

**Wesfarmers Kleenheat  
Gas Pty Ltd  
Gas Trading Licence (GTL10)  
2016 Performance Audit  
(Independent Assurance)  
January 2017 report**

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10 January 2017

Dear Colin

**Wesfarmers Kleenheat Gas Pty Ltd Gas Trading Licence (GTL 10) – 2016 Performance audit report**

We have completed the Gas Trading Licence Performance audit for Wesfarmers Kleenheat Gas Pty Ltd for the period 1 September 2014 to 31 August 2016 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin on 9365 7236 or me on 9365 7024.

Yours sincerely

  
**Richard Thomas**  
Partner  
Deloitte Risk Advisory Pty Ltd

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# 1 Independent Auditor's report

With the approval of the Economic Regulation Authority (the **Authority**) Wesfarmers Kleenheat Gas Pty Ltd (**Kleenheat**) engaged Deloitte Risk Advisory Pty Ltd (**Deloitte**) to conduct a performance audit of Kleenheat's compliance with the conditions of its Gas Trading Licence GTL10 (the **Licence**).

Deloitte conducted the performance audit as a reasonable assurance engagement and in accordance with the specific requirements of the Licence and the April 2014 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**).

## Kleenheat's responsibility for compliance with the conditions of the Licence

Kleenheat is responsible for:

- Ensuring that it has complied in all material respects with the requirements of the Licence
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority
- Implementing corrective actions for instances of non-compliance (if any).

## Deloitte's responsibility

Our responsibility is to express a conclusion in respect of Kleenheat's compliance with the conditions of the Licence based on our audit procedures. The reasonable assurance engagement has been conducted in accordance with the Audit Guidelines and the Australian Standard on Assurance Engagements (**ASAE**) 3100 *Compliance Engagements* issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, Kleenheat has complied, in all material respects with the conditions of the Licence as outlined in the approved Audit Plan (dated September 2016) for the period 1 September 2014 to 31 August 2016.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures consisted primarily of:

- Utilising the Audit Guidelines and the Gas Compliance Reporting Manual (the **Reporting Manual**) as a guide for development of a risk assessment, and document review to assess controls
- Development of an Audit Plan for approval by the Authority and an associated work program, set out in Appendix A
- Interviews with and representations from relevant Kleenheat staff to gain an understanding of process controls
- Review of documents and walkthrough of processes and controls to assess the overall compliance and effectiveness in accordance with Licence obligations
- Sample testing where relevant for obligations rated as an audit priority 3 and above in the approved Audit Plan.

## Limitations of use

This report is intended solely for the information and internal use of Kleenheat, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner or for any purpose, on this report.

We understand that a copy of this report will be provided to the Authority for the purpose of reporting on the performance audit for the Licence. We agree that a copy of this report may be provided to the Authority for its information in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the Authority in relation to the report. We accept no duty, responsibility or liability to any party, other than Kleenheat, in connection with the report or this engagement.

## Inherent limitations

Our engagement will provide reasonable assurance as defined in ASAE 3100. Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following:

- The use of selective testing and testing as at a point of time
- The inherent limitations of internal controls
- The fact that much of the evidence available to us is persuasive rather than conclusive
- The use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis. Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

## Independence

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Conclusion

In our opinion, based on the procedures performed, except for the effect of the issues set out in the Basis for qualified conclusion section below, Kleenheat has complied, in all material respects, with the conditions of the Licence as outlined in the approved Audit Plan (dated September 2016) for the period 1 September 2014 to 31 August 2016.

## Basis for qualified conclusion

The following Licence conditions were assessed as non-compliant (rating 2 or 3):

Reporting Manual no. and Licence condition		Issue
59 & 64	<b>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code</b> "Billing"	Kleenheat has not fully complied with the requirements to: <ul style="list-style-type: none"> <li>• Issue a bill to a customer at least once every three months, unless agreed otherwise or specific conditions are met (<i>obligations 59 and 137</i>)</li> <li>• Issue a bill no more than once a month unless the conditions specified are met (<i>obligation 136</i>)</li> <li>• Base a customer's bill on a meter reading and meters must be read at least once per year (<i>obligation 64</i>)</li> <li>• Ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a) (<i>obligation 153</i>).</li> </ul>
136 & 137	<b>Compendium clause 4.1</b> "Billing cycle"	
153	<b>Compendium clause 4.7(2)</b> "Frequency of meter readings"	
165	<b>Compendium clause 4.14(2)</b> "Particulars on each bill", "Request for final bill"	Kleenheat has not fully complied with the requirement to pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.

