



FINAL REPORT
2015 Performance Audit
ERM Power Retail Pty Ltd
Retail Licence ERL15

Audit Report	Authorisation	Name	Position	Date
Prepared By		Nicole Davies	Principal Consultant (Geographe Environmental Services Pty Ltd)	26/01/2016
Agreed By (licensee)		Jonathan Merry	General Manager - Retail Operations	9/3/2016

Geographe Environmental Services Pty Ltd
PO Box 572 DUNSBOROUGH WA 6281
Tel: 0438 938 394

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Contents

1. Executive Summary.....	3
2. Performance Audit.....	5
2.1 Performance Audit Scope _____	5
2.2 Performance Audit Objective _____	6
2.3 Performance Audit Methodology _____	7
2.4 Performance Audit Finding & Recommendations _____	8
2.4.1 Performance Audit Compliance Summary _____	8
3. Follow up Audit Process.....	19

LIST OF APPENDICES

1. ERM Power Performance Audit December 2015

Glossary of Terms

CTR – Customer Transfer Request
CRM – Customer Record Management System
ERA – Economic Regulation Authority
ERL15 – Electricity Retail Licence 15
ETAC – Electricity Transfer Access Contract
GES - Geographe Environmental Services Pty Ltd
NMI – National Metering Identifier
SAGE EMS – Energy Management System, backbone of IT operational platform
REA – Retail Electricity Agreement
IMO – Independent Market Operator
ERM Power – ERM Power Retail Pty Ltd
REC – Renewable Energy Credit
RFP – Request for Proposal
WEM – Wholesale Electricity Market
SAP – ERM Power’s new enterprise risk management and accounting system
WPC – Western Power Corporation
WPN – Western Power Networks
Small Use Customer – customers with consumption of 160MWh or less per annum
Contestable Customer – customer consuming more than 50 megawatt hours of electricity a year

This report is prepared by representatives of Geographe Environmental Services Pty Ltd in relation to the above named client’s conformance to the nominated audit standard(s). Audits are undertaken using a sampling process and the report and its recommendations are reflective only of activities and records sighted during this audit process. Geographe Environmental Services Pty Ltd shall not be liable for loss or damage caused to or actions taken by third parties as a consequence of reliance on the information contained within this report or its accompanying documentation.

1. EXECUTIVE SUMMARY

ERM Power Retail Pty Ltd (ERM Power) engaged Geographe Environmental Services Pty Ltd to undertake its second Performance Audit as required by the Economic Regulation Authority (ERA) under Retail Licence ERL15. This report contains the audit findings for the performance audit.

ERM Power Retail Pty Limited (ERM Power) is a diversified energy company that operates electricity sales and electricity generation businesses in Australia and the United States of America (US). ERM Power is licensed to sell electricity in all Australian states and territories and is the 4th largest seller of electricity by volume in Australia and the second largest to its target business market. It is now also licensed in several markets in the US with the acquisition of Source in January 2015. In Australia it focuses on providing a specialised electricity retail service to business customers, with this segment of the market comprising approximately 70% of all contestable customers. ERM Power owns 497MW of low emission gas-fired peaking power stations, comprising 100% of the 332MW Oakey Power Station and 50% of the 330MW Neerabup Power Station, both of which it operates. ERM Power has developed more than 2,000MW of gas-fired power generation and has a successful gas exploration business with interests in more than 10,000 km² of acreage in Western Australia. ERM Power as a retail group is in essence a reseller of electricity supplies and the distribution network for electricity supplies to ERM Power customers is provided through an Electricity Transfer Access Contract (ETAC) with Western Power Networks (WPN).

ERM Power commenced supply to their first electricity customer on the 1st of July 2011. Currently, in the WA Electricity Market, ERM Power focuses its core business operations on large industrial and commercial customers. ERM Power does not have any “customers” as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers and ERM Power has to date not supplied to customers with consumption of 160MWh or less per annum.

All of ERM Power’s customers are based within the South West Interconnected System (SWIS). Sales and marketing activities are managed through both the Perth and Brisbane offices of ERM Power. Business support services including accounts and IT services are managed through the Brisbane Office. There were no major changes in the licence or the licensee’s business activities during the audit. The audit was conducted via a site visit to the Brisbane office and meeting with the WA Account Manager.

ERM Power is a pioneering organisation in the field of developing IT systems to support its operations and has very robust systems established which ensure compliance and customer service is prioritised.

Section 13 of the *Electricity Industry Act 2004* requires as a condition of every licence that the licensee must, not less than once in every period of 24 months (or any longer period that the Authority allows) calculated from the grant of the licence, provide the Authority with a Performance Audit conducted by an independent expert acceptable to the Authority. At the completion of the previous audit assessment the Secretariat extended the audit period from 24 to 36 months. The Performance Audit has been conducted in order to assess the licensee's level of compliance with the conditions of its licence.

The Authority approved the appointment of Geographe Environmental Services Pty Ltd on the 4th September 2015 (ERA Reference D145227), and subsequently required the development of an audit plan for ERA approval. An audit plan was prepared for the Retail Licence and approval of the audit plan was provided on the ERA Reference D148837.

The Audit has been executed as planned in accordance with the process flowchart for performance/operational audits as detailed in the 2014 Audit Guidelines - Electricity and Gas Licences.

The period for the audit is, 1 November 2012 to 31st October 2015 and the submission of this report as determined with the Authority is evidence of compliance.

AUDIT CONCLUSION

The Performance Audit has been conducted in order to assess the effectiveness of the ERM Power's level of compliance with the conditions of its Retail Licence ERL15. Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that ERM has complied with its Retail Licence as it applies to its operations and activities during the audit period. The control environment operated by the licensee is well established and is regulated by government organisations, shareholders and corporate requirements which effectively filter through to the organisations operations. It is noted that all findings arising from the previous audit have been well implemented and are imbedded into business operations. The organisation continues to develop industry leading systems to support their operations through their specialised IT strategies and business interests. The Customer Portal, the CRM systems are used by the organisation to manage workflow process and ensure a high level of accountability, customer service and record management. During the audit period 1 November 2012 to 31st October 2015, the Licensee has complied with its Retail Licence. Whilst there were no non-compliances identified, areas of improvement that have been raised within the report relate to the systematic storage of required documentation within the

CRM and increased control surrounding verbal contact from customers and the network operator. These issues are further highlighted in table 5 and section 2.4 of the report. This audit report is an accurate representation of the audit teams findings and opinions.

2. PERFORMANCE AUDIT

2.1 Performance Audit Scope

This is the second audit of ERM Power compliance with obligations relating to Retail Licence ERL15. As such, the scope of the audit for the period 1 November 2012 to 31st October 2015 is to:

- assess the license holders internal compliance systems
- assess the license holders compliance with its license
- assess the effectiveness of previous auditing findings

The time period over which this audit was conducted was 25th November 2015 to 26th November 2015 in the Brisbane offices of ERM Power and in the Perth offices on the 3rd December 2015.

As there were no performance standards defined within the Retail Licence the Authority's Electricity Compliance Reporting Manual (September 2014) were used as the performance criteria for the compliance elements.

The following people were interviewed during the Performance Audit;

- General Manger Retail Operations
- Pricing Analyst
- Operations Analyst
- Account Manager (WA)
- Compliance Manager
- Electricity Broker Manager
- Billing Manager
- IT Manager
- Settlements Analyst
- Team leader Billing & Transfers
- Manager C& I Operations
- Sales Administration Manager

2.2 Performance Audit Objective

The objective of the performance audit, as defined by the Audit Guidelines, is to assess the effectiveness of measures taken by the licensee to meet obligations of the performance and quality standards referred to in the licence.

