



# Proposed design for the oversight of the voluntary implementation of retail contract benchmarks

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## **About Gas Industry Co.**

Gas Industry Co was formed to be the co-regulator under the Gas Act.

As such, its role is to:

- recommend arrangements, including rules and regulations where appropriate, which improve:
  - the operation of gas markets;
  - access to infrastructure; and
  - consumer outcomes;
- administer, oversee compliance with, and review such arrangements; and
- report regularly to the Minister of Energy and Resources on the performance and present state of the New Zealand gas industry, and the achievement of Government's policy objectives for the gas sector.

## **Authorship**

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# Executive summary

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The purpose of the present report is to set out the full proposed design for the establishment of retail contract benchmarks, and the monitoring by Gas Industry Co of the voluntary implementation of those benchmarks by gas retailers. The report is based primarily on the consultation paper released in October 2009 and the submissions and other inputs subsequently received. The report is intended to provide a basis for final interaction with industry participants and other stakeholders on the design.

Parallel work is being carried out by the Electricity Commission, and the benchmarks outlined in this document are designed to accord with the Commission's work but stop short of full harmonisation. There is also substantial overlap with the EGCC gas code of practice, which the EGCC may decide to address at a later stage.

## The retail contract benchmarks

The proposed retail contract benchmarks are set out in Appendix A. They are in three parts as follows:

- Definitions – with particular reference to the use of the term 'gas supply arrangements' throughout the benchmarks to encompass all documents relevant to the supply of gas.
- Good practice guidelines – incorporating material that is relevant to satisfactory retail contract terms but has to do with the approach rather than the specific content of the gas supply arrangements. The guidelines will not be assessed.
- The benchmarks – directly relevant to the content of the gas supply arrangements, set out under 16 topic headings. Industry practice will be assessed against these benchmarks.

## Scope of supply arrangements to be covered

The supply arrangements covered by the proposals need to be limited to exclude large consumers who are well able to safeguard their own interests in a competitive market, but the definition of small consumer (less than 10TJ per annum) in the Gas Act is not a sufficient constraint for this. Five alternative approaches have been analysed. The proposed approach is to include supply arrangements based substantially on published terms and conditions, as well as all residential consumers and all appropriate legacy arrangements.

## Implementation

The likely commencement date of the benchmarks is 1 May 2010. After commencement, there will be an 18-month transitional period during which only a consolidated report (assessment) on gas retailers' alignment with the benchmarks will be published, with individual retailer assessments provided only to that retailer. After the completion of the transitional period, both types of reports will be published.

Information will be requested from retailers, in the lead-up to each assessment, on the numbers of consumers or supply arrangements of each type relevant to the coverage specification

The framework for monitoring includes a qualitative approach to assessing alignment with the benchmarks by an independent contractor. Guidance on interpretations will be provided to the contractor by Gas Industry Co and also published. A template for the consolidated assessment report is set out in Appendix B. Assessments will be carried out prior to commencement (to establish a baseline), 12 months after commencement (the transitional assessment), and then every 12 months starting with the day after the expiry of the transitional period. The transitional assessment will in particular be used to identify any problems in moving toward full alignment and whether action should be taken in consequence. Issues considered in the ongoing assessments will include the level of retailer participation and whether particular benchmarks are proving to be difficult to implement.



# Contents

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<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Purpose	1
1.2	Background including interaction with related work by the Electricity Commission and with the EGCC Code of Practice	1
1.3	Structure of Report	2
<hr/>		
<b>2</b>	<b>The retail contract benchmarks</b>	<b>4</b>
<b>3</b>	<b>Scope of supply arrangements to be covered</b>	<b>5</b>
<b>4</b>	<b>Implementation</b>	<b>8</b>
4.1	Commencement	8
4.2	Provision of information from retailers	8
4.3	The monitoring framework including the responsibility for monitoring	9
4.4	Monitoring during the transitional period	10
4.5	Ongoing monitoring	11
<hr/>		
<b>Appendix A</b>	<b>Proposed Retail Contract Benchmarks</b>	<b>13</b>
<b>Appendix B</b>	<b>Template for consolidated annual assessment report</b>	<b>21</b>





# 1

## Introduction

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### 1.1 Purpose

The purpose of this report is to set out the full proposed design for the establishment of retail contract benchmarks, and the monitoring by Gas Industry Co of the voluntary implementation of those benchmarks by gas retailers. The report is intended to provide a basis for final interaction with industry participants and other stakeholders on the design.