Reporting Manual no. and Licence condition		Issue
187 & 188	<b>Compendium clause 5.6(3)&amp;(4)</b> <i>"Late payments"</i>	Kleenheat has not fully complied with the requirements to: <ul style="list-style-type: none"> <li>Where a late fee of a residential customer has been charged, not charge a residential customer an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice (<b>obligation 187</b>)</li> <li>Not charge a residential customer more than three late payment fees in relation to the same bill or more than 12 late payment fees in a year (<b>obligation 188</b>).</li> </ul>
229  52	<b>Compendium clause 8.1(2)</b> <i>"Reconnection by retailer"</i>  <b>Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (6), Clause 5.2.2.2 AGA Code</b> <i>"Disconnections and Reconnections"</i>	Kleenheat has not fully complied with the requirements: <ul style="list-style-type: none"> <li>To forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday (<b>obligation 229</b>)</li> <li>If a licensee is under an obligation to reconnect supply and the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day (<b>obligation 52</b>).</li> </ul>
<i>The following additional non-compliances have been listed from incidents identified and closed out by Kleenheat and reported to the Authority in its FY15 and FY16 annual compliance reports.</i>		
33 & 34  222	<b>Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (4)(a)-(b)</b> <i>"Disconnection and Reconnection"</i>  <b>Compendium clause 7.1</b> <i>"General requirements"</i>	Kleenheat has not fully complied with the requirements to: <ul style="list-style-type: none"> <li>Before disconnecting supply for non-payment of a bill, give a written reminder notice to a customer not less than 14 business days after the day on which a bill was issued advising the customer that the payment is overdue and requiring payment to be made on or before the day specified in the reminder notice (being a day, not less than 20 days after the billing day) (<b>obligation 33</b>)</li> <li>Before disconnecting supply for non-payment of a bill, give a disconnection warning to a customer not less than 22 business days after the billing day advising the customer that disconnection will occur unless payment is made on or before the day specified in the disconnection warning (being a day not less than 10 business days after the day on which the disconnection warning is given) (<b>obligation 34</b>)</li> <li>Follow the procedures specified in subclause 7.1(1) prior to arranging for disconnection of a customer's supply address for failure to pay a bill. A customer has failed to pay a bill in the circumstances specified in subclause 7.1(2) (<b>obligation 222</b>).</li> </ul>
116	<b>Code of Conduct clause 2.1</b> <i>"Retailers to ensure representatives comply with this Part"</i>	Kleenheat has not fully complied with the requirements to ensure that its gas marketing agents comply with Part 2 of the Gas Marketing Code of Conduct.

Reporting Manual no. and Licence condition		Issue
121	<b>Code of Conduct clause 2.4(1)</b> <i>“Entering into non-standard contract”</i>	Kleenheat has not fully complied with the requirements to obtain a customer's verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information).
134 & 135	<b>Compendium clause 3.1(1)&amp;(2)</b> <i>“Obligation to forward connection application”</i>	Kleenheat has not fully complied with the requirements to forward the customer's request for the connection to the relevant distributor within the timeframes specified.
147 & 60	<b>Compendium clause 4.5(1)</b> <i>“Particulars on each bill”, “Billing cycle”</i> <b>Energy Coordination (Customer Contracts) Regulation 15 (1), Clause 4.2.3.1, 4.2.3.2 &amp; 4.2.3.3</b> <b>AGA Code</b> <i>“Termination”</i>	Kleenheat has not fully complied with the requirements to: <ul style="list-style-type: none"> <li>• Include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill (<i>obligation 147</i>)</li> <li>• Prepare a bill in accordance with the terms specified in the AGA code, including the inclusion of any refundable advance (<i>obligation 60</i>).</li> </ul>
161	<b>Compendium clause 4.12(1)</b> <i>“Customer applications”</i>	Kleenheat has not fully complied with the requirement to change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.
171	<b>Compendium clause 4.17(2)</b> <i>“Particulars on each bill”, “Undercharging”</i>	Kleenheat has not fully complied with the requirements to follow the procedure specified in clauses 4.17(2)(a)-(e) when recovering an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective).
183	<b>Compendium clause 5.3</b> <i>“Direct debit”</i>	Kleenheat has not fully complied with the requirements to include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.

DELOITTE RISK ADVISORY PTY LTD



**Richard Thomas**  
Partner  
Perth, January 2017

# 2 Executive summary

## 2.1 Introduction and background

The Economic Regulation Authority (the **Authority**) has, under the provisions of the *Energy Coordination Act 1994* (the **Act**), issued to Wesfarmers Kleenheat Gas Pty Ltd (**Kleenheat**) a Gas Trading Licence GTL10 (the **Licence**).

Section 11ZA of the Energy Coordination Act requires Kleenheat to provide to the Authority a performance audit (the **audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period. With the Authority's approval, Deloitte Risk Advisory Pty Ltd (**Deloitte**) was appointed to conduct the audit for the period 1 September 2014 to 31 August 2016.

At the request of Kleenheat, Deloitte has undertaken a reasonable assurance audit of Kleenheat's compliance with the Licence obligations.

