



# AGL SA ordered to pay \$700,000 penalty and to offer refunds to consumers for false or misleading discount representations

29 April 2015

The Federal Court has ordered AGL South Australia Pty Ltd (**AGL SA**) to pay penalties of \$700,000 and to offer refunds totalling approximately \$780,000 to 23,000 consumers for making false or misleading representations about the level of discount residential consumers would receive under AGL SA's energy plans, in proceedings brought by the Australian Competition and Consumer Commission.

The Court found that consumers, who commenced a discounted electricity plan with AGL SA between January and mid July 2012 as a result of making a telephone call to AGL SA, would have understood that under these plans they would be charged at a discount off the rates that generally applied to other residential consumers like themselves.

Although these consumers initially received the represented discount, in mid-2012 AGL increased the rates under its energy plans. In a letter sent to these consumers advising them of their new rates, AGL SA stated they would continue to receive their discount, when that was not the case. This was because, following the rate increase, their rates before the discount was applied were higher than the rates for those consumers who were supplied under AGL SA's standard retail contract or those consumers who had subsequently commenced an energy plan with AGL SA.

The Court ordered AGL SA to offer refunds to those consumers who paid more under their energy plan than they would have done if they had been on AGL SA's standard retail contract. AGL SA estimates that refunds will be offered to approximately 23,000 consumers and will in total exceed approximately \$780,000.

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Written by ACCC

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“Power bills are a significant cost for consumers, and discounted energy plans are attractive because of the opportunity to limit these costs” ACCC Commissioner Sarah Court said.

“These plans can therefore provide a competitive advantage to energy retailers. However, the discounts on offer must be accurate, and the express or implied savings real for consumers.”

The Court also ordered AGL SA to publish a corrective notice in *The Advertiser* newspaper and to pay \$300,000 towards the ACCC’s costs.

AGL SA agreed to joint submissions on penalties and a statement of agreed facts to be filed with the Court, and consented to the other orders, including consumer refunds, made by the Court.

### Background

The ACCC brought the proceedings against AGL SA as part of its work in a priority area for 2014 – Consumer protection in the energy sector with a focus on savings, also referred to as *Discounts off what?*

In February 2015, [Origin Energy Limited and two of its subsidiaries](#) were ordered to pay penalties totalling \$325,000 for making false or misleading representations concerning the level of discount that residential consumers in South Australia would receive under a DailySaver energy plan.