### 1.2 Background including interaction with related work by the Electricity Commission and with the EGCC Code of Practice

The Government Policy Statement on Gas Governance (GPS) requires Gas Industry Co to undertake work, as appropriate, to ensure that contractual arrangements between gas consumers and retailers adequately protect the long-term interests of small consumers. Through the work programme agreed with the Associate Minister, Gas Industry Co is committed to providing advice to the Associate Minister on this subject by 30 June 2010.

Toward this end, a consultation paper titled 'Options for the Governance of Retail Contract Terms' was published on 5 October 2009<sup>1</sup>, with a closing date for submissions of 23 November 2009. Eight submissions were received, all from industry participants. Input was also provided by a workshop held in conjunction with the 2009 Consumer Forum.

The analysis of and response to submissions on the consultation paper (the 'Response Document') was published on 29 January 2010.<sup>2</sup> The detailed design in the present report draws principally on the Response Document and references are made as appropriate. However, the design has also taken account of related work by the Electricity Commission and further discussion within Gas Industry Co.

As indicated, parallel work is being carried out by the Electricity Commission with respect to electricity supply contracts. The Electricity Commission's work seeks to develop 'minimum terms' rather than

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<sup>1</sup>

[http://www.gasindustry.co.nz/sites/default/files/consultations/12/Options\\_for\\_the\\_Governance\\_of\\_Retail\\_Contract\\_Terms\\_and\\_Conditions\\_151323.5\\_1.pdf](http://www.gasindustry.co.nz/sites/default/files/consultations/12/Options_for_the_Governance_of_Retail_Contract_Terms_and_Conditions_151323.5_1.pdf)

<sup>2</sup>

[http://www.gasindustry.co.nz/sites/default/files/u24/Response\\_to\\_and\\_Analysis\\_of\\_Submissions\\_on\\_the\\_Retail\\_Contracts\\_Consultation\\_Paper\\_issued\\_on\\_5\\_October\\_2009\\_152072.4.pdf](http://www.gasindustry.co.nz/sites/default/files/u24/Response_to_and_Analysis_of_Submissions_on_the_Retail_Contracts_Consultation_Paper_issued_on_5_October_2009_152072.4.pdf)

'benchmarks,' but the content is very similar and both the Electricity Commission and Gas Industry Co intend voluntary implementation at a date as early as is feasible in 2010. The two organisations are keeping in close contact on the work and, in broad terms, this is creating a useful exchange of ideas and reducing inconsistency. However, as stated in the Response Document, there are differences between the energy forms, and differences between the legislative obligations of the participants in each industry and the organisations with oversight of them. It would thus be inappropriate to commit to full harmonisation.

The Electricity and Gas Complaints Commissioner Scheme (EGCC) has recently been approved as a complaints resolution system under both the Electricity Act and the Gas Act 1992. The Constitution of the EGCC includes a 'Gas Consumer Code of Practice,' which was used as a source document in developing the proposed retail contract benchmarks. There is thus a great deal of common content, but there are also items included in one and not the other and vice versa. The language also differs because of the higher level outcome focus of the Gas Industry Co benchmarks.

### 1.3 Structure of Report

The report is structured as follows:

Section heading	Summary
2. The retail contract benchmarks	<ul style="list-style-type: none"> <li>• The proposed benchmarks are based on those described in the consultation paper of October 2009 but revised to reflect submissions and other inputs.</li> <li>• The benchmark material consists of definitions, good practice guidelines, and the benchmarks grouped under 16 topic headings. This material is set out in Appendix A.</li> </ul>
3. Scope of supply arrangements to be covered	<ul style="list-style-type: none"> <li>• Five approaches to limiting the coverage of the benchmarks are analysed, with these based on a mix of quantitative and contract-based constraints.</li> <li>• The preferred approach is defined and explained. This is based primarily on supply arrangements covered by published (standard) terms and conditions.</li> </ul>
4. Implementation	<ul style="list-style-type: none"> <li>• The steps necessary to be carried out prior to commencement are set out and suggest a likely start date of 1 May 2010.</li> <li>• The information that will be requested from retailers as a part of monitoring process is set out.</li> <li>• The framework for monitoring is described. This includes a qualitative approach to assessing alignment with the benchmarks, and the carrying out of individual and consolidated retailer assessments by an independent contractor. A template for the consolidated assessment report is set out in Appendix B.</li> <li>• A transitional period of 18 months is proposed during which only the consolidated assessment report will be published. Individual assessments will be provided only to the retailer concerned. After 18 months, both</li> </ul>

Section heading	Summary
	types of report will be published. The timing of the baseline assessment, the transitional assessment, and ongoing assessments are set out.