The Licence relates to Kleenheat's operations as a gas retailer in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt gas supply areas. Kleenheat's gas retail operations relate to the supply of:

- Natural Gas (**NG**) to small use customers via the Mid-West/South West Gas Distribution System
- Liquefied Petroleum Gas (**LPG**) to small use customers via Kleenheat's LPG distribution systems in Albany and Margaret River (referred to as **LPG Retic**).

This audit accommodated the core differences in the processes and controls relevant to each of Kleenheat's NG and LPG Retic gas trading businesses where applicable.

The audit has been conducted in accordance with the April 2014 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**).

## 2.2 Observations

In considering Kleenheat's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed that Kleenheat:

- Continues to establish its control framework through investing in information system improvements and developing its policies and procedures across both its Natural Gas and LPG Retic businesses. The credit department's 'Guide to Monthly NG Compliance' is a positive example of how a policy increases in its effectiveness when it explicitly aligns its process with the Licence obligations
- Staff demonstrated an intent to improve, welcomed any suggestions for process improvement and generally exhibited the signs of a positive compliance culture
- Has developed an internal compliance reporting process with an online 'compliance tracker' for potential obligation breaches and 'near misses'
- Has been active in its approach of adopting and closing out previous audit recommendations (26 of 28 recommendations closed out – refer to 2.4 below for further detail)
- Appears to have developed a suite of exception reporting designed to identify and report non-compliances, specifically in relation to timing requirements. These controls could be further tailored to become more preventative in nature and enable the management of potential non-compliances before they occur
- Has an opportunity to improve its approach for obligations (in relation to NG) where its level of compliance may be influenced by the frequency of meter reading by the Distributor (**ATCO Gas**). We acknowledge that this is an industry-wide, rather than a Kleenheat-specific issue.



## 2.3 Findings

The following tables summarise the assessments made during the audit on Kleenheat’s compliance and the adequacy of controls in place for Kleenheat to manage its compliance with the relevant obligations or conditions of the Licence:

**Table 1** sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, Kleenheat was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

**Table 1: Compliance and control adequacy rating scale**

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 required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties

- On a scale of 1 to 4, “1” is the highest compliance rating possible (defined as “Compliant”) with the rating scale moving through to “4”, the lowest rating possible (defined as “Non-compliant – major impact on customers or third parties”)
- On a scale of A to D, “A” is the highest control adequacy rating (defined as “Adequate controls – no improvement needed”) with the rating scale moving through to “D”, the lowest control adequacy rating possible (defined as “No controls evident”).

**Table 4** at section 3 of this report provides further detail on the compliance and control adequacy rating scales. The above rating scale is defined by the Audit Guidelines.

**Table 2: Summary of findings, by audit priority and compliance rating**

Audit Priority	Compliance rating				NR	Total
	1	2	3	4		
Priority 1	-	-	-	-	-	-
Priority 2	1	8	1	-	-	10
Priority 3	3	7	-	-	1	11
Priority 4	115	1	-	-	32	148
Priority 5	54	5	-	-	27	86
<b>Total:</b>	<b>173</b>	<b>21</b>	<b>1</b>	<b>-</b>	<b>60</b>	<b>255</b>

**Table 3: Summary of findings, by audit priority and control adequacy**

Audit Priority	Control adequacy rating				NP <sup>1</sup>	Total
	A	B	C	D		
Priority 1	-	-	-	-	-	-
Priority 2	1	9	-	-	-	10
Priority 3	3	7	-	-	1	11
Priority 4	1	1	-	-	146	148
Priority 5	-	3	-	-	83	86
<b>Total:</b>	<b>5</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>255</b>

Note that, in accordance with the current Audit Guidelines, obligations assessed as being “not applicable” to Kleenheat’s operations have not been included within this report.

Specific assessments for each Licence obligation are summarised at **Table 4** in the “Summary of findings” section of this report.

Detailed findings, including relevant observations, recommendations and action plans are located in section 4 “Detailed findings, recommendations and action plans” of this report.

## 2.4 Kleenheat’s response to previous audit recommendations

This audit considered Kleenheat’s progress in completing the action plans detailed in the 2014 performance audit report.

Based on our examination of relevant documents, discussion with staff and consideration of the results of this audit’s testing against the associated licence obligations, we determined that Kleenheat has either completed or closed out 26 of the 28 action plans detailed in the 2014 performance audit report. Of the remaining two action plans:

- One has not been effectively implemented, resulting in the same issues resurfacing (Obligation 153 – Billing frequency)
- One has been implemented but a different issue has been identified within the same process resulting in a requirement for additional action (Obligation 229 - Reconnections).

Those two action plans have now been assessed and superseded by new recommendations and action plans captured in this (2016) audit report.

Refer to section 5 of this report for further detail.