In addition to compliance requirements, a specific focus is to be taken on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence. The audit outcome is to identify areas of non-compliance and areas of compliance where improvement is required and recommend corrective action as necessary.

The Audit was conducted in three phases as defined by the Audit Guidelines. The phases and the appropriate audit guide/tool are detailed in Table 1 below;

Table 1: Performance Audit Methodology and Allocated Hours

Phase	Auditor	Hours	Relevant Auditing Standard
1. Risk & Materiality Assessment Outcome - Operational/ Performance Audit Plan	Nicole Davies	16	ASAE 3000*: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ASAE 3100* :Compliance Engagements ASA 315*: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment AS/NZS ISO 31000:2009 Risk Management Principles & Guidelines
2. System Analysis	Nicole Davies	8	AS 3806-2006: Compliance Programs & AS ISO 19600 – 2015 (June 2015) Compliance management systems - Guidelines
3. Fieldwork & Report Preparation Assessment and testing of; <ul style="list-style-type: none"> ▪ The control environment ▪ Information system ▪ Compliance procedures ▪ Compliance attitude 	Nicole Davies	40	ASA 500*: Audit Evidence ASA 530*: Audit Sampling

* Note all Auditing & Assurance Standards sourced from <http://www.auasb.gov.au/>

2.3 Performance Audit Methodology

A risk assessment, assessment of control environment and allocation of audit priority was undertaken in accordance with the 2014 Audit Guidelines - Electricity and Gas Licences on each element relating to Retail licensee's of the Electricity Compliance Reporting Manual (September 2014) issued by the Authority. It was the opinion of the audit team that this approach would provide an effective assessment of compliance due to each licence condition being incorporated into document.

The Electricity Compliance Reporting Manual (September 2014) as published on the ERA website specifically classifies each licence condition according to a non-compliance rating. As a holder of a Retail Licence, ERM Power results in mainly Minor and Moderate Ratings for non-compliance. The Type 1 obligations are not applicable to ERM Power as they do not have any small use customers.

In accordance with the Audit Guidelines (April 2014, section 9.4.3), ERM Power compliance criteria have been assessed for audit priority by the Auditors and agreed by the Authority. These criteria, including Type 1 obligations are exempt from this Audit Scope. The items that remain within the audit scope are detailed in Appendix 1.

In order to focus the audit effort and identify areas for testing and analysis a preliminary assessment of the risk and materiality of non-compliance with the Retail Licence was undertaken in accordance with the requirements of AS/NZS 31000 Risk Management Section 5.3 and Appendix 1 of the Audit Guidelines. This assessment rating was reviewed during the audit process subject to the verification of control environment.

2.4 Performance Audit Finding & Recommendations

2.4.1 Performance Audit Compliance Summary

The Audit Teams findings are detailed in Table 2 below, which interprets the findings of Appendix 1 against the Retail Licence clauses. The requirements that were determined to be not applicable in the audit plan have been omitted from this report.

A comprehensive report of the audit findings as applicable to the Electricity Compliance Reporting Manual (September 2014) is included in Appendix 1.

Table 2: Compliance Summary Table

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
			SECTION 8: TYPE 1 REPORTING REQUIREMENTS									
234	Code of Conduct clause 7.6	2	A									NR
SECTION 9: ELECTRICITY INDUSTRY CUSTOMER TRANSFER CODE - PART 3 - CUSTOMER/ CONNECTION INFORMATION/DATA												
6	Electricity Industry Customer Transfer Code clause 3.2(2)	5	A					1				
7	Electricity Industry Customer Transfer Code clause 3.4(1)	5	A					1				
8	Electricity Industry Customer Transfer Code clause 3.5(3)	4	A									NR
9	Electricity Industry Customer Transfer Code clause 3.6(2)	4	A									NR

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
			16	Electricity Industry Customer Transfer Code clause 3.9(1)	4	A					1	
17	Electricity Industry Customer Transfer Code clause 3.9(2)	4	A									NR
18	Electricity Industry Customer Transfer Code clause 3.9(3)	4		B				1				
19	Electricity Industry Customer Transfer Code clause 3.9(4)	4		B				1				
23	Electricity Industry Customer Transfer Code clause 4.2(2)	5	A					1				
24	Electricity Industry Customer Transfer Code clause 4.3	5	A					1				
25	Electricity Industry Customer Transfer Code clause 4.4(1)	5	A					1				
26	Electricity Industry Customer Transfer Code clause 4.4(2)	5	A									NR
27	Electricity Industry Customer4 Transfer Code clause 4.5(1)	5	A					1				
28	Electricity Industry Customer Transfer Code clause 4.6(3)	4	A									NR
29	Electricity Industry Customer Transfer Code clause 4.7	5	A					1				
30	Electricity Industry Customer Transfer Code clause 4.8(2)	4	A									NR
34	Electricity Industry Customer Transfer Code clause 4.9(6)	4	A					1				
39	Electricity Industry Customer	4	A					1				

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
				Transfer Code clause 4.11(3)								
40	Electricity Industry Customer Transfer Code clause 4.12(3)	5	A					1				
43	Electricity Industry Customer Transfer Code clause 4.15	5	A								NR	
44	Electricity Industry Customer Transfer Code clause 4.16	4		B				1				
45	Electricity Industry Customer Transfer Code clause 4.17	4	A								NR	
48	Electricity Industry Customer Transfer Code clause 5.1(4)	4	A					1				
49	Electricity Industry Customer Transfer Code clause 6.2	5	A					1				
52	Electricity Industry Customer Transfer Code clause 6.4(1)	4	A								NR	
53	Electricity Industry Customer Transfer Code clause 6.4(2)	4	A					1				
54	Electricity Industry Customer Transfer Code clause 6.6	4	A					1				
55	Electricity Industry Customer Transfer Code clause 7.1(1)	4	A								NR	
56	Electricity Industry Customer Transfer Code clause 7.1(2)	4	A								NR	
57	Electricity Industry Customer Transfer Code clause 7.1(3)	4	A								NR	
58	Electricity Industry Customer Transfer Code clause 7.2(4)	5	A								NR	
59	Electricity Industry Customer Transfer Code clause 7.3(2)	5	A								NR	

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
			68	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)	5	A					1	
69	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)	5	A					1				
70	Electricity Industry Customer Transfer Code Annex 6 clause A6.6	5	A					1				
71	Electricity Industry Customer Transfer Code Annex 6 clause A6.7	5	A					1				
SECTION 12: ELECTRICITY INDUSTRY ACT - LICENCE CONDITIONS AND OBLIGATIONS												
101	Electricity Industry Act section 13(1)	4	A					1				
105	Electricity Industry Act section 17(1)	4	A					1				
106	Electricity Industry Act section 31(3)	4					NP					NR
113	Electricity Industry Act section 115(2)	4	A					1				
SECTION 13: ELECTRICITY LICENCES - LICENCE CONDITIONS AND OBLIGATIONS												
119	Electricity Industry Act section 11 Retail Licence condition 12.1	4	A					1				
121	Electricity Industry Act section 11 Retail Licence condition 14.2	4	A					1				