# 2

## The retail contract benchmarks

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A proposed set of retail contract benchmarks was published in the October 2009 consultation paper. The benchmarks were selective (did not cover every possible provision that could belong in a retail contract) and were written in outcome-based rather than prescriptive form. The principal references for the benchmarks were the model contract terms developed by Gas Industry Co in 2005, through an industry working group, and the EGCC code of practice. Some reference was made to the retail code of the Victorian Essential Services Commission.

The benchmarks have now been further developed in accordance with the responses set out in the Response Document. Changes include simplification of the language, standardisation of a uniformly high level approach, and deletion of most specific references to legislation, regulations and rules. Particular changes have been made under some topics in response to submissions, and account has also been taken of the related proposals published by the Electricity Commission for electricity.

The proposed benchmarks resulting from this process are set out in Appendix A.

The following structure has been adopted:

- Definitions – with particular reference to the use of the term ‘gas supply arrangements’ throughout the benchmarks to encompass all documents relevant to the supply of gas.
- Good practice guidelines – incorporating material that is relevant to satisfactory retail contract terms but is to do the with approach rather than the specific content of the gas supply arrangements.
- The benchmarks – directly relevant to the content of the gas supply arrangements, set out under 16 topic headings.

# 3

## Scope of supply arrangements to be covered

The supply arrangements covered by these proposals need to be limited to exclude large consumers, who are well able to safeguard their own interests in a competitive market. However, the definition of small consumers (less than 10TJ per annum) in the Gas Act is not a sufficient constraint in this context. Industry submissions have identified two alternative approaches:

- to reduce the quantity threshold to 1 TJ per annum, or
- to limit the scope of coverage to contracts using standard terms and conditions (that is, to exclude negotiated contracts).

The Response Document expresses a preference for the exclusion of negotiated contracts, but a greater range of options exist than are indicated in that document. The table below sets out a more extensive list of options and gives the pros and cons of each.

Option	Pros	Cons
1. Limit to consumers using less than 1 TJ per annum	<ul style="list-style-type: none"><li>• This has the advantage of being clear cut and quantitative</li></ul>	<ul style="list-style-type: none"><li>• Some consumers on standard terms and conditions may be above the 1 TJ limit</li><li>• Conversely, there may be negotiated contracts that are below the 1 TJ limit and should be excluded</li><li>• Gas Industry Co will be reliant on retailers identifying those contracts covered</li><li>• There may be issues around consumers with variable load that straddle the limit.</li><li>• Monitoring will also be difficult and costly as it will be insufficient only to monitor standard terms and conditions</li></ul>
2. Limit coverage to contracts based on published standard	<ul style="list-style-type: none"><li>• Clear cut</li><li>• Enables a straightforward, low-cost</li></ul>	<ul style="list-style-type: none"><li>• Even trivial or minor variations from the standard contract will result in some exclusions from monitoring</li></ul>

Option	Pros	Cons
terms and conditions	monitoring regime <ul style="list-style-type: none"> <li>No additional disclosure activity required from retailers</li> </ul>	<ul style="list-style-type: none"> <li>If there are a significant number of legacy contracts (that is, contracts that predate the currently published conditions) monitoring may give a misleading result</li> </ul>
3. Limit coverage to contracts based substantially on published standard terms and conditions (variation on #2)	<ul style="list-style-type: none"> <li>Does not exclude contracts with only minor variations from published terms</li> <li>Implicitly addresses the issue of legacy contracts.</li> </ul>	<ul style="list-style-type: none"> <li>It would be difficult not to allow some retailer discretion on what constitutes a minor variation, which could lead to differences between retailers and affect comparisons</li> <li>Gas Industry Co would be reliant on retailers to disclose the nature of variations and the number of contracts involved</li> <li>Monitoring would thus be more difficult and costly</li> </ul>
4. Limit coverage to domestic consumers (that is, exclude commercial consumers)	<ul style="list-style-type: none"> <li>Covers those consumers most 'at risk' (for whom consumer protections are usually designed)</li> </ul>	<ul style="list-style-type: none"> <li>Excludes small commercial consumers who may be just as much 'at risk'</li> <li>Requires information from retailers on the extent to which domestic consumers are or are not covered by standard terms and conditions</li> <li>Monitoring should be relatively low cost</li> </ul>
5. Retain wider limit of 10 TJ per annum but allow contract to be 'opted out' of coverage by monitoring (if agreed between the consumer and the retailer)	<ul style="list-style-type: none"> <li>Clear cut</li> <li>Certainty that monitoring will include all consumers who might need to be covered</li> </ul>	<ul style="list-style-type: none"> <li>Requires extensive information to be provided by retailers on the status of contracts</li> <li>Could unfairly and inappropriately expose retailers to scrutiny if large customers with negotiated contracts refuse to agree to the 'opt out'</li> <li>Monitoring is likely to be very high cost because of the need to consider a variety of contract variations</li> </ul>