<sup>1</sup> Refers to the obligations for which a control assessment was not required (obligations with an audit priority of 4 or 5 and a compliance rating of 1, or which were not rateable).

## 2.5 Recommendations and action plans

### A. Resolved during current audit period

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 33</b> Before disconnecting supply for non-payment of a bill, a licensee must give a written reminder notice to a customer not less than 14 business days after the day on which a bill was issued advising the customer that payment is overdue and requiring payment to be made on or before the day specified in the reminder notice (being a day not less than 20 business days after the billing day).</p> <p><b>Obligation 34</b> Before disconnecting supply for non-payment of a bill, a licensee must give a disconnection warning to a customer not less than 22 business days after the billing day advising the customer that disconnection will occur unless payment is made on or before the day specified in the disconnection warning (being a day not less than 10 business days after the day on which the disconnection warning is given).</p> <p><i>Energy Coordination (Customer Contracts) Regulations 2004 Reg 12(4)(a)-(b)</i></p> <p><b>Obligation 222</b> A retailer must follow the procedures specified in subclause 7.1(1) prior to arranging for disconnection of a customer's supply address for failure to pay a bill. A customer has failed to pay a bill in the circumstances specified in subclause 7.1(2).</p> <p><i>Energy Coordination Act Section 11M, Compendium clause 7.1</i></p>	Generally adequate controls – improvement needed (B)	<p>In December 2014, 63 customers did not receive the necessary reminder or disconnection notice prior to disconnection.</p> <p>Kleenheat attributed the error to a mail delivery process failure from its third party provider. The issue occurred over two weeks.</p>
	<b>Compliance rating</b>	
	Non-compliant (2)	