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
			123	Electricity Industry Act section 11 Retail Licence condition 15.1	4	A						
124	Electricity Industry Act section 11 Retail Licence condition 16.1	4	A					1				
125	Electricity Industry Act section 11 Retail Licence condition 17.1 & 17.2	4	A									NR
126	Electricity Industry Act section 11 Retail Licence condition 18.1	4	A					1				
SECTION 15: ELECTRICITY INDUSTRY METERING CODE - LICENCE CONDITIONS AND OBLIGATIONS												
324	Electricity Industry Metering Code clause 3.3B	4	A					1				
339	Electricity Industry Metering Code clause 3.11(3)	4		B				1				
364	Electricity Industry Metering Code clause 3.27	4					NP					NR
371	Electricity Industry Metering Code clause 4.4(1)	5		B				1				
372	Electricity Industry Metering Code clause 4.5(1)	5		B				1				
373	Electricity Industry Metering Code clause 4.5(2)	4		B				1				
388	Electricity Industry Metering Code clause 5.4(2)	5	A					1				
401	Electricity Industry Metering	4					NP					NR

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
				Code clause 5.16								
402	Electricity Industry Metering Code clause 5.17(1)	4	A					1				
405	Electricity Industry Metering Code clause 5.18	4	A								NR	
406	Electricity Industry Metering Code clause 5.19(1)	5	A								NR	
407	Electricity Industry Metering Code clause 5.19(2)	5	A					1				
408	Electricity Industry Metering Code clause 5.19(3)	4	A								NR	
410	Electricity Industry Metering Code clause 5.19(6)	5	A					1				
416	Electricity Industry Metering Code clause 5.21(5)	4	A					1				
417	Electricity Industry Metering Code clause 5.21(6)	4	A					1				
435	Electricity Industry Metering Code clause 5.27	4	A								NR	
448	Electricity Industry Metering Code clause 6.1(2)	4	A					1				
451	Electricity Industry Metering Code clause 7.2(1)	5	A					1				
453	Electricity Industry Metering Code clause 7.2(4)	4	A					1				
454	Electricity Industry Metering Code clause 7.2(5)	4	A					1				

Compliance Obligation Reference No.	Licence Reference	Audit Priority	Adequacy of Controls Rating					Compliance Rating				
			A	B	C	D	NP	1	2	3	4	NR
			455	Electricity Industry Metering Code clause 7.5	4	A					1	
456	Electricity Industry Metering Code clause 7.6(1)	4	A									NR
457	Electricity Industry Metering Code clause 8.1(1)	5	A									NR
458	Electricity Industry Metering Code clause 8.1(2)	5	A									NR
459	Electricity Industry Metering Code clause 8.1(3)	5	A									NR
460	Electricity Industry Metering Code clause 8.1(4)	4	A									NR
461	Electricity Industry Metering Code clause 8.3(2)	5	A									NR

TABLE: 3 Audit Compliant and Controls Rating Scales

Performance Audit Compliance & Controls Rating Scales			
Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-Compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement needed	3	Non-Compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-Compliant – major impact on customers or third parties
NP	Not Performed	NR	Not rated – Determined Not Applicable during the audit period

2.4.1 Previous Audit Findings and Recommendations

The organisation has implemented the recommendations of the previous audit and as required by Section 11.3 of the Audit Guidelines (April 2014) Table 4 below details how all recommendations were resolved early in the current audit period.

Table 4 : Previous audit non compliances and recommendations

Table of Previous Non-Compliances & Audit Recommendations				
A Resolved before end of previous audit period				
Reference (no./year)	(Compliance rating/ Legislative Obligation/ details of the issue)	Auditors' Recommendation or action taken	Date Resolved	Further action required (Yes/No/Not Applicable) & Details of further action required including current recommendation reference if applicable
16	4/Electricity Customer Transfer Code s3.9(1)/Formalise the process for the management of data.	Organisation has formalised the process for customer consent and it is stored within the CRM	23 October 2013	No Further Action Required
18/19/44	4/ Electricity Customer Transfer Code s3.9(3)/3.9(4) & s 4.16/Utilise the CRM for the storage of VCs.	VC were in paper copy and electronically the CRM had ability to store these documents utilising this function would assist in ensuring compliance.	23 October 2013	OFI 1 (Ref 19/18/44) within this report requires a standard location for storage to be specified as although compliant with previous recommendation the VC is currently stored in various sections of the CRM customer file i.e. emails, notes or archive section.

48	4/Electricity Customer Transfer Code s5.1(4)/ Utilise current systems to track communication with ERA	The organisation has implemented the use of the CRM to track ERA communication in addition to Regulatory Affairs monitoring requirements.	30 November 2012	No further action.
53	4/Electricity Customer Transfer Code s6.4(2)/Imbed requirement into compliance framework to ensure adhered to, particularly with upcoming change of address.	Add the requirement to Timetable of Electricity Regulatory Reporting Requirements spreadsheet. Organisation complied with this requirement.	30 November 2012	Regulatory Affairs confirms that this has been added to the Regulatory Reporting timetable.
101	4/Licence Condition 14.1/Imbed Audit requirement into current systems for review	Add the requirement to Timetable of Electricity Regulatory Reporting Requirements spreadsheet.	30 November 2012	Regulatory Affairs confirms that reporting requirements have been incorporated into a shared Regulatory Reporting Calendar and is also managed through a shared reporting obligations register that is on the corporate drive.
105	4/ Licence Condition 4.1/As above	As Above	30 November 2012	No Further Action Required

2.4.2 Performance Audit Summary of Current Audit Non-Compliances and Recommendations

Table 5 below details the Summary Current Audit Non-Compliances and Recommendations as required by the Authority (Section 11.6 of Audit & Review Guidelines).

Table 5: Current Audit Non-Compliances and Recommendations

TABLE OF CURRENT AUDIT NON COMPLIANCES/RECOMMENDATIONS			
B. UNRESOLVED AT END OF CURRENT AUDIT PERIOD			
Manual Ref/Year	Non Compliance/Controls Improvement (Rating/ Legislative Obligation/ Details of Non Compliance or Inadequacy of Controls)	Auditors Recommendation	Management action taken by end of Audit period
19/2015 18/2015 44/2015	<p>CONTROLS IMPROVEMENT - B 1 Electricity Industry Customer Transfer Code clause 3.9(4)/3.9(3)/4.16 A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.</p> <p>NOTE: B – Generally adequate controls – improvement needed 1 – Compliant – no impact on customers or third parties</p>	<p>Formalise processes surrounding the location of VC storage within the CRM are required to be defined i.e storage has been noted in emails, notes and archive sections of the customer file within the CRM. Specification of a common location is required to ensure ease of retrieval</p>	<p>Date: 2 February 2016</p> <p>Action: All LOA's will now be stored in a separate document management section of CRM. This process will be communicated to all account managers.</p> <p>Representative: Gareth Finnie, GM Sales</p>
339/2015 371/2015 372/2015 373/2015 408/2015	<p>CONTROLS IMPROVEMENT - B 1 Electricity Industry Metering Code 3.11(3)/4.4(1)/4.5(1)/4.5(2)/5.19(3) A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable. Ensure dispute resolution processes are supported by initial contact in all instances.</p> <p>NOTE: B – Generally adequate controls – improvement needed 1 – Compliant – no impact on customers or third parties</p>	<p>Establish business process to ensure the initial contact made by a customer or contact made by ERM to customer or WPN is better tracked where the contact is made via telephone or verbal in nature. This will assist in ensuring compliance with clause 4.5(2) & 5.19(3) of the Metering Code.</p>	<p>Date: 2 February 2016</p> <p>Action: Communication to Sales account managers and frontline staff that any telephone query of this nature must be noted into an email and tracked in CRM.</p> <p>Representative: Amanda Hirst, Manager C&I Billing & Transfer</p>

2.4.2 Post Audit Implementation Plan

As stipulated in section 11.8 of the Audit & Review Guidelines (April 2014), the Audit Team notes that the Performance Audit Post Implementation Plan does not form part of the Audit Opinion. It is the responsibility of the licensee to ensure actions are undertaken. A post audit implementation will be submitted separately to this audit report by the Licensee if required.