As can be seen from the table none of the options is clearly the best. There are pros and cons in all cases. It is therefore appropriate to consider which option (or combination) best meet key criteria. The key criteria are suggested to be:

- Criterion 1: Certainty of coverage of the most vulnerable consumers – particularly domestic but also small commercial;
- Criterion 2: Monitoring of alignment to be low cost and on the same basis for all retailers;

- Criterion 3: Avoidance of substantial costs and requirements for an ongoing flow of information, from retailers.

If the options are scored out of 3 (3 being most favourable) against each of the criteria the results are as follows:

Option	1	2	3	4	5
Criterion 1	2	2	3	2	3
Criterion 2	1	2	2	2	1
Criterion 3	1	3	2	2	1
Total	4	7	7	6	5

On this basis, Options 2 and 3 best fit the criteria. The key advantage is the use of published standard terms and conditions as the basis for monitoring. Option 4 (a focus on domestic consumers) also rates relatively well. On this basis the following option for coverage is proposed:

- **All residential consumer supply arrangements, whether or not they use only current standard published terms.** This is mainly a safety net as it is unlikely that there will be a number of residential consumers who have partly negotiated contracts. The initial intention would be not to monitor such contracts actively because it would not be cost-effective to do so, but rather to establish what they represent as an approximate proportion of total residential contracts.
- **All consumers, including commercial consumers, whose supply arrangements are substantially or wholly based on current published standard terms.** ‘Substantial’ in this context means that all published terms that directly relate to a benchmark are included in the gas supply arrangements. This means that it should be sufficient to monitor the published terms as contracts fitting the ‘substantially based’ prescription will be at least as aligned if not more aligned than the full published terms. Under this prescription both open term and fixed term contracts would be included. Again it would initially be proposed to establish the proportionate significance of supply arrangements that fall into the ‘substantially based’ category.
- **Legacy contracts based on terms and conditions that were standard at the time the contract was established are to be covered.** Again it is not initially proposed to actively monitor such contracts because it would not be cost-effective to do so, but rather to monitor the proportion of contracts in this category.

# 4 Implementation

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## 4.1 Commencement

The selection of a commencement date for the arrangement will depend on the timing of the final approval and endorsement steps.

Prior to commencement the following steps are proposed to be completed:

- Finalisation of the benchmarks, and the carrying out of a baseline assessment of the degree of alignment of published standard conditions with the benchmarks, in accordance with the framework discussed below.
- The endorsement of the proposed arrangement by the Associate Minister, including the provision of a summary of the baseline assessment.
- The formal publication of the arrangement and an industry wide summary of the baseline assessment, so that all industry participants are fully informed before they take any action to respond to the benchmarks or information requests associated with monitoring.
- Provision of the relevant individual baseline assessment to each retailer.

Based on the estimated time to complete each of these steps, the most likely commencement date is 1 May 2010

## 4.2 Provision of information from retailers

The coverage of supply arrangements proposed will need the provision of some information from retailers. Because implementation is voluntary, this information will be requested but not required. If the information provided is incomplete, then estimates of industry wide numbers will be made based on the data available.

No information will be requested for the baseline assessment; as already indicated, this assessment will be based only on published terms and conditions.

For all subsequent assessments the following information will be requested from retailers in the lead-up to the assessment:



- The estimated number of residential consumer supply arrangements that involve some negotiated (non standard) contract terms and fall outside the ‘substantially based’ category, and fall outside the category of legacy contracts (A).
- The estimated number of consumers of all types with supply arrangements that fall into the ‘substantially based’ category with respect to current published standard terms and conditions but are not wholly based (B).
- The estimated number of consumers with legacy supply arrangements (C).
- The number of consumers with supply arrangements that use wholly current standard, published terms and conditions (D).
- The estimated total number of consumers with supply arrangements covered by the benchmarks (will equal A + B + C + D).

