



**WRONGFUL DISCONNECTION PAYMENT DISPUTE
ORIGIN ENERGY AND THE COMPLAINANT**

STATEMENT OF REASONS

NOVEMBER 2006

Introduction

Section 40B of the *Electricity Industry Act 2000* places a licence condition on retailers that requires them to compensate a customer if the retailer disconnects the customer's supply and does not comply with the terms and conditions of the customer's contract that specify the circumstances in which the supply may be disconnected. The retailer must compensate the customer for each day that the customer's supply is disconnected.

Clause 6.5 of the Commission's Operating Procedure – Compensation for Wrongful Disconnection (Operating Procedure) requires that where the Energy and Water Ombudsman Victoria (EWOV) is unable to resolve a claim for the wrongful disconnection compensation payment with the agreement of the retailer and the customer, EWOV must refer the claim to the Commission for a decision in accordance with clause 7 of the Operating Procedure.

Background

EWOV requested the Commission to make a formal decision as to whether Origin Energy (Origin) complied with its retail licence in relation to a dispute between the complainant and Origin, regarding a wrongful disconnection compensation payment for the complainant.

The complainant is a customer of Origin with an erratic payment history, including two payment arrangements they have been unable to maintain. In both instances the complainant did not contact Origin to discuss the cancelled arrangements, despite numerous letters and phone calls by Origin requesting contact. The complainant's gas supply was disconnected on 11 August 2006 with arrears of approximately \$580.

From October 2005 to January 2006, the complainant did not make any payments on their gas account. On 31 January 2006 a payment arrangement of \$40 per week was organized. This was subsequently cancelled due to no payments being made.

On April 21 2006, the complainant's account was referred to the Community Liaison Team for financial counselling and assistance advice. However, attempts to contact the complainant that day by phone calls and SMS proved unsuccessful. No further attempts were made by the Community Liaison Team.

Further attempts to contact the complainant, by phone and mail, requesting payment were also unsuccessful, resulting in a visit to the complainant's property by field staff on 12 June 2006. Finding no-one at home, a letter was left on site requesting that the complainant contact Origin.

The complainant rang Origin on 14 June 2006 and spoke with a senior credit officer. A second instalment plan was arranged for \$20 per fortnight, as the complainant advised that this was all they could afford. During the call the complainant also informed Origin that they were a concession card holder, and the Winter Energy Concession was applied retrospectively to the account. At the time of this arrangement, the complainant's usage was averaging \$36 per fortnight with arrears of over \$600.

Two payments of \$20 were made by the complainant on the 19 and 30 June 2006 respectively, but nothing further. The complainant did not contact Origin advising that they were unable to make the future payments by the agreed dates. Origin endeavoured unsuccessfully to contact the complainant on numerous occasions during the following month on the mobile phone and by registered mail. On 17 July 2006 Origin sent the complainant a disconnection notice by registered mail and the gas supply was disconnected on 11 August 2006.

Following disconnection the complainant contacted Origin on 14 August 2006 and was advised that they would need to pay the arrears of \$579.49 to be reconnected. When the complainant stated that they could not afford this, Origin advised that a minimum payment of \$430 was required, prior to 2.00 pm 14 August 2006, before they would reconnect the gas.

The complainant was unable to resolve the issue with Origin and contacted EWOV. The gas supply was reconnected on 14 August 2006.

Issues

For the disconnection to be wrongful, the retailer must have breached the terms and conditions of the contract that set out the circumstances under which a customer's supply may be disconnected.

Terms and Conditions Relating to Disconnection of Customers without Sufficient Income

The terms and conditions of the contract between the complainant and Origin are set out in the Energy Retail Code (ERC). In summary, a retailer must not disconnect a customer if failure to pay the bill occurs through lack of sufficient funds, until the retailer has complied with clause 11.2 of the ERC and using its best endeavours to contact the customer, has sent all relevant notices and assessed and assisted the customer with financial and energy efficiency counselling and advice.

Capacity to Pay

On 14 June the complainant spoke with an Origin Energy senior credit officer stating that they could only afford a payment plan of \$20 per fortnight, even though their consumption averaged \$36 per fortnight. The complainant also advised that they were expecting a lump sum payment shortly with which they would pay the arrears, but was uncertain as to when they would receive the payment. The senior credit officer agreed to the reduced payment plan of \$20 per fortnight.

It is therefore concluded that Origin Energy took into account the complainant's capacity to pay in setting the amount for the instalment payments.

Advice on URGS, Energy Efficiency and Financial Counsellors

On 21 April 2006 the complainant's account was referred to Origin Energy's Community Liaison Team. An attempt to contact the complainant, including providing advice about the Utility Grants Scheme and energy efficiency and financial

counselling assistance, was unsuccessful. Accordingly, an SMS was sent. It was confirmed, with the case manager at Origin Energy, that the SMS was simply a notification of a missed call and the return number for the complainant to ring.

Origin Energy made no further attempts to assist the complainant with advice on financial counselling and support despite the complainant making contact 14 June 2006. Further, no attempt was made to ensure that the complainant was provided with complete information on the Utility Relief Grant Scheme, energy efficiency assistance and the availability of independent financial counsellors in writing (independently of reminder and disconnection notices)..

On the basis of this it is considered that Origin Energy did not comply with the requirements of clause 11.2(4) of the ERC.

Decision

In accordance with clause 7 of the IOP, the Commission has investigated the alleged breach by Origin Energy of its retail licence in relation to the disconnection of the complainant. The Commission has decided that Origin Energy did not comply with its licence and the contract terms and conditions relating to the disconnection of the complainant.

Therefore, the disconnection of the complainant was wrongful and a compensation payment is required. The compensation payment is to apply from 8.16 am on 11 August 2006 to 4.03 pm on 14 August 2006. The amount due is \$831.25.

R H SCOTT
Delegated Commissioner
November 2006