3. FOLLOW UP AUDIT PROCESS

This is the second Performance Audit conducted since the issue of the licence and all previous audit report findings have been reviewed as part of the content of this report (Refer to Table 4).

As stipulated in section 11.8 of the Audit Guidelines (April 2014), the Audit Team notes that the Performance Audit Post Implementation Plan does not form part of the Audit Opinion. It is the responsibility of the licensee to ensure actions are undertaken.

Review of actions taken in response to corrective actions and recommendations will form part of subsequent audit plans.

APPENDIX 1

ERM POWER PERFORMANCE AUDIT DECEMBER 2015

REF*	LICENCE CONDITION	RELATED LEGISLATION	LEGISLATIVE/LICENCE REQUIREMENT	AUDIT PRIORITY	AUDITING FINDING ▪ RELATED DOCUMENTATION &/OR CONTROL SYSTEMS/AUDIT EVIDENCE → CORRECTIVE ACTION (CA) OPPORTUNITY FOR IMPROVEMENT	ADEQUACY OF CONTROLS	COMPLIANCE RATING
SECTION 8: TYPE 1 REPORTING REQUIREMENTS							
234	Electricity Industry Act section 82	Code of Conduct clause 7.6	Subject to subclause 7.6(3), a retailer or distributor must comply with the limitations specified in clause 7.6 when arranging for disconnection or disconnecting a customer's supply address.	2	The organization does not have any small use customers this audit requirement was incorporated into audit plan however it is also not applicable to the audit scope.	A	NR
SECTION 9: ELECTRICITY INDUSTRY CUSTOMER TRANSFER CODE - PART 3 - CUSTOMER/ CONNECTION INFORMATION/DATA							
6	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 3.2(2)	A retailer must submit a separate data request for each exit point unless otherwise agreed	5	Compliance is inherent in the Web Portal system design. The system only allows separate data requests. ▪ Web Portal system ▪ CRM holds the NMI information ▪ ERM Personnel interviewed;	A	1

REF*	LICENCE CONDITION	RELATED LEGISLATION	LEGISLATIVE/LICENCE REQUIREMENT	AUDIT PRIORITY	AUDITING FINDING ▪ RELATED DOCUMENTATION &/OR CONTROL SYSTEMS/AUDIT EVIDENCE → CORRECTIVE ACTION (CA) OPPORTUNITY FOR IMPROVEMENT	ADEQUACY OF CONTROLS	COMPLIANCE RATING
					- Pricing Analyst		
7	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 3.4(1)	Unless otherwise agreed with a <i>network operator, a retailer—</i> (a) must submit a <i>data request</i> to the <i>network operator electronically</i> ; and (b) must not submit to a <i>network operator</i> in a <i>business day—</i> (i) more than 20 <i>requests for standing data</i> ; and (ii) more than 20 <i>requests for historical consumption data</i> .	5	Generally, the system control is the web portal only allows 20 requests for standing data and 20 requests for historical consumption data. An exception message will come back if greater than 20 requests (or the agreed amount) are made. The Web Portal acts as the only access for data. A review of the activity over the audit period indicates that ERM would not exceed this quota and communication between Pricing and Retail Operations team was noted ▪ Web Portal ▪ ERM Personnel interviewed; - Pricing Analyst - Operations Analyst	A	1
8	Electricity Industry	Electricity Industry	A retailer must withdraw a request for	4	During the audit period the withdrawal of	A	NR

REF*	LICENCE CONDITION	RELATED LEGISLATION	LEGISLATIVE/LICENCE REQUIREMENT	AUDIT PRIORITY	AUDITING FINDING ▪ RELATED DOCUMENTATION &/OR CONTROL SYSTEMS/AUDIT EVIDENCE → CORRECTIVE ACTION (CA) OPPORTUNITY FOR IMPROVEMENT	ADEQUACY OF CONTROLS	COMPLIANCE RATING
	<i>(Licence Conditions) Regulations r 5(2)</i>	<i>Customer Transfer Code clause 3.5(3) -</i>	historical consumption data if the contestable customer's verifiable consent ceases to apply before the network operator provides the historical consumption data.		the request for historical consumption did not occur as such assessment of compliance with this required cannot be made. <ul style="list-style-type: none"> ▪ Review CRM ▪ ERM Personnel interviewed; <ul style="list-style-type: none"> - Pricing Analyst - WA Account Manager 		
9	<i>Electricity Industry (Licence Conditions) Regulations r 5(2)</i>	<i>Electricity Industry Customer Transfer Code clause 3.6(2)</i>	A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data.	4	There have been no occurrences of costs incurred during the audit period. As such assessment of compliance with this requirement cannot be made <ul style="list-style-type: none"> ▪ Western Power Portal ▪ ERM Personnel interviewed; <ul style="list-style-type: none"> - Pricing Analyst - WA Account Manager 	A	NR

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16	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 3.9(1)	A retailer may only use data relating to a contestable customer to provide a contestable customer with a quotation for the supply of electricity by the retailer to the contestable customer or to initiate a transfer in relation to the contestable customer.	4	<p>Quotations reviewed during the audit included data only from the relevant Contestable Customer. All CTR were initiated with relevant customer data. Customer files are maintained electronically and in hard copy. It is noted that the CRM has been utilised to save stand alone files to specific customer records e.g. PDF files, Word documents, track email communication etc. This was an improvement identified in the previous audit and it has been implemented by the organisation.</p> <ul style="list-style-type: none"> ▪ WA Customer Contracts ▪ ERM Personnel interviewed; <ul style="list-style-type: none"> - Pricing Analyst - WA Account Manager 	A	1
17	Electricity Industry (Licence	Electricity Industry Customer Transfer	A retailer must not aggregate a contestable customer's historical consumption data with	4	During the audit period there had been no requests to not aggregate a contestable	A	NR

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	Conditions) Regulations r 5(2)	Code clause 3.9(2)	that of other contestable customers for the purposes of internal business development, if requested not to do so by the customer.		customer's historical consumption data. Data is aggregated as part of normal business procedures. As such this requirement has not been rated. ▪ ERM Personnel interviewed; - Manager Customer Forecasting - Manager C & I Operations		
18	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 3.9(3)	A retailer must not disclose a contestable customer's data to any other person without the verifiable consent of the contestable customer, except in the circumstances defined.	4	The organisation maintains copies of verifiable consent (VC) on the Customer Files (electronically and in hardcopy). The organisation has a number of controls for managing the obtaining of VC and these have been implemented from the sample of files reviewed. Evidence of a query as to whether VC was required for existing customers obtaining a new NMI was reviewed and compliance confirmed. It is noted that the recommendation to utilise the CRM in storing VC has been implemented. However, it is noted that the location for storage is not the same by all	B	1

