 6140

Sent via email: [submissions@utilitiesdisputes.co.nz](mailto:submissions@utilitiesdisputes.co.nz)

Dear Paul

## Utilities Disputes' levies and bulk membership options

First Gas Limited welcomes the opportunity to comment on Utilities Disputes' *Consultation paper for levies and bulk membership option*<sup>1</sup> released on 21 November 2018. Our submission focuses solely on the proposal under 9(f) to increase both First Gas (transmission) and Transpower's levy contributions.

### First Gas supports intent of Utility Disputes scheme

First Gas supports the aims of Utility Disputes Limited and the energy complaints scheme (the Scheme). We consider that it provides a key function for the energy sector, providing a free dispute resolution service independent of the industry participants. The Scheme provides a useful and accessible avenue for customers to seek redress within the jurisdictional boundaries of the Scheme.

In principle, we agree that all participants should fund the Scheme to the extent they, and their customers, benefit. We support the proposal that all participants of the Scheme contribute a minimum of fifty dollars annually.

### Proposal fails to recognise the different role of transmission businesses in the scheme

We are concerned that the consultation paper does not sufficiently recognise the differences between transmission and distribution businesses. Whilst the consultation paper acknowledges differences between transmission and distribution<sup>1</sup>, it then proposes to treat both sectors the same by applying the same percentage increase in levies to each.

There are clear differences between gas transmission and gas distribution businesses in the types of customers served, contractual arrangements, and potentially the types of claims each business will be involved in. Our gas transmission business does not typically receive complaints. If it was to do so, we expect they would be considered in light of the contractual terms of our transmission access codes,<sup>2</sup> and are likely to fall outside of the jurisdictional cap specified in the Scheme.

As our transmission business is unique and our customers (and their complaints) are different from gas distribution businesses, it is unclear how Utility Disputes are linking the costs of service to be the same (i.e. that we should see our costs increase at the same rate as distribution). We note that while the costs of Utility Disputes Limited have increased over time, the level of service provided to transmission customers has not.

---

<sup>1</sup> Consultation paper, page 10

<sup>2</sup> Currently the Maui Pipeline Operating Code (Code) and the Vector Transmission Code (VTC).

## **Insufficient information provided to justify the proposal**

We have strong concerns that insufficient information has been provided to justify the proposed change to how the levy is determined for our transmission business and Transpower. We consider that it is unhelpful to refer to the transmission levies as a “sweetheart” deal, without providing background information to prove that assertion. In addition, there is no evidence presented to support the findings in the Queen Margaret University review that transmission is not appropriately funding the Scheme. Given the level of service provided to our consumers we consider that, if anything, we may be cross-subsidising the other participants in the Scheme.

Whilst we agree that the levy funding should be reviewed from time to time, we do not consider that sufficient evidence or rationale has been provided for increasing the transmission levy or changing the basis on which it is determined each year. We recommend that Utilities Disputes review this proposal and present further information to all participants, if they still consider the proposed increase is justified.

If you have any questions regarding this submission, please contact me on 04 979 5368 or via email at [karen.collins@firstgas.co.nz](mailto:karen.collins@firstgas.co.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Collins', with a long horizontal flourish extending to the right.

**Karen Collins**  
Regulatory Policy Manager