### 4.3 The monitoring framework including the responsibility for monitoring

The analysis of published standard terms and conditions will be based on all of the standard terms published by each retailer. Some retailers publish a single set of standard terms, and others publish separate standard terms for residential and commercial customers. In the latter cases, the two sets of terms and conditions will be separately analysed and not combined in any way (this avoids making subjective judgments about the relative significance of the two sets of standard terms).

The methodology for analysis will be as follows:

- A quantitative scoring system will **not** be used as it is felt to be inappropriate to make quantitative judgments on the relative importance of the individual benchmarks. There will also be fine judgements to be made about the degree of alignment with the benchmarks. Instead the following qualitative scale of alignments will be applied:

Full	Substantial	Moderate	Low	None
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- The scale will be initially applied to the degree of alignment with the benchmarks on a clause by clause basis, rather than subjectively to all of the clauses, as a single package, under each topic. This avoids implicitly giving equal weight to topics with little content as compared to topics with substantial content.
- It is stressed that the key factor will be the extent to which the intention of the benchmark is achieved. A variety of different wordings in the retailer supply arrangements could be equally effective in this.

- An overall assessment will then be given in two parts – a straight average of the clause-by-clause assessments, accompanied by a comment on any areas of non-alignment that are considered to be of particular concern or otherwise warranting comment.

The analysis will be carried out by an independent consultant selected by Gas Industry Co in consultation with the industry. Consultation will take the form of inviting comment (or alternative suggestions) on a proposed selection. Because the cost of monitoring is not expected to be substantial, and prior knowledge of the area of work is advisable, the monitoring role will not be tendered unless credible options become apparent that warrant that step. Use of an independent consultant gives some assurance of objectivity in the assessment process. The contractor's assignment will be for about 21 months initially so that it includes both the baseline assessment and the first full assessment after the transitional period.

The outcome focus of the benchmarks means that, in several cases, they are not quantitatively clear-cut, for example, terms such as 'practicable', 'effective', 'reasonable', and 'clearly describe' are used throughout. Gas Industry Co will provide guidance to the independent contractor on how such terms should be interpreted and this is likely to be an interactive process, particularly during the first assessment. The final guidance will be published as a part of the assessment to ensure full transparency for the industry.

The steps in the assessment process and timing are expected to be approximately as follows:

Timing	Step
- 4 weeks	Step 1: Request issued to retailers for the provision of information as set out above
- 1 week	Step 2: Initial guidance on interpretation of terms issued to monitoring contractor
0	Formal reference date for assessment
0	Step 3: Published terms and conditions downloaded from websites. Target date for receipt of information from retailers
+ 3 weeks	Step 4: Individual assessments completed including updating of interpretations if appropriate
+ 4 weeks	Step 5: Composite assessment completed
+ 6 weeks	Step 6: Assessments issued after review by Gas Industry Co for consistency and accuracy

#### 4.4 Monitoring during the transitional period

A transitional period of 18 months from the commencement date is proposed; that is, if the commencement date is 1 May 2010, then the transitional period will expire on 31 October 2011.

Only one planned assessment will occur during this period and this will be as at 1 May 2011; that is, one year after commencement.

However, Gas Industry Co will provide for retailers to request individual assessments at other times using the agreed framework and methodology. There will be a fixed charge for such assessments based on the estimated costs, and this cost will be published as a part of the final arrangements.

The outcome of the transitional assessment will be both individual retailer reports and a composite report, in the same format as for ongoing monitoring (see next sub-section below). However, only the composite report will be published. Individual retailer reports will be provided only to the retailer concerned.

The results from the transitional assessment will be used especially to establish the degree of progress made by each retailer in progressing toward full alignment. Where little or no progress has occurred, the reasons should be investigated and the need for any consequential action determined.

#### **4.5 Ongoing monitoring**

Ongoing monitoring will consist of an annual assessment. The first assessment will be as at the day after the completion of the transitional period (expected to be 1 November 2011). Subsequent assessments will probably occur annually, also as at 1 November.

Monitoring will result in an assessment report for each retailer and a consolidated assessment for all retailers. Both types of reports will be published.

A proposed template for the consolidated assessment report is set out in Appendix B. The individual retailer reports will have a similar format.

The results from ongoing monitoring will be a valuable resource for retailers, consumers, and other organisations. Particular issues expected from the results will be:

- The extent of retailer participation in the arrangements.
- The general degree of alignment and thus the extent to which particular benchmarks are proving to be problematic to implement and why.