<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>• Kleenheat attempted to contact all customers to assist them in getting their service reconnected. All fees charged for overdue notices were waived for all affected customers</li> <li>• All customers were reconnected apart from 18 customers that could not be contacted. For the customers that had not received the required notices but had not yet been disconnected, Kleenheat restarted the disconnection strategy and waived all prior overdue notice fees</li> <li>• Kleenheat reviewed the incident with its service provider and daily delivery reports were amended to provide suitable KPIs on production and delivery status to track any future exception</li> <li>• The delivery reports are reviewed by a credit officer on a daily basis.</li> </ul> <p><b>Date Resolved:</b> January 2015</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>
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<b>Reporting manual no. and Licence condition reference</b>	<b>Control adequacy</b>	<b>Issue</b>
<p><b>Obligation 116</b> A retailer must ensure that its gas marketing agents comply with Part 2 of the Gas Marketing Code of Conduct.</p> <p><i>Energy Coordination Act Section 11ZPP, Code of Conduct Clause 2.1</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (3)</p>	<p>Two Kleenheat contractors working in the Kleenheat shopping centre kiosks did not follow the requirements of the Code of Conduct for the setup of two customer accounts in September 2015 and May 2016.</p>
<p><b>Action taken</b></p> <p>The incidents were identified following complaints from the two customers. Kleenheat conducted an internal investigation, which resulted in one contractor being terminated.</p> <p>Compliance refresher training was provided to all representatives. Kleenheat monitors training attendance through Oracle, which notifies the Customer Service Team Trainer of any outstanding employee training requirements for further attention.</p> <p><b>Date Resolved:</b> May 2016</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 121</b> A retailer or gas marketing agent must obtain a customer's verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information).</p> <p><i>Energy Coordination Act Section 11ZPP, Code of Conduct Clause 2.4(1)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	<p>During Kleenheat's Explicit Informed Consent ("EIC") audit, required under the Retail Market Rules, it was identified that for a portion of the telephone sign-ups verbal EIC had not been recorded. 15 per cent of Kleenheat's customers sign up over the telephone.</p> <p>Non-compliance in retaining verbal consent has been reported in both FY14 and FY15 and has been attributed to:</p> <ul style="list-style-type: none"> <li>• Failure to resume recording in a timely manner (as recordings are paused when credit card information is obtained)</li> <li>• The automated recording of the terms and conditions cutting off the consent provided by the customer.</li> </ul>
<p><b>Action taken</b></p> <p>Kleenheat rearranged the order of consents in the telephone contact scripts so that all consents are taken prior to pausing the recording software to take bank account details.</p> <p>Training has been provided to Customer Service Officers, with the expectation that each officer reviews the verbal consent recorded immediately following the customer call.</p> <p>Kleenheat's Customer Services Operations Manager undertakes a daily review of 100% of all daily call recordings for telephone sign ups.</p> <p><b>Date Resolved:</b> August 2016</p> <p><i>Note: Kleenheat also plans to implement a call centre solution in early 2017 to further assist in meeting this obligation.</i></p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 134</b> If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.</p> <p><b>Obligation 135</b> Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p> <p><i>Energy Coordination Act Section 11M, Compendium clause 3.1(1) and (2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	<p>Between November 2014 and February 2015, Kleenheat experienced manual user errors when processing service requests for new connection for 11 accounts. The non-compliances arose from:</p> <ul style="list-style-type: none"> <li>• Incorrect entry of customer details into the system resulting in invalid service requests flowing through to the distributor (11 instances)</li> <li>• Failing to process a request owing to the accidental archiving of an email (1 instance).</li> </ul> <p>In February 2016, one account which was received on 28 February 2016 was only processed on 15 March 2016 because of user error marking the task as completed in the Kleenheat mailbox when it was yet to be actioned.</p> <p>Between April 2015 and May 2016 12 new accounts for residential customers were not connected owing to an IT error.</p>
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>• A Blank Account Status report has since been developed and updated to pick up these exceptions. This report is automatically generated daily prior to 3pm for the Team Leader's review</li> <li>• As advised in the Post Audit Implementation Plan, any failed service requests are flagged in a Universal Work Queue which is checked daily by the Call Centre Administration team</li> <li>• Staff refresher training has been provided.</li> </ul> <p><b>Date Resolved:</b> August 2016</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 147</b> Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.</p> <p><i>Energy Coordination Act Section 11M, Compendium clause 4.5(1)</i></p> <p><b>Obligation 60</b> A licensee must prepare a bill in accordance with the terms specified in the AGA code, including the inclusion of any refundable advance.</p> <p>Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 &amp; 4.2.3.3 AGA Code</p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Control adequacy</b></p> <hr/> <p>Non-compliant (2)</p>	<p>Kleenheat investigated three separate instances of incomplete invoices:</p> <ul style="list-style-type: none"> <li>• August 2015 - A customer reported an otherwise complete invoice, with the exception of average consumption data not stated on the invoice (clause 4.5(1)(l))</li> <li>• March 2016 - A supply address was not included on a customer invoice in August 2015 (clause 4.5(1)(v)). System changes were made as a result of this instance</li> <li>• April 2016 - 30 customers were found to have blank invoices not displaying the amount due (clause 4.5(1)(n)). Kleenheat immediately contacted the customers and issued the correct invoice.</li> </ul>
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>• For all instances, Kleenheat immediately initiated a corrective process and provided the affected customers with the missing information</li> <li>• Kleenheat has made the appropriate system amendments to remedy the missing information fields.</li> </ul> <p><b>Date Resolved:</b> May 2016</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 161</b> If a retailer offers alternative tariffs and a customer applies to receive an alternate tariff (and demonstrates to the retailer that they satisfy the conditions of eligibility), a retailer must change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.</p> <p><i>Energy Coordination Act section 11M, Compendium clause 4.12(1)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <hr/> <p>Non-compliant (2)</p>	<p>Kleenheat failed to apply a discount under a non-standard contract to a residential customer within a ten day period. This instance appears to be an isolated incident caused by human error.</p>
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>• A credit was applied to the customer's account accordingly and the correct discount applied. Refresher training has been provided</li> <li>• The billing system was set up to automatically apply discounts upon update in the customer account profile.</li> </ul> <p><b>Date Resolved:</b> April 2015</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 165</b></p> <p>If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.</p> <p><i>Energy Coordination Act section 11M, Compendium clause 4.14(2)</i></p>	Generally adequate controls – improvement needed (B)	<p>A customer requested a credit refund upon the processing of a final bill for a move out on 6 May 2016. Kleenheat did not respond to the customer's request (user error had prematurely 'closed out' the request) until a follow up email from the customer on 30 May 2016. The refund was processed on 2 June 2016.</p>
	<b>Compliance rating</b>	
	Non-compliant (2)	
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>The Kleenheat Credit team has been provided with refresher Compliance training after the incident. No further instances have been reported.</li> </ul> <p><b>Date Resolved:</b> June 2016</p>		<p><b>Auditor's comments</b></p> <p>No further action required in relation to this specific instance of non-compliance. Refer to issue 5/2016 for further actions in relation managing obligation 165.</p>

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 171</b></p> <p>If a retailer proposes to recover an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must follow the procedure specified in clauses 4.17(2)(a)-(e).</p> <p><i>Energy Coordination Act Section 11M, Compendium clause 4.17(2)</i></p>	Generally adequate controls – improvement needed (B)	<p>A Kleenheat error in March 2016 resulted in the undercharging of a customer account that was subsequently invoiced for the balancing amount. Kleenheat did not provide the affected customer prior notification or the offer of a payment arrangement.</p>
	<b>Compliance rating</b>	
	Non-compliant (2)	
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>Kleenheat liaised with the customer to achieve a satisfactory resolution</li> <li>Kleenheat has created a new process for retrospective billing, which includes a letter informing the customer of payment options</li> <li>Kleenheat has revised the internal undercharge procedure (covered in the 'Historic Billing' process documentation) and provided training to relevant staff.</li> </ul> <p><b>Date Resolved:</b> March 2016</p>		<p><b>Auditor's comments</b></p> <p>No further action required.</p>



Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 183</b> Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.</p> <p><i>Energy Coordination Act Section 11M, Compendium clause 5.3</i></p>	Generally adequate controls – improvement needed (B)	<p>Three residential customers originally on a non-standard form contract were not correctly switched from a direct debit arrangement upon request.</p> <p>The non-compliance was attributed to user error as the direct debit parameters within the system were not de-selected.</p>
	<b>Compliance rating</b>	
	Non-compliant (2)	
<p><b>Action taken</b></p> <ul style="list-style-type: none"> <li>• Following customer complaints, direct debit authority was removed immediately and necessary refunds made</li> <li>• The Customer Service Officer was reminded of the procedure and refresher training provided. This instance appears to have been an isolated incident caused by human error</li> <li>• A system change has subsequently been made to automatically require the payment method to be reviewed during the transfer of a customer from the non-standard to standard contract format.</li> </ul> <p><b>Date Resolved:</b> June 2015</p>	<p><b>Auditor's comments</b></p> <p>No further action required.</p>	

## B. Unresolved at end of current audit period

Reporting manual no. and Licence condition reference	Control adequacy	Issue 1/2016
<p><b>Obligation 52</b> If a licensee is under an obligation to reconnect supply and the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day.</p> <p><i>Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (6), Clause 5.2.2.2 AGA Code</i></p> <p><b>Obligation 229</b> A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.</p> <p><i>Energy Coordination Act section 11M, Compendium clause 8.1(2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	<p><b>NG</b></p> <p>To monitor reconnection timing requirements Kleenheat has developed exception reports designed to detect:</p> <ul style="list-style-type: none"> <li>• Payments made to disconnected accounts (to identify instances where a customer may have paid an outstanding fee, has requested to be reconnected, but the request has failed in its submission to the distributor)</li> <li>• Failed reconnection requests within the system.</li> </ul> <p>During the fieldwork phase of the current audit, it was identified that these exception reports were run at 12pm and 2pm daily. In order to capture requests made between 2-3pm, Deloitte suggested that the second daily report was run at 3pm.</p> <p>Upon performing a walkthrough of the monthly credit compliance reporting process, we identified one incident where a reconnection had not taken place within the prescribed timeframe. The incident was identified as part of Kleenheat’s FY16 annual compliance (citing user error) and remedied accordingly.</p> <p>One further instances of non-compliance was identified in our testing of 15 reconnection samples and reconnection exception reporting where a reconnection order was processed for 29 July 2016 (Friday) and failed in the Flowtalk system. The reconnection was re-raised for 2 August 2016 (Tuesday).</p>
<p><b>Recommendation 1/2016</b></p> <p>Kleenheat:</p> <ol style="list-style-type: none"> <li>Update the exception reporting procedure to include the new timing (3pm) for review of the exception reports</li> <li>Continue to remind staff of the importance of timing in relation to its obligation requirements</li> <li>Emphasise the importance of priority reconnection for detected failed reconnection requests via Flowtalk and identifying any recurring systemic issues.</li> </ol>		<p><b>Action plan 1/2016</b></p> <ol style="list-style-type: none"> <li>Kleenheat has already implemented the suggested improvement raised by Deloitte in shifting the exception report timing to 3 PM. This was implemented during the fieldwork testing stage in late September 2016.</li> <li>and (c)</li> </ol> <p>Kleenheat will continue to communicate to staff about our obligations requirements and provide refresher training to all CST and Credit staff, to further enhance the importance of meeting the obligation requirements. Any recurring systemic issues will continue to be captured in the Compliance Tracker and acted upon by Kleenheat.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b></p> <ol style="list-style-type: none"> <li>Complete</li> <li>and (c) February 2017</li> </ol>