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					ERM Personnel. <ul style="list-style-type: none"> ▪ WA Customer List & Files/CRM ▪ ERM Personnel interviewed; <ul style="list-style-type: none"> - Pricing Analyst - WA Account Manager REFER OFI 1 REF 19		
19	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 3.9(4)	A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	4	Copies of verifiable consent are maintained in the customer files and in the CRM. It is noted that the organisation retains records for greater than the 2 year period. In all instances reviewed the obligation of verifiable consent was fulfilled and the relevant paperwork located. However, consistent filing and storage in the CRM by all departments would ensure easier location and compliance easily identified. <ul style="list-style-type: none"> ▪ CRM ▪ WA Customer List & Files 	B	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed; <ul style="list-style-type: none"> - Pricing Analyst - WA Account Manager <p>OFI 1 -> To ensure ongoing compliance with the requirement and ensure effective retrieval of the VC documentation processes surrounding the location of VC storage are required to be defined i.e storage has been noted in emails, notes and archive sections of the customer file within the CRM. Specification of a common location is required.</p>		
23	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.2(2)	A retailer must submit a separate customer transfer request for each exit point unless otherwise agreed.	5	Web portal only allows for singular submissions, compliance is inherent in system design. <ul style="list-style-type: none"> ▪ Web Portal ▪ CRM 	A	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Manager C & I Operations - Team Leader Billing & Transfers 		
24	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.3	A retailer's reason for a transfer must be specified in the customer transfer request form as either to transfer a contestable customer to the retailer which submitted the customer transfer request or to reverse an erroneous transfer.	5	<p>Sample of transfers sighted on Web Portal. There were no erroneous transfers observed during the audit period under "Transfer Type".</p> <p>System Control as description of transfer is mandatory field i.e. drop down list</p> <ul style="list-style-type: none"> ▪ Web Portal i.e. system controls ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 	A	1
25	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.4(1)	A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.	5	<p>All transfers conducted on Web Portal. Confirmed ERM has a valid ETAC. Without an access contract ERM would not be able to submit customer transfer request forms through network operator's web portal.</p> <p>Billing must be specified and dated in the</p>	A	1

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					<p>Web portal.</p> <p>The CTR details are part of the CTR section of the Web Portal. If the access contract is not specified then Metering will not authorise and will contact the WP Account Manager to liaise for resolution.</p> <ul style="list-style-type: none"> ▪ ETAC ▪ Web Portal ▪ WP Liaison ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 		
26	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.4(2)	A retailer that submits a customer transfer request to reverse an erroneous transfer must ensure the transfer was made in error and, if it is an incoming retailer, confirm the identity of the previous retailer.	5	<p>All transfers conducted on Web Portal. There were no erroneous transfers observed during the audit period under "Transfer Type". Report provided by the Operations Analyst. As such this requirement cannot be rated.</p> <ul style="list-style-type: none"> ▪ Web Portal i.e. system controls 	A	NR

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed - Operations Analyst 		
27	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.5(1)	A retailer, unless otherwise agreed, must submit a customer transfer request electronically and must not submit more than a prescribed number of customer transfer requests in a business day or with the same nominated transfer date	5	<p>All transfers are undertaken on Web Portal.</p> <p>Generally, the number of customer transfer requests is inherent in the system design. The web portal only allows 20 transfers per day.</p> <p>Relevant ERM personnel were all aware of limits and communication was noted between departments, however, during the audit period there were no instances where the system limit of 20 per day was required to be exceeded.</p> <ul style="list-style-type: none"> ▪ Web Portal ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Pricing Analyst 	A	1

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28	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.6(3)	A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.	4	There were no instances where a customer transfer request was withdrawn due to expirations of verifiable consent. <ul style="list-style-type: none"> ▪ CRM ▪ WA Customer Files ▪ Verifiable Consent ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Pricing Analyst 	A	NR
29	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.7	A retailer must nominate a transfer date in a customer transfer request in accordance with specified timeframes, except if the customer transfer request is to reverse an erroneous transfer.	5	Compliance is inherent in system design, date of transfer must be nominated to successfully submit transfer. Further, the web portal would automatically reject any nominated transfer dates that exceed the specified timeframes. There have been no erroneous transfers during the audit period. ER Personnel interviewed were all aware of system requirements.	A	1

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					<ul style="list-style-type: none"> ▪ Web Portal ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 		
30	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.8(2)	A retailer must pay any reasonable costs incurred by a network operator for providing and/or installing a meter if a customer transfer request is withdrawn.	4	<p>During the audit period there were no instances where costs were incurred by the Network Operator as a result of the CTR being withdrawn. As such assessment of compliance with this requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Settlements Analyst 	A	NR
34	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.9(6)	A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.	4	Web portal used for communicating revised transfer dates. Discussion with the Operations Analyst demonstrated knowledge of the requirement to schedule transfers on a business day. During the audit period there were instances noted	A	1

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					<p>where a non business day was selected and the status of “Rejected” was shown on the web portal resulted in rescheduling. On both occasions the rescheduling (i.e. “Completed” status) occurred prior to the next business day nominated transfer date and did not result in any delay to the customer. It is noted on some occasions an error message alerts the user to it not being a business day</p> <ul style="list-style-type: none"> ▪ Web Portal ▪ CRM Communication History WA Customers ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 		
39	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.11(3)	A network operator and the retailer must take certain action if the contestable customer’s meter is not read on the nominated transfer date.	4	<p>Once the CTR is completed with nominated transfer date, meter readings from the network operator are provided in half hour intervals on the nominated transfer date.</p> <p>It is ERM’s policy to ensure comms meters are in place prior to transfer. Any issues</p>	A	1

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					that arise are managed through WP Account Manager. ▪ Web Portal ▪ CRM WA customer commination history ▪ ERM Personnel interviewed - Operations Analyst		
40	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.12(3)	The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.	5	ERM is currently operating under an ETAC negotiated in August 2010. During the audit period a Deed of Variation to the ETAC – Bi-directional Service was negotiated. ▪ Legal Counsel ▪ ERM Personnel interviewed - GM Retail Operations - Compliance Manager	A	1
43	Electricity Industry (Licence	Electricity Industry Customer Transfer	In the case of a transfer to reverse an erroneous transfer, a network operator and all	5	During the audit period there were no erroneous transfers. Reviewed web portal	A	NR

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	Conditions) Regulations r 5(2)	Code clause 4.15	affected retailers (and the independent market operator if applicable) must act in good faith to ensure that the rights and obligations of the affected contestable customer are as they would have been had the erroneous transfer not occurred.		for WA Customers. As such assessment of compliance with this requirement cannot be made ▪ Web Portal ▪ ERM Personnel interviewed - Operations Analyst		
44	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.16	An incoming retailer must retain a copy of a verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request for two years, except in the case of a customer transfer request to reverse an erroneous transfer.	4	The organisation maintains copies of verifiable consent on the customer files and in electronic form in the CRM. Documents are kept on site and systems backed up. No documents have been destroyed since commencement. ▪ ERM Personnel interviewed - Operations Analyst - WA Account Manager REFER TO OFI 1 REF 19	B	1