# Appendix A Proposed Retail Contract Benchmarks

## Definitions

**Consumer** – a person who is supplied, or who applies to be supplied, with gas and associated services by a Retailer.

**Distributor** - has the same meaning as 'Gas Distributor' as set out in s 2(1) of the Gas Act 1992 including application to operators of bypass networks.

**Gas supply arrangements** – includes all documents relevant to the supply of gas to the Consumer including the contract and other publications (e.g. application for supply, pamphlets containing supporting information) so long as these other documents are identified in the contract and are either publically available or accessible for monitoring purposes.

**Line function services** – has the same meaning as set out in s 2(1) of the Gas Act 1992

**Retailer** – any person who supplies gas and associated services to Consumers.

## Good Practice Guidelines

The following guidelines describe good practice in relation to gas supply arrangements:

1. When setting up gas supply arrangements, there must be a reasonable opportunity for the Consumer to agree to the terms being offered by the Retailer.
2. The Retailer should make information available to Consumers setting out all the regulatory and technical requirements necessary for supply to occur, or refer Consumers to where they can obtain information about those requirements.
3. The Retailer should advise the Consumer that the establishment and commencement of gas supply arrangements may be conditional upon the Consumer's property meeting all the necessary regulatory requirements for supply to occur and the reasonable technical requirements of the Distributor.
4. The Retailer should take reasonable steps to ensure that the Consumer understands any restrictions on the Consumer's ability to terminate their gas supply arrangements with the Retailer before the Consumer enters into the gas supply arrangements.

## **Benchmarks**

### **1. How to become a Consumer**

- 1.1 The gas supply arrangements must state when supply is to commence, with this to be agreed between the Retailer and the Consumer unless the date is determined by the processes under any relevant regulations or rules governing switching;
- 1.2 Where a Consumer agrees to the terms of the gas supply arrangements after the Retailer has begun supplying gas to the Consumer, the gas supply arrangements will commence from the date that the Consumer first consumed gas.

### **2. Provision of information to Consumers**

- 2.1 The gas supply arrangements must provide information to Consumers on the following aspects of gas supply and the interruption of gas supply:
  - (a) the responsibilities of the parties involved in the supply of gas, which may include all or any of the Retailer, Distributors and meter owners;
  - (b) where information on emergency procedures is located, including how the Consumer can turn off their gas supply in an emergency and how information on and procedures for reconnection after the emergency will be provided;
  - (c) where the Consumer may access information about supply interruptions, with this information to be updated by the retailer as often as is practicable.

### **3. How to stop being a Consumer of your current Retailer.**

- 3.1 Open term gas supply arrangements must provide the Consumer with the ability to cease gas supply from the existing Retailer:
  - (a) without unnecessary delay;
  - (b) irrespective of any offer that the existing Retailer may make with respect to price or any other aspect of continued supply from that Retailer; and
  - (c) without incurring any charges other than the direct costs related to termination, i.e. without penalty fees or exit fees.
- 3.2 Fixed term gas supply arrangements must specify whether or not there are provisions for early termination, i.e. prior to the expiry date, and must, if relevant, set out those provisions and the basis on which any early termination charges will be calculated.

#### **4. Changes to gas supply arrangements**

4.1 Open term contracts may permit the Retailer to change the non-price terms and conditions of the gas supply arrangements upon giving the consumer no less than 30 days' notice of the changes.

#### **5. Service standards**

5.1 The gas supply arrangements must describe the services to be provided to the Consumer.

5.2 Where services are not provided as described, the gas supply arrangements must:

- (a) set out how the Retailer will respond to the Consumer where services are not supplied as described and whether any payments will be made to the Consumer as a result;
- (b) make it clear that any redress offered by the Retailer in relation to services not being supplied as described, is in addition to and does not detract from, the Consumer's rights under the Consumer Guarantees Act.

#### **6. Prices, bills and payment**

6.1 In order to increase the price of gas supplied under the gas supply arrangements, the gas supply arrangements must state:

- (a) the length of notice that shall be given before the price increase takes effect, which shall be not less than 30 days from the giving of notice;
- (b) the method by which notice shall be given provided that if the increase in price is more than 5%, then a separate notice of the increase must be individually communicated to the Consumer in writing as soon as possible; and
- (c) that the notice will include an explanation of the reasons for the increase.

