



## Electricity and gas

### Electricity and gas contracts: the basics

When you are deciding which energy company to go with for the supply of your electricity or gas, there is plenty of choice in most areas of New Zealand. As well as thinking about price, it's a good idea to read the company's customer contract to check that your legitimate rights and interests will be met.

Every energy supply company has a customer contract which sets out your rights and the responsibilities of the company in a number of situations. You may not be able to negotiate the content of your individual contract with the company, but you do have the right to view their contract before deciding to join that company.

### Before you choose an energy supplier

#### Powerswitch

Powerswitch is an online service that lets you compare prices for electricity and gas supplied in your area. Even if you don't want to switch companies, you can compare your plan against other plans offered by your current supplier. This free service is provided by Consumer NZ and supported by the Ministry of Consumer Affairs.

[Compare prices now with Powerswitch.](#)

#### Check the customer (consumer) contract

Ask the suppliers that operate in your area for copies of their customer contract or check their websites to see if it is available there. Here's what to look for in a good customer contract:

##### What is the disconnection procedure?

A good customer contract should allow for disconnection only after:

- providing at least seven day's notice of the intention to disconnect
- providing at least three days for the receipt of notices
- the company has provided a final warning no less than 24 hours nor more than seven days before disconnection
- looking at payment options for customers experiencing genuine hardship.

Is the contract specific about when the company can disconnect? A company should disconnect only if you are overdue with bill payments for the supply of energy. If this is not specified, the company could disconnect your supply for other reasons, for example, if you are behind with credit payments for the purchase of other products from the company.

The company should not disconnect customers who have made an arrangement for payment with the company and are meeting the conditions of this arrangement.

##### How will they tell you about a price change?

A good customer contract will explain how the company will communicate any changes in price. The company must give no less than 30 days notice of any increase in price before the price increases. The company must give the reason for the increase.

##### Does the contract limit liability?

A good customer contract will not try to opt out of the Consumer Guarantees Act.

The supply of energy for personal, domestic or household use is covered by the Consumer Guarantees Act. A supplier cannot contract out of the guarantees set out in this Act. If the company fails to use skill and care you should not be expected to bear the cost of any loss caused by this. For example, if the company unreasonably delays fixing a faulty transformer and as a result it explodes and damages the wiring of your house, a good customer contract will not limit or exclude the company's liability in this case.

Does the contract limit the type of loss to physical damage only? If it does then if, for example, you are unable to live in your home until the problem is fixed, you may not be able to claim accommodation costs.

The customer contract must not limit their liability to you for an event, or a series of closely related events, occurring on a network system to less than \$10,000.

### **How much do you have to pay as a deposit (bond)?**

A good customer contract will state the amount of any deposit or bond you must pay. If it doesn't, or does not refer to a document that states the amount, you can't compare the cost of joining one company over another.

### **What happens if the meter is faulty?**

A good customer contract should state you will not be responsible for any electricity that you used but which was not recorded because the meter was faulty.

### **Will you be consulted and given notice of changes?**

A good customer contract should provide you with the right to be consulted on matters that affect your rights and responsibilities BEFORE the company changes any terms of the contract. Check that there is provision for consultation and that you have a right to give feedback regarding a draft contract.

### **Does the contract say who is responsible?**

A good customer contract will explicitly state who is responsible for problems with lines, meters, control equipment and transformers, where applicable.

### **How will a dispute be resolved?**

A good consumer contract will outline in a separate section or publication/notice a process to resolve a dispute. A clearly defined process will reduce costs to both parties if a dispute arises. The disputes resolution procedure should:

- include a system to record, monitor and track your complaint
- allow the amount that is in dispute to be frozen, so that you don't have to pay debt collection costs for the amount in dispute
- require the company to make every reasonable effort to respond to a complaint within five working days
- if you are not satisfied with the company's initial response, allow a further five days to try and resolve the problem with a nominated company manager
- inform you in writing of the reason for any delay if the dispute takes longer than the standard time to resolve
- advise you of your options for redress if the dispute is not resolved within the revised time limit
- require unresolved disputes to be dealt with by a qualified independent arbitrator selected by both parties and paid for by the company
- allow you or the company the option of referring the matter to a Disputes Tribunal or Court
- require all amounts related to the dispute to be paid within 14 days of the date of resolution, or within a period agreed between the parties.

[For more information look at the codes of practice that underpin electricity and gas customer contracts, visit the Electricity and Gas Complaints Commission.](#)

## **Your rights with electricity and gas contracts**

Under the Consumer Guarantees Act (CGA) your energy supply must be of acceptable quality, and services relating to the supply of energy must be performed with reasonable skill and care. You are entitled to a remedy if there is a failure to meet the guarantees set out under this Act.

[Find out more about your rights under the Consumer Guarantees Act.](#)

### **Assistance for vulnerable consumers and medically dependent electricity consumers**

There are two guidelines that set out the Electricity Commission's expectations of electricity retailers in respect of vulnerable consumers who may have difficulty paying their electricity bills and in respect of medically dependent consumers.

The guidelines provide for an improved process around disconnections for non payment. The requirements include:

- regular communication to all consumers on their payment options
- arranging debt recovery within a time that minimises hardship for the consumer
- ensuring consumers have the most appropriate contracts for their needs
- providing consumers the opportunity to identify themselves as potentially vulnerable
- consultation with the Ministry of Social Development to assist vulnerable consumers who are unable to pay
- a visit to a consumer's home before the final disconnection takes place.

[More information on these guidelines are available on the Electricity Commission's website.](#)

## **Got a problem with an electricity or gas contract?**

### **Electricity and Gas Complaints Commissioner (EGCC)**

From 1 April 2010, all electricity and gas consumers are able to take complaints they cannot resolve to a free, independent, disputes resolution service. The service will extend the Electricity and Gas Complaints Commissioner scheme to cover every electricity and gas retailer and distributor. The Commissioner can only consider complaints about companies that are members of the scheme. Ask the company if it is a member, or check on the [EGCC website](#).

Before you make a complaint to the Electricity and Gas Complaints Commissioner you must first make a formal complaint to your electricity or gas retailer or, if appropriate, the local distribution company.

Write or call the company and clearly state your complaint. It is important to use the word 'complaint' so the company knows you are beginning the complaints procedure.

The company then has 20 working days to respond to your complaint. If at the end of this time, you are not able to resolve your complaint with the company, you can complain to the EGCC Commissioner. The Commissioner is able to go to a higher level in the company to sort out a problem relatively quickly.

The Commissioner can make binding decisions only where the amount involved is less than \$20,000. However, in some cases the Commissioner can make decisions on amounts between \$20,000 and \$50,000. If your complaint relates to an issue that arose before 18 April 2005, the Commissioner can only consider claims involving amounts less than \$10,000 (or up to \$25,000 if the company agrees).

**To contact the EGCC:**

Email: [info@egcomplaints.co.nz](mailto:info@egcomplaints.co.nz)

Website: [www.egcomplaints.co.nz](http://www.egcomplaints.co.nz)

Telephone: 0800 22 33 40

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