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45	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 4.17	A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.	4	Confirmed through discussion with the Operations Analyst that billing procedures do not allow the billing of a customer once they transfer to another retailer, primarily because the data is unavailable and customer base is small therefore the licensee has good knowledge regarding billing status. There were no erroneous transfers during the audit period. As such, assessment of compliance cannot be made. In addition, Web Portal System Control. WP will not send data to ERM after the transfer date. <ul style="list-style-type: none"> ▪ Customer bills ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Team Leader Billing & Transfers 	A	NR
48	Electricity Industry (Licence	Electricity Industry Customer Transfer	A network operator and a retailer must comply with approved communication rules.	4	All transfers and data transactions are undertaken electronically through the web	A	1

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	Conditions) Regulations r 5(2)	Code clause 5.1(4)			<p>Portal and/or via email communication with ERM Personnel. Further it is documented and tracked in the CRM. It is noted that this was an improvement identified in the previous audit and the corrective actions have been well implemented by the organisation. No issues were identified.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Manager C & I Operations 		
49	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 6.2	A licensee's notice in relation to a data request or customer transfer request must identify the exit point to which it relates.	5	<p>Compliance is inherent in system design, specification of the NMI is a mandatory field.</p> <ul style="list-style-type: none"> ▪ Web Portal ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 	A	1
52	Electricity Industry (Licence	Electricity Industry Customer Transfer	A retailer must notify its contact details to a network operator within three business days of	4	Evidence of communication processes throughout the audit period. There has	A	NR

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	Conditions) Regulations r 5(2)	Code clause 6.4(1)	a request		been no specific request for contact details. Assessment of compliance with this requirement could not be made. ▪ ERM Personnel interviewed - Compliance Manager		
53	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 6.4(2)	A retailer must notify any change in its contact details to a network operator at least three business days before the change takes effect.	4	During the audit period the licensee moved premise on 8 th March 2013. Notification of changes was managed by Regulatory Affairs and prompted by the Timetable of Electricity Regulatory Reporting Obligations. ▪ ERM Personnel interviewed - Manager C&I, Billing & Transfer	A	1
54	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 6.6	A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with Annex 6.	4	Web Portal design parameters ensure compliance with this requirement. Email and fax evidence also sighted to verify compliance with this requirement and are maintained within the CRM.	A	1

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					<ul style="list-style-type: none"> ▪ Web Portal ▪ CRM ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 		
55	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 7.1(1)	For a dispute in respect of a matter under or in connection with the Electricity Industry Customer Transfer Code, any disputing party must meet within five business days of a request from another disputing party and attempt to resolve the dispute by negotiations in good faith.	4	<p>There have been no disputes in respect to a matter under or in connection with this requirement during the audit period. As such assessment of compliance with respect to meeting within 5 business days cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Compliance Manager 	A	NR
56	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 7.1(2)	If the negotiations in 7.1(1) of the Electricity Industry Customer Transfer Code do not resolve the dispute within 10 days after the first meeting, the dispute must be referred to	4	There have been no disputes during the audit period that have been elevated for management in accordance with this requirement. As such assessment of	A	NR

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			the senior executive officer of each disputing party who must attempt to resolve the dispute by negotiations in good faith		compliance with the Dispute Resolution requirement cannot be made. ▪ ERM Personnel interviewed - Operations Analyst - Compliance Manager		
57	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 7.1(3)	If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	4	There have been no disputes during the audit period that have been elevated for management in accordance with this requirement. As such assessment of compliance with the Dispute Resolution requirement cannot be made. ▪ ERM Personnel interviewed - Operations Analyst - Compliance Manager	A	NR
58	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 7.2(4)	A disputing party that refers a dispute to the Authority must give notice to the Authority of the nature of the dispute, including specified details	5	There have been no disputes during the audit period that have been elevated for management in accordance with this requirement. As such assessment of	A	NR

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					<p>compliance with the Dispute Resolution requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 		
59	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code clause 7.3(2)	A disputing party must at all times conduct itself in a manner which is directed towards achieving the objectives in clause 7.3(1) of the Electricity Industry Customer Transfer Code	5	<p>There have been no disputes during the audit period that have been elevated for management in accordance with this requirement. As such assessment of compliance with the Dispute Resolution requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager - WA Account Manager 	A	NR
68	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)	A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week.	5	<p>The organisation has established security controls to ensure that the computer systems are backed up and available. There were no instances during the audit period where the ERM systems were unavailable</p>	A	1

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					for any time. ▪ ERM Personnel interviewed - WA Account Manager - IT Department		
69	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)	A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.	5	Correspondence between WP and ERM is maintained in the Web Portal. Historical messages can be seen through the “view messages” function. Correspondence is tagged as either pending, completed or rejected, i.e. market transaction list In addition, the web portal enables the issue of email alerts to confirm transactions. Further correspondence is managed and tracked within the CRM ▪ Web Portal ▪ CRM ▪ ERM Personnel interviewed	A	1

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					- Operations Analyst		
70	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.6	The originator of an electronic communication must identify itself in the communication.	5	<p>The web portal has an automated process to ensure this is undertaken. A review of automated response messages confirmed that the electronic communication identified the originator (i.e. dependent on ERM user, as each has own login profile) and templates are used to submit requests through the web portal.</p> <p>Standard email signatures and letter templates used for communication and are tracked within the CRM.</p> <ul style="list-style-type: none"> ▪ Web Portal ▪ CRM ▪ ERM Personnel interviewed <p>- Operations Analyst</p>	A	1

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71	Electricity Industry (Licence Conditions) Regulations r 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.7	The originator of an electronic communication must use reasonable endeavours to adopt a consistent data format for information over time, to facilitate any automated processing of the information by the addressee.	5	The Web Portal is used as a primary means of communication between WP and ERM. The system application allows automatic transfer of data. <ul style="list-style-type: none"> ▪ Web Portal ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 	A	1
SECTION 12: ELECTRICITY INDUSTRY ACT - LICENCE CONDITIONS AND OBLIGATIONS							
101	Retail Licence condition 14.1	Electricity Industry Act section 13(1)	A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.	4	The requirement for the audit is monitored by the Manager Regulatory Affairs. Additionally it is raised in email communications and correspondence with the Secretariat, as well as being tracked in a Compliance Schedule detailed within previous audit. <ul style="list-style-type: none"> ▪ Timetable of Electricity Regulatory 	A	1

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					Reporting ▪ ERA correspondence ▪ ERM Personnel interviewed - Manager Regulatory Affairs - Compliance Manager		
105	Retail Licence condition 4.1	Electricity Industry Act section 17 (1)	A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence i.e. 15 November each year	4	Licence fees were paid in accordance with requirements as follows; - ERA Invoice ERA100085 (Issued on 23 Sept 2013) and Paid 25/9/2013 PO: 45/12996. - ERA Invoice ERA100221 (issued on 30 Sept 2014) and Paid 31/10/14 PO 4500022698- ERA Invoice ERA100544 (issued on 12 Oct 2015) and Paid 30/10/15 PO 4500017908 Invoice issued by the Authority ▪ Record of Payment in accounts system ▪ Regulatory Affairs O Drive Master Dashboard	A	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager - Settlements Analyst 		
106	Retail Licence condition 5.1	Electricity Industry Act section 31 (3)	A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	4	<p>In general, the supply of electricity is managed by WPN and is essentially outside the control ERM. As such assessment of compliance with this requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 	NP	NR
113	Retail Licence condition 5.1	Electricity Industry Act section 115(2)	A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access	4	ERM has an ETAC and establishes Retail Electricity Agreements (REAs) with WA Customers. Requirements within these agreements provide adequate controls preventing the potential to engage in conduct for the purpose of hindering or prohibiting access	A	1