6.2 The gas supply arrangements must:

- (a) refer to the relevant prices or pricing schedule (as may be produced by the Retailer from time to time) of products and services available to the Consumer;
- (b) state that the Consumer is liable for the charges, but only for those charges, for all of the services provided under the gas supply arrangements;
- (c) state the time from which the Consumer will be liable for the charges;
- (d) in the case of bills based on estimates, include a simple explanation of how the estimate will be calculated and of the process that will be used for correcting any estimates;

- (e) provide that if the Retailer makes an error and charges an incorrect amount to the Consumer, then upon becoming aware of the error the Retailer will promptly refund any amount that has been overcharged; and may invoice the consumer for any underpayments subject to sub-clause (f); and
- (f) the gas supply arrangements will state the term limitations that will apply for the recovery of underpayments.

6.3 If the Retailer offers alternative payment options to Consumers, a simple explanation of how those options operate must be set out in the gas supply arrangements.

## **7. Bonds**

7.1 Where the Retailer requires a bond from the Consumer, the gas supply arrangements must state:

- (a) requirement for the Retailer to provide to the Consumer the reasons for requiring a bond;
- (b) the period of time within which the bond must be paid to the Retailer;
- (c) how long the Retailer will keep the bond. If the Retailer keeps the bond for longer than 12 months, it must provide its reasons for doing so;
- (d) how the bond will be refunded; and
- (e) whether or not interest is payable on the bond.

## **8. Obligations of the parties in relation to supply to the site and access**

8.1 The gas supply arrangements must:

- (a) describe the physical point at which the Consumer's responsibility begins;
- (b) explain the Consumer's responsibilities pursuant to sub-clause 8.1(a) including in relation to gas lines, meters and other equipment on the Consumer's premises and for compliance with all safety and technical requirements under regulations and codes of practice;
- (c) state the rights of the Retailer and/or their agents to gain access to gas lines and equipment located on the consumer's premises and the consequences the Consumer may face for not granting access.

## **9. Metering**

9.1 In relation to the metering of gas supply to the Consumer, the gas supply arrangements must clearly describe:



- (a) the requirements for metering relevant to the pricing options selected by the consumer, including the frequency of meter readings;
- (b) the obligation to ensure metering is in accordance with relevant industry standards and codes of practice;
- (c) any additional costs associated with providing, correcting, changing, or removing metering equipment, which may be listed in a separate schedule;
- (d) the Consumer's responsibility for protecting, not tampering with and providing access to meter(s) for maintenance and reading purposes; and
- (e) the process to be followed in the event that either the Retailer or the Consumer suspects that a meter is reading incorrectly and the method for correcting previous readings if found to be incorrect.

## **10. Disconnection and reconnection**

10.1 The gas supply arrangements must:

- (a) Set out the conditions under which Consumers can be disconnected other than in accordance with clause 10 below;
- (b) provide that any notice of such disconnection will describe the actions that the Consumer can take to prevent disconnection.

10.2 A Retailer may only disconnect a Consumer for non-payment where the non-payment relates to validly invoiced charges for the supply of gas, gas retail services, line function services, and/or gas related bonds.

10.3 Except for emergency disconnections, or in the case of disconnections under the Gas Act or Gas Regulations for safety reasons, or where a Consumer requests disconnection, the gas supply arrangements must provide:

- (a) for the receipt by the Consumer of at least 7 working days' written notice of warning of disconnection after allowing 3 days for the delivery of the notice;
- (b) for the receipt of a final warning by the Consumer, no less than 24 hours before disconnection and after allowing for a reasonable period of time between the receipt of the written warning under (a) and the final warning.

10.4 If a dispute resolution under the gas supply arrangements has been initiated by the Consumer in regard to the cause of any disconnection, then disconnection action specifically related to that cause must be delayed until after the conclusion of the dispute resolution process.

10.5 The gas supply arrangements must set out the charges that will apply to disconnection and/or connection, and the circumstances under which the charges will apply.

## **11. Faults and planned shutdowns**

11.1 The gas supply arrangements must clearly:

- (a) describe the circumstances under which supply may be interrupted without prior warning;
- (b) provide a minimum notice period before a planned shutdown, which should be no less than four days unless agreed otherwise with the Consumer;
- (c) describe the Retailer's rights and obligations under special or emergency operating situations.

## **12. Privacy**

12.1 The gas supply arrangements must provide that the Retailer will comply with the provisions of the Privacy Act 1993, and accordingly the gas supply arrangements must:

- (a) set out the purposes for which the retailer may collect personal information from the Consumer;
- (b) confirm that individuals will be able to access personal information held about them and have the opportunity to correct this information; and
- (c) set out where the Consumer can get information about how the Retailer collects, uses, discloses and stores personal information about the Consumer.