Reporting manual no. and Licence condition reference	Control adequacy	Issue 2/2016
<p><b>Obligation 59</b> A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise. <i>Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</i></p> <p><b>Obligation 137</b> A retailer must issue a bill at least every 3 months unless the conditions specified are met. <i>Compendium Clause 4.1(b)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	<p><u>NG</u> Through discussion with the Credit Operations Team Leader and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and samples of the monthly compliance matrix we determined that:</p> <ul style="list-style-type: none"> <li>• A total of 11 customers in July 2016 and August 2016 had not been issued a bill in a 3 month period</li> <li>• The compliance reporting parameters are designed to detect billing outside of ‘90 days’, which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring.</li> <li>• Kleenheat is in the process of refining its reporting arrangements with its distributor (ATCO Gas).</li> </ul>
<p><b>Recommendation 2/2016</b> Kleenheat:</p> <p>(a) Include a preventative reporting mechanism, which identifies unbilled accounts prior to the three month deadline</p> <p>(b) Update its billing procedures to include a priority billing process for customers approaching the three month deadline</p> <p>(c) Document its process for storing and following up on outstanding reports from ATCO Gas.</p>	<p><b>Action plan 2/2016</b> (a) and (b) Kleenheat will maintain a 90 day exception reporting mechanism with the change to its Gas Trading Licence of the amended requirement to issue a bill at least once every 105 days to be implemented imminently.</p> <p>(c) Kleenheat will:</p> <ul style="list-style-type: none"> <li>• Continue to work collaboratively with the distributor (ATCO Gas) to ensure actual meter reads are being sent to Kleenheat in a timely fashion</li> <li>• Document a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas.</li> </ul> <p><b>Responsible Person:</b> Regulatory Specialist and Credit Manager</p> <p><b>Target Date:</b> January 2017</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue 3/2016
<p><b>Obligation 64</b> A licensee must base a customer's bill on a meter reading and meters must be read at least once per year.</p> <p><i>Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code</i></p> <p><b>Obligation 153</b> A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).</p> <p><i>Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	<p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader, and examination of the 'Guide to Completing Monthly NG Credit Compliance Reporting' policy and the August 2016 compliance matrix, we determined that:</p> <ul style="list-style-type: none"> <li>• A total of 37 customers had not had a bill based on an actual meter reading within a twelve month period</li> <li>• The compliance reporting parameters are designed to detect billing outside of '12 months' which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring</li> <li>• In August 2016, ATCO Gas reintroduced a monthly report of meters which have had four or more consecutive estimated meter reads.</li> </ul>
<p><b>Recommendation 3/2016</b></p> <p>Kleenheat update its 'Guide to Completing Monthly NG Credit Compliance Reporting' to include a preventative control reporting on customers approaching the twelve month deadline.</p>		<p><b>Action plan 3/2016</b></p> <p>Kleenheat will continue the implementation of the automation project for identifying customers with three consecutive estimate reads, which was witnessed by Deloitte during the fieldwork stage. This project should eliminate any future non-compliance with obligations 42, 64 and 153.</p> <p><b>Responsible Person:</b> Credit Manager and Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2017</p>

<b>Reporting manual no. and Licence condition reference</b>	<b>Control adequacy</b>	<b>Issue 4/2016</b>
<p><b>Obligation 136</b> A retailer must issue a bill no more than once a month unless the conditions specified are met. <i>Energy Coordination Act section 11M, Compendium clause 4.1</i></p>	<p>Generally adequate controls – improvement needed (B)</p>	<p><u>NG</u> Through discussion with the Credit Operations Team Leader, and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and compliance matrix, we identified 33 Small/Medium Entities (SME) and 40 residential customers, who in July 2016 and August 2016 had been issued a bill more than once in a 30 day period.  Upon performing a walkthrough of the exception reporting process with the ‘NG Admin’ team, we identified an instance where an exception report had identified multiple meter reads performed by ATCO Gas (one estimated and one actual) within a 30 day period, with a bill being issued for both periods (29 July 2016 and 12 August 2016). This error was detected during the credit compliance reporting process, rectified and resolved with ATCO Gas.</p>
	<p><b>Compliance rating</b> Non-compliant (2)</p>	
<p><b>Recommendation 4/2016</b> Kleenheat tailor its training on exception reporting to include a review of the customer records to determine if multiple meter reads are listed as ‘billed’ within a 30 day period in the account history.</p>		<p><b>Action plan 4/2016</b> Kleenheat will review its staff training and exception reporting procedure to explore the Auditor’s recommendation. <b>Responsible Person:</b> Regulatory Specialist <b>Target Date:</b> January 2017</p>

Reporting manual no. and Licence condition reference	Control adequacy	Issue 5/2016
<p><b>Obligation 187</b> If a retailer has charged a residential customer a late fee, a retailer must not charge a residential customer an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice.</p> <p><b>Obligation 188</b> A retailer must not charge a residential customer more than three late payment fees in relation to the same bill, or more than 12 late payment fees in a year.</p> <p><i>Energy Coordination Act section 11M, Compendium clause 5.6(3)&amp;(4)</i></p>	Generally adequate controls – improvement needed (B)	<p><u>NG</u></p> <p>Through discussion with the Credit Team Leader and examination of the overdue fee billing reports, we determined that Kleenheat was experiencing recurring issues where multiple overdue fees were attributed to bills within a five day period.</p> <p>The same systemic issue resulted in the issuing of overdue fees on bills to customers more than three times in a twelve month period.</p> <p>The overdue fee billing report provided visibility over the error and enabled the Credit Department to credit the excess fees charged.</p> <p>The updated exception reporting format has identified no further instances of non-compliance since May 2016.</p> <p>We note that Kleenheat had assessed this matter and concluded that as the fees were reversed, it did not represent a non-compliance with obligations 187 and 188 and therefore did not include the matter in its FY16 Annual Compliance report.</p>
	<p><b>Compliance rating</b></p> <p>Non-compliant (2)</p>	
<p><b>Recommendation 5/2016</b></p> <p>Kleenheat examine the systemic issue which resulted in the higher frequency of billing overdue fees to establish adequate preventative controls (in addition to the detective mitigating controls currently in place).</p>	<p><b>Action plan 5/2016</b></p> <p>Kleenheat has already resolved the systemic issue that caused the failure of the exception reporting to stop multiple late fees being issued to customers' accounts. There was no impact to customers as the late fees were credited to the affected accounts. The issue was resolved in May 2016.</p> <p><b>Responsible Person:</b> Credit Operations Team Leader and Credit Team Leader</p> <p><b>Target Date:</b> Completed May 2016</p>	