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					<p>Management ensures compliance with all Retail Licence conditions.</p> <ul style="list-style-type: none"> ▪ ETAC ▪ REA ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - WA Account Manager - Sales Administration Manager 		
SECTION 13: ELECTRICITY LICENCES - LICENCE CONDITIONS AND OBLIGATIONS							
119	Retail Licence condition 12.1	Electricity Industry Act section 11	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	4	<p>The ERM Annual Reports sampled during the audit period contain an Annual Financial Statement of Compliance which noted that the financial report was prepared in accordance with the basis of accounting specified by all Accounting Standards. The Annual Report for the year ending June 30 2015 was not available for review at the time of the audit.</p> <ul style="list-style-type: none"> ▪ Annual Financial Reports 2013 & 2014 	A	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed - Compliance Manager 		
121	Retail Licence condition 14.2	Electricity Industry Act section 11	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.	4	<p>Direct instructions from Licensee to Auditor to comply with the ERA guidelines.</p> <p>Copies of communications received from ERA relating to audit requirements sent by ERM through to Auditor to convey requirements specifically the undertaking of audits in compliance with the Audit & Review Guidelines: Electricity, Gas and Water Licences.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed - Compliance Manager 	A	1
123	Retail Licence condition 15.1	Electricity Industry Act section 11	A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a	4	During the Audit Period ERM was not under external administration and had not undergone any significant change in circumstances upon which the licence was granted, which may affect its ability to meet	A	NR

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			licensee's ability to meet its obligations.		its licence obligations. As such there was no assessment with this requirement to report to the Authority was made. ▪ ERM Personnel interviewed - GM Retail Operations - Compliance Manager		
124	Retail Licence condition 16.1	Electricity Industry Act section 11	A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act. .	4	During the Audit Period the Licensee has provided the Authority information it required in connection with its functions under the Electricity Industry Act. Every licensee is required to submit a compliance report to the Authority covering all of its type 1 and type 2 licence obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the year that is the subject of the report. During the audit period the reports were submitted; - 2014 Report on the 31 July - 2015 Report on the 8 July	A	1

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					<ul style="list-style-type: none"> ▪ Timetable of Electricity Regulatory Reporting Requirements ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 		
125	Retail Licence condition 17.1 & 17.2	Electricity Industry Act section 11	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified	4	<p>The Authority has not directed any information to be published during the audit period, as such, assessment of compliance with this requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ Review ERA Website ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 	A	NR
126	Retail Licence condition 18.1	Electricity Industry Act section 11	Unless otherwise specified, all notices must be in writing.	4	<p>The requirement that notices be in writing is specified in the ETAC between WP and ERM Power. A copy of the ETAC clause 35 was reviewed during the audit.</p> <ul style="list-style-type: none"> ▪ ERM confirmed that all communication is in writing through Western Power online portal and all other communication is via 	A	1

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					<p>emails. Email communications with the ERA are tracked through CRM. It is noted that this was an improvement noted in previous audit that has been well implemented by the licensee.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 		
SECTION 15: ELECTRICITY INDUSTRY METERING CODE - LICENCE CONDITIONS AND OBLIGATIONS							
PART 3 : METERS AND METERING INSTALLATIONS							
324	Retail Licence condition 5.1	Electricity Industry Metering Code clause 3.3B	A user who is aware of bi-directional flows at a metering point which was not previously subject to a bi-directional electricity flows or any changes in a customer's or user's circumstances in a metering point which will result in bi-directional electricity flows must notify the network operator within 2 business days.	4	ERM confirmed it does have customers with bi-directional flows at a metering point. It is understood that customers are required to have a RRN prior to the bi-directional flow meter installation. As such, processes have been established and a review of the web portal and billing information was undertaken to verify process. With regards to an existing customer who installs a bi-directional flow meter a miscellaneous service order is completed and a retailer reference number (RRN) provided. A meter	A	1

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					<p>reconfiguration service order is then raised. The billing process provides an additional check on whether or not a bi-directional flow meter is installed.</p> <ul style="list-style-type: none"> ▪ Web Portal ▪ Review of Western Power Fact Sheet ▪ NEM 12 files (E1 i.e. usage and B1 i.e. overspill) ▪ Billing checks ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Manager C & I Operations 		
339	Retail Licence condition 5.1	Electricity Industry Metering Code clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	4	WPN has primary responsibility for the management and monitoring of meters. Generally, customer queries or a review of billing data prior to issue will identify these anomalies. During the audit sampling there were 2 instances of anomalies with billing data and metering issues that were well managed and identified by the licensee. The CRM tracked all communication and detailed the resolution process which was	B	1

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					<p>to the satisfactory of all interested parties.</p> <p>The process for a customer query with regard to billing was reviewed during the audit and whilst it was well managed and tracked through the CRM the initial contact by the customer could be better tracked where the contact is via telephone and not email.</p> <ul style="list-style-type: none"> ▪ Review of communication with WPN ▪ CRM ▪ WA Customer Accounts ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Manager C & I Operations - WA Account Manager - Operations Analyst - Settlements Analyst <p>OFI 2 -> Establish business process to ensure the initial contact made by a</p>		

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					customer or contact made by ERM to customer or WPN is better tracked where the contact is made via telephone or verbal in nature. This will assist in ensuring compliance with clause 4.5(2) of the Metering Code.		
364	Retail Licence condition 5.1	Electricity Industry Metering Code clause 3.27	A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.	4	ERM does not undertake the installation of meters. The licensee utilises WPN for meter installations. ▪ ETAC ▪ ERM Personnel interviewed - Manager C& I Operations	NP	NR
371	Retail Licence condition 5.1	Electricity Industry Metering Code clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and data held in the metering database, the affected Code participants and the network operator must liaise together to determine the most appropriate way to resolve a discrepancy.	5	During the audit period any discrepancies relating to energy data held within a metering installation have been resolved in an effective and satisfactory manner for all interested parties. Any customer query was reviewed and confirmed by both WPN and the related customer.	B	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst <p>Refer OFI 2 REF 339</p>		
372	Retail Licence condition 5.1	Electricity Industry Metering Code clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	5	<p>This is primarily the responsibility of WPN. However, ERM may identify errors through internal review systems, customer enquiries, etc. During the audit period any inaccuracies identified were readily addressed.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst <p>Refer OFI 2 REF 339</p>	B	1
373	Retail Licence condition 5.1	Electricity Industry Metering Code clause 4.5(2)	If a Code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed	4	<p>Regular discussions are held with WP account manager. Any queries into discrepancies are followed up in a timely manner.</p> <p>Review of Web Portal confirmed the function to submit queries to WP and</p>	B	1

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			i.e. 2 business days		<p>monitor their progress (timelines of actioning). In addition, email communication was reviewed. During the audit period the issues relating inaccuracies of data were identified by the licensee through review of systems and/or customer contact. Whilst the resolution appeared to be finalised within the 2 business days timeframe the initial contact date was not recorded as it was via telephone. Verbal communication that it was addressed immediately however this system could be better implemented. The CRM communication tracking facilities are an effective mechanism to track this requirement.</p> <ul style="list-style-type: none"> ▪ Review of communication with WPN ▪ CRM ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst - Manager C&I Operations 		