## **13. Limitation of liability**

13.1 Any exclusion of liability in the gas supply arrangements must be clearly specified and reasonable.

## **14. Dispute resolution**

14.1 The gas supply arrangements must;

- (a) advise Consumers, either directly or by reference to other accessible documents, of the process they should follow, including timelines, to bring a complaint to the retailer, for resolution directly between the Retailer and the Consumer;

(b) advise Consumers that complaints not resolved to their satisfaction may be taken to the EGCC approved scheme.

## **15. How Consumers communicate with the Retailer**

15.1 The gas supply arrangements must provide advice to the Consumer on practicable and effective means for the Consumer to communicate with the Retailer on any issues over which they have concerns or need information.

## **16. How Retailers communicate with the Consumer**

16.1. The gas supply arrangements must specify how notices from the Retailer will be delivered to the Consumer, and must specifically provide for material changes in the terms of the gas supply arrangements or price to be directly communicated and not through public notices.



# Appendix B Template for consolidated annual assessment report

## Alignment of Industry Retail Gas Supply Arrangements with the Gas Industry Co Benchmarks Published On (Date)

**Assessment date:** (date)

**Assessment carried out by:** (name and organisation)

### Background

*Brief description of the objective of the benchmark monitoring regime and its key design elements. Set out the coverage specification.*

*Identify how many assessments have been carried out to date, and whether they have been transitional or on-going.*

*Identify any particular issues arising in previous assessments that might be a particular focus in the current assessment.*

### Participating retailers

*List out.*

## Summary and analysis of information provided by retailers on contracts covered

### Current Summary

*Provide some supporting text on makeup of figures and especially the degree to which returns from retailers have been full, or have contained gaps that have had to be filled with estimates. Name retailers who have declined to provide information*

Category of Consumer	No of Consumers Number (% of total)
(A) Estimated number of residential consumer supply arrangements that involve some negotiated (non standard) contract terms and fall outside the 'substantially based' category, and fall outside the category of legacy contracts	
(B) Estimated number of consumers of all types with supply arrangements that fall into the 'substantially based' category with respect to published standard	

<b>Category of Consumer</b>	<b>No of Consumers Number (% of total)</b>
terms and conditions but are not wholly based	
(C) Estimated number of consumers with legacy supply arrangements	
(D) Estimated number of consumers with supply arrangements that use wholly current standard published terms and conditions	
<b>Total number of consumers with supply arrangements covered by the benchmarks (= A +B + C + D)</b>	

### **Trend Analysis**

*Identify and comment on changes (trends) from previous assessments. A trend of particular significance for example may be in the percentage of legacy contracts still in place.*

### **Alignment with the benchmarks**

#### **Interpretation of terms**

In assessing the degree of alignment, key words in the benchmarks have been interpreted as set out in Appendix A.

*Comment as appropriate on changes since the last assessment and any particular difficulties in making the interpretations.*

#### **Overall alignment**

The overall degree of alignment averaged across all retailers is -----.

Particular issues that have arisen from the analysis are as follows:

*Point out issues of particular concern, explain why they are of concern and identify the extent to which they are widespread (or apply only to a small number of retailers).*

#### **Variation in alignment between retailers**

Appendix B sets out the variation in alignment between retailers on a clause-by-clause basis. The results are summarized, on a topic basis, in the table below.

<b>Topic</b>	<b>Average rating</b>	<b>Variation in rating across retailers</b>	<b>Comment</b>

## **Trend analysis**

*Look at trends in overall degree of alignment over time – steady, deteriorating, or improving? Look at trends for particularly significant clauses or topics. Look at trends in the way the benchmarks have been interpreted or applied.*

## **Issues arising**

*Look at whether the analysis indicates other issues are arising; for example, changes in the degree to which terms and conditions are being published. Look at issues such as the use of wording that is technically aligned but contrary to the intentions of the benchmarks.*

## **Conclusions**

*Set out conclusions that summarise the points set out in the body of the text. NB: The emphasis should be on conclusions, not recommendations*

## **Appendix A**

*Set out the interpretations of words in the benchmarks determined by Gas Industry Co as an input to the analysis.*

## **Appendix B**

A full analysis of alignment across all retailers is set out in the tables below. There is a separate table for each Topic.

### **Topic:**

<b>Clause</b>	<b>Average rating</b>	<b>Variation in rating across retailers</b>	<b>Comment</b>