

Ban On Power Cut-offs bills under \$300.

W/E Australian - 11 Feb 2012

POWER companies will be banned from disconnecting customers over unpaid bills of less than \$300 under a proposed national law to protect households too poor to pay.

The Australian Energy Regulator yesterday proposed setting the disconnection limit at \$300 from July 1. Power companies will be required to cut off a household's gas supply before they resort to disconnecting electricity. They will have to offer payment plans or hardship assistance to customers who tell them they are having trouble paying bills.

Customers who take part in a company's payment plan, usually by paying instalments, will be protected from disconnection regardless of what they owe.

The \$300 limit is double the \$150 proposed by some electricity companies, but less than the \$500 sought by consumer groups.

The AER's proposal -- released for public comment yesterday -- coincides with a surge in the number of customers disconnected for failing to pay rising power bills.

Australian and New Zealand Ombudsman Association chairwoman Clare Petre, who is the NSW Energy and Water Ombudsman, said more families were struggling to pay their utility bills. "Given that energy bills have increased, to have people disconnected for a very small amount seems out of proportion," she said.

"There's a new group of people who might be working but have no financial flexibility whatsoever.

"The car breaks down or somebody gets sick or their hours at work are cut back or interest rates or the rent goes up, and they literally cannot find another few dollars a month."

The Consumer Action Law Centre said the cut-off should be set at \$500 so customers were not penalised for missing just one bill.

Under the new national consumer law for energy utilities, customers will have to promise to repay the debt.

In Queensland, 34,484 homes and businesses were disconnected due to late payment of power bills in 2010-11.

In NSW, disconnections rose 17 per cent to 18,651 during 2010-11. The AER yesterday said that half of NSW customers disconnected in 2008 had owed between \$201 and \$500.

In Victoria -- where electricity prices rose an average of 10 per cent on January 1 -- the number of disconnections rose 33 per cent to 17,871 in 2010-11.

Disconnections have doubled in South Australia, where 36 in every 1000 households had their power cut off between June and September last year, compared with 16 in 1000 in the same period in 2010.

In Western Australia, disconnection rates have fallen 30 per cent in a year, to 3348 in 2009-10, the most recent statistics.

The Australian Energy Market Commission estimates that residential electricity prices will soar by more than one-third nationally by 2014.