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					- Settlements Analyst REFER OFI 2 REF 339		
PART 5 : METERING SERVICES							
388	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.4(2)	A user must, when reasonably requested by a network operator, use reasonable endeavours to assist the network operator to comply with the network operator's obligation under clause 5.4(1).	5	WPN is responsible for the reading of the meters and they are primarily read remotely. ERM work with WP in identifying data discrepancies and meter faults. The REA stipulates this requirement of the customer for access to meters. ▪ Requests from Network Operator ▪ Remote Reading of Meters ▪ REA ▪ ERM Personnel interviewed - WA Account Manager - Manager C&I Operations	A	1
401	Retail Licence condition 5.1	Electricity Industry Metering Code	If a user collects or receives energy data from a metering installation then the user must	4	Not Applicable to audit scope as Western Power read all meters. ERM does not collect energy data. This requirement could be omitted from	NP	NR

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		clause 5.16	provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.		future audit plans.		
402	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.17(1)	A user must provide standing data and validated (and where necessary substituted or estimated) energy data to the user's customer, to which that information relates, where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	4	There are no meters to collect information or data from for billing. (Meters are the Network Operators under the Meter Code). ERM is obligated to supply meter data to the customer on request and at no charge and facilitates this through EMS Customer Portal. A CSV file can be supplied to the customer if required. <ul style="list-style-type: none"> ▪ EMS Customer File ▪ CRM ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Manager C&I Operations - Operations Analyst 	A	1
405	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.18	A user that collects or receives information regarding a change in the energisation status of a metering point must provide the network	4	ERM does not collect or receive information regarding a change in the energisation status of a metering point. Western Power	A	NR

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			operator with the prescribed information, including the stated attributes, within the timeframes prescribed.		manages the status of metering points. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Manager C&I Operations - Operations Analyst		
406	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(1)	A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator.	5	There have been no requests to collect information. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Operations Analyst	A	NR
407	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(2)	A user must, to the extent that it is able, collect and maintain a record of the address, site and customer attributes, prescribed in relation to the site of each connection point, with which the user is associated.	5	A review of Web Portal noted that all site and customer attributes are captured via predetermined fields and drop down menus. ▪ Web portal	A	1

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					<ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Operations Analyst 		
408	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(3)	Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.	4	<p>There have been no changes to site attributes i.e NMI of each connection point at the site. There has been no advice from users. The licensee uses Western Power's service request form for new customers. ERM Management confirmed awareness with the 1 business day rule.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - ERM Operations <p>OFI 2</p> <p>Note: Whilst this is NR during the audit period, to ensure ongoing compliance with the requirements the recommendations made in OFI2 would capture any changes, as currently there would be no other measurable way of determining 1 business day rule has been met unless initial contact</p>	A	NR

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					is recorded.		
410	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(6)	The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.	5	Upon receiving such information from the customer the information is logged into Web Portal into the Customer & Site details information section. The Operations Analyst confirmed that ERM did not make any change to customer attribute information during the audit period. ▪ Review web portal ▪ ERM Personnel interviewed - Operations Analyst	A	1
416	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(5)	A Code participant must not request a test or audit unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	4	The licensee has made requests for tests of the metering system during the audit period on behalf of a customer. Compliance with this requirement is noted. ▪ ERM Personnel interviewed - Operations Analyst	A	1

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417	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(6)	A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement.	4	Confirmed that during the audit period, ERM did not make any requests for audit or tests that were inconsistent with its access agreement. ▪ ERM Personnel interviewed - Operations Analyst	A	1
435	Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.27	Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	4	All compliance is performed via the Web Portal. Any requests received from WP would be actioned via Web Portal in a timely manner. Review of the Web Portal correspondence did not identify any requests for customer attribute information from WP during the audit period. As such assessment of compliance with this requirement cannot be made. ▪ Review web portal ▪ ERM Personnel interviewed - Operations Analyst	A	NR

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PART 6: DOCUMENTATION							
448	Retail Licence condition 5.1	Electricity Industry Metering Code clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	4	Documentation, systems and external audit reports reviewed during the audit indicated compliance with this requirement. In addition, the licensee uses the Web Portal to make all metering transactions and as such complies with WPN rules, procedures, agreements and criteria prescribed. ▪ ERM Personnel interviewed - Manager C&I Operations	A	1
PART 7 : NOTICE & CONFIDENTIAL INFORMATION							
451	Retail Licence condition 5.1	Electricity Industry Metering Code clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	5	WP has been notified of all communication details. Evidence of dialogue between the parties has been noted. ▪ Review web portal ▪ ERM Personnel interviewed - Manager C&I Operations	A	1

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453	Retail Licence condition 5.1	Electricity Industry Metering Code clause 7.2(4)	A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request.	4	WPN has made no requests for contact details during the audit period. Change of address notifications were made in accordance with requirements. ▪ ERM Personnel interviewed - Manager C&I Operations - Compliance Manager	A	1
454	Retail Licence condition 5.1	Electricity Industry Metering Code clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.	4	Changes to contact details during the audit period complied with requirements. ▪ ERM Personnel interviewed - Manager C&I, Billing & Transfers ▪ Refer Ref 53	A	1
455	Retail Licence condition 5.1	Electricity Industry Metering Code	A Code participant must not disclose, or permit the disclosure of, confidential information	4	There have been no instances of non compliance identified in relation to this	A	1

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		clause 7.5	provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.		requirement. The licensee has quality management procedures for retaining confidential information. ▪ ERM Personnel interviewed - Compliance Manager		
456	Retail Licence condition 5.1	Electricity Industry Metering Code clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	4	There is no information required to be disclosed during the audit period. ▪ ERM Personnel interviewed - Compliance Manager	A	NR
PART 8 : DISPUTE RESOLUTION							
457	Retail Licence condition 5.1	Electricity Industry Metering Code clause 8.1(1)	Representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute under or in connection with the Electricity Industry Metering Code by negotiations in good faith.	5	There have been no disputes during the audit period. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Compliance Manager	A	NR

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458	Retail Licence condition 5.1	Electricity Industry Metering Code clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	5	There have been no disputes during the audit period. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Compliance Manager	A	NR
459	Retail Licence condition 5.1	Electricity Industry Metering Code clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	5	There have been no disputes during the audit period. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Compliance Manager	A	NR
460	Retail Licence condition 5.1	Electricity Industry Metering Code clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	4	There have been no disputes during the audit period. As such assessment of compliance with this requirement cannot be made. ▪ ERM Personnel interviewed - Compliance Manager	A	NR

REF*	LICENCE CONDITION	RELATED LEGISLATION	LEGISLATIVE/LICENCE REQUIREMENT	AUDIT PRIORITY	AUDITING FINDING <ul style="list-style-type: none"> ▪ RELATED DOCUMENTATION &/OR CONTROL SYSTEMS/AUDIT EVIDENCE → CORRECTIVE ACTION (CA) OPPORTUNITY FOR IMPROVEMENT 	ADEQUACY OF CONTROLS	COMPLIANCE RATING
461	Retail Licence condition 5.1	Electricity Industry Metering Code clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective of dispute resolution with as little formality and technicality and with as much expedition as the requirements of Part 8 of the Code and a proper hearing and determination of the dispute, permit.	5	<p>There have been no disputes during the audit period. As such assessment of compliance with this requirement cannot be made.</p> <ul style="list-style-type: none"> ▪ ERM Personnel interviewed <ul style="list-style-type: none"> - Compliance Manager 	A	NR

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