UTILITIES DISPUTES
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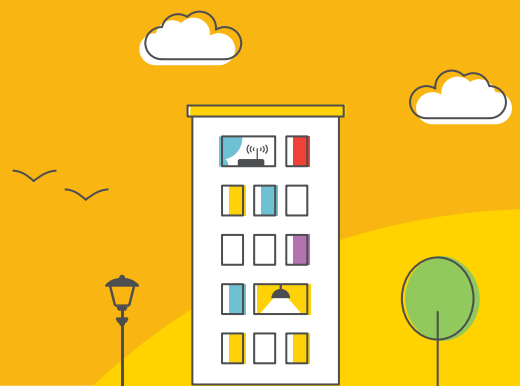
FACT SHEET

Secondary network providers must join the Energy Complaints Scheme



Utilities Disputes provides a free, independent, and fair service for complaints about electricity, gas, water, and broadband installation on shared property. We aim to prevent and resolve complaints. Resources, webinars, and training opportunities are available for providers and members.

Am I required to join the Energy Complaints Scheme as a secondary network provider?

This fact sheet is for building owners, property managers, company directors, and more. Are you operating a secondary network? Read on to find out, and see if you are required to join Utilities Disputes.

The questions to ask are:

- Do we charge separately for the supply of electricity or gas?
- Are we responsible for the network that carries the electricity or gas to customers.

If the answer to one or both of these questions is yes, you are probably required to join Utilities Disputes.

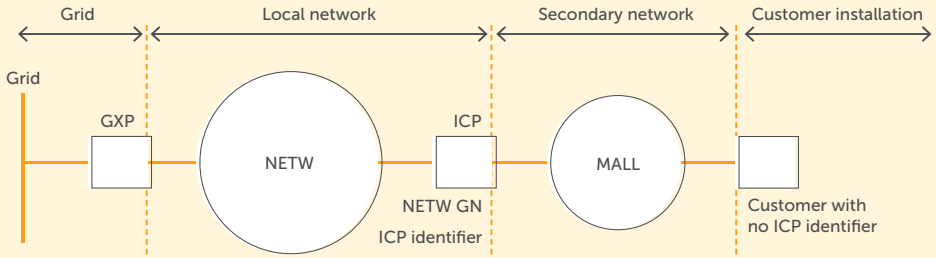
The legislation

Section 96 of the Electricity Industry Act 2010 and section 43EA of the Gas Act 1992 require every distributor or retailer of electricity or gas to join the approved dispute resolution scheme. Utilities Disputes' Energy Complaints Scheme became the approved scheme on 1 April 2010. Secondary network providers have been classified as distributors since 1 July 2017, when Clause 7 of the Energy Innovation (Electric Vehicles and Other Matters) Amendment Act came into effect. Secondary network providers can also be retailers.

What are secondary networks?

Secondary networks are electricity networks that are indirectly connected to New Zealand's national electricity transmission grid. **There are three types of secondary networks** (source: Electricity Authority).

1 Customer network



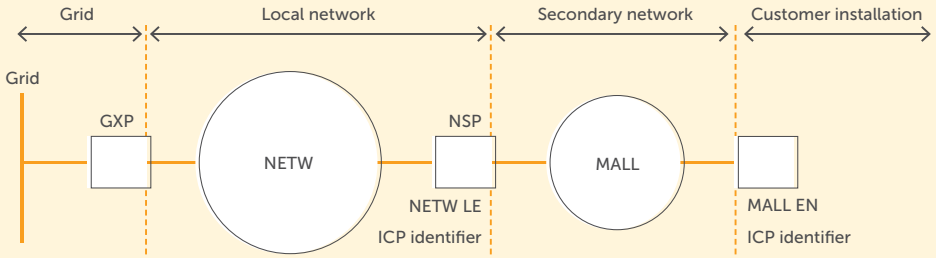
Notes:

1. Each consumer on a customer network does not have their own ICP.
2. NETW means Network.

Key characteristics

- Distribution network owned by someone other than the local network owner (for example Vector or Wellington Electricity)
- One Installation Control Point (ICP) connected to the local network
- Customers can't switch retailers
- Customer network owner charges individuals for electricity (or gas) consumption

