



MAJOR ELECTRICITY USERS' GROUP

30 July 2010

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

Dear Evelyn

Submission on Consumer Law Reform discussion paper

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Ministry of Consumer Affairs discussion paper titled "Consumer Law Reform" published 14th June 2010¹.
2. MEUG has an interest in proposed changes to the Consumer Guarantees Act (CGA) with respect to the responsibilities of electricity retailers. Both wholesale and retail consumers suffer from lobbying by various elements in the supply chain to shift responsibility and risk. Proposals to amend the CGA to shift responsibility may benefit retailers but are not beneficial to consumers. MEUG comments on question 48 of the discussion paper follow. Our views have been formed after discussion with Consumer NZ and Federated Farmers.

Question 48: What are your views on amending the CGA to provide that both an electricity retailer and a lines company would be liable for the quality guarantees set out in the Act?

3. MEUG strongly disagrees with any proposal to amend the CGA to provide that both an electricity retailer and a lines company would be liable for the quality guarantees set out in the Act. This would be confusing for consumers who would not know where to turn if there was a problem with supply.
4. The beauty of the CGA is that it clearly lays out that the responsibility for any failure to provide a service, in the first instance lies with the retailer of that service. What arrangements retailers make with lines companies in terms of quality of supply, are contractual matters between them, and should not concern consumers. Similarly, the arrangements lines companies have with Transpower should not be of concern to the consumer.
5. MEUG would not support an amendment to the CGA that separated out supply and quality issues, where supply was dealt with by the retailer and quality would be dealt with by retailers and lines companies. This would be confusing for consumers and provide potential for long delays in relief, while the retailer and lines company argued over responsibility.
6. This submission is not confidential. We do not wish to be heard.

Yours sincerely

Ralph Matthes
Executive Director

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