2 Embedded network



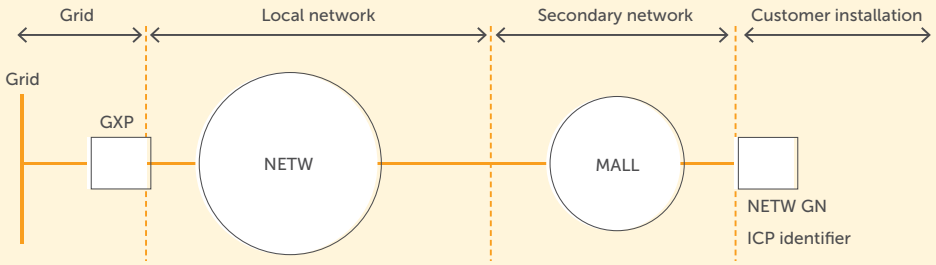
Notes:

1. Each consumer on an embedded network has their own ICP.
2. NETW means Network.

Key characteristics

- Distribution network owned by someone other than the local network owner
- Customers have ICPs allocated
- Customers have a choice of retailers and may switch, however the retailer would need to have an agreement with the embedded network owner

3 Network extension



Notes:

1. Each consumer on a network extension has their own ICP.
2. NETW means Network.

Key characteristics

- Distribution network owned by someone other than the local network owner
- Customers have ICPs allocated
- Customers connected are switchable and therefore have a choice of retailer

Who does this affect?

This affects anyone who owns a distribution network indirectly connected to the national grid. This includes office buildings, apartment complexes, camp grounds, marinas, shopping malls, retirement villages and more.

Membership class

At Utilities Disputes, providers are classed as "retailers", "distributors" or both. Secondary network providers are:

- included as **retailers** if they are engaged in retailing (invoice or on-bill for specific consumption of electricity or gas to the end consumer); and
- as **distributors** if they are engaged in the conveyance of electricity or gas on a secondary network, and provide services substantially similar to the services provided by a distributor.

Why is this important?

All electricity and gas consumers and providers should have access to a disputes resolution service, to help with unresolved complaints. The type of network shouldn't affect who can access the service. Joining also means you are complying with the legislation, and will not be liable for a fine up to $100,000.00 for knowingly refusing or failing to join Utilities Disputes [section 96 (2) of the Electricity Industry Act 2010].

What do you need to do?

First, you need to work out if you are a retailer, distributor, or both.

Second, you must contact us to join the scheme.

If you need help, please call.

Glossary of terms (source: Electricity Authority)

Grid

The grid is defined in Part 1 of the Code* and means the system of transmission lines, substations and other works, including the HVDC link (the cable running beneath the Cook Strait) used to connect GIPs and GXPs to convey electricity throughout the North Island and the South Island of New Zealand.

GXP

A grid exit point (GXP) is defined in Part 1 of the Code and means any point of connection on the grid at which electricity predominantly flows out of the grid or is determined as being such by the Authority following an application in accordance with clause 13.28. Any such point of connection may, at any given time, be a GXP or a GIP, but may not be both at the same time.

ICP

Installation Control Point (ICP). A point of connection on a local network or an embedded network which the distributor nominates as the point at which a retailer will be deemed to supply electricity to a consumer. A local or embedded network is not the grid. An ICP is defined in Part 1 of the Code.

Local network

A local network is defined in Part 1 of the Code and means a system of lines and equipment that are used to convey electricity between the grid and one of either, an embedded generator, an embedded network, or ICP(s).

MALL EN ICP

MALL EN ICP means the ICP identifier is a switchable ICP on NETW which in this case is an embedded network (in this example, a mall).

NETW GN ICP

NETW GN ICP means the ICP identifier is recorded as being on the NETW network, and GN indicates that the ICP identifier is a switchable ICP.

* The Code sets out the duties and responsibilities that apply to industry participants of the Electricity Authority.

NETW LE ICP

NETW LE ICP means the ICP identifier is recorded as being on the NETW network, and LE indicates that the ICP identifier is a non-switchable ICP. It is there only to provide a reference for distributor back office processes.

NSP

A network supply point (NSP) is defined in Part 1 of the Code and means a point of connection between networks. A root NSP used in reporting is a point of connection between a local network and the grid.

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Utilities Disputes resolves complaints about electricity, gas, water, and broadband installation on shared property.