## 2.6 Scope and objectives

As described in our engagement letter dated 29 June 2016, we have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, Kleenheat has complied, in all material respects, with the conditions of the Licence as outlined in the approved Audit Plan (dated 14 September 2016) during the period 1 September 2014 to 31 August 2016.

Our engagement was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board and provides reasonable assurance as defined in ASAE 3100. The procedures we performed are described in more detail in section 2.7 below.

A reasonable assurance engagement in accordance with ASAE 3100 involves performing procedures to obtain evidence about the compliance with the conditions of the Licence. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in compliance with the conditions of the Licence. In making those risk assessments; we considered internal controls in relation to compliance with the conditions of the Licence.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

The Authority has summarised the requirements of the applicable legislation that it expects to be reported upon and included in the scope of this audit in its *August 2015 Gas Compliance Reporting Manual (Reporting Manual)*.

The Audit Plan approved by the Authority for this audit sets out the Licence conditions confirmed to be included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation. Note that under the current Audit Guidelines, the audit report is not required to include reference to those obligations assessed as "Not Applicable" to Kleenheat's operations.

### 2.6.1 Risk assessment revisions

During the audit, we determined that the following obligation was not applicable to Kleenheat's operations:

- **230:** This obligation relates to reconnections to be performed by distributors. For the purpose of this Gas Trading Licence, Kleenheat is not licenced to perform reconnections.

## 2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period July to October 2016:

- Utilising the Audit Guidelines and Reporting Manuals (May 2014, February 2015, March 2015, July 2015 and August 2015 versions) as a guide, development of a risk assessment which involved discussions with key staff and document review to assess controls
- Development of an Audit Plan (see **Appendix A**) for approval by the Authority and an associated work program
- Interviews with relevant Kleenheat staff to gain understanding of process controls (see **Appendix B** for staff involved)
- Review of documents and walkthrough of processes and controls to assess the overall compliance and effectiveness of those processes and controls in accordance with Licence obligations (see **Appendix B** for reference listing)
- Sample testing for obligations assessed as an audit priority 3 (or above) and where there was relevant activity to determine whether transactions complied with the requirements of the obligation
- Reporting of findings to Kleenheat for review and response.

# 3 Summary of findings

Table 1 in section 2 above sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, Kleenheat was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

The remainder of this report provides:

- A summary of the findings for the compliance obligations (at **Table 4** below)
- Detailed findings, including relevant observations, recommendations and action plans (at **Section 4** below).

Note that:

- The risk assessment results are included in this summary to give context to the ratings determined.
- Obligations marked with a (\*) are relevant only for the period from 1 January 2015 to 31 August 2016.



Table 4: Summary of findings

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
<b>8 Type 1 Reporting Obligations</b>																	
227	11M	NG & LPG	Major	Probable	High	Moderate	✓						Priority 2	✓			
<b>9 Licence Compliance Requirements - Energy Coordination Act 1994</b>																	
1	11Q(1-2)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
2	11WG(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
3	11WG(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4					✓
4	11WK(1-2)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
5	11WK(3)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
6	11X(3)	NG & LPG	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
10	11ZA(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
11	11ZAF(a)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
12	11ZAF(b)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
13	11ZAF(c)	NG & LPG	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
14	11ZAH(2)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
15	11ZAJ	NG & LPG	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
16	11ZAJ	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
17	11ZK(3)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
19	11ZOR(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
20	11ZOV(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
21	11ZOV(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
22	11ZOZ(3)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
24	11ZQH	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>																	
29	5(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
30	6(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
31	6(4)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating				
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004</b>																
32	12 (2)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓			
33	12 (4)(a)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5		✓		
34	12 (4)(b)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5		✓		
35	12 (5)(a)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓			
36	12 (5)(b)	NG	Minor	Probable	Low	Moderate					✓	Priority 5				✓
		LPG	Minor	Probable	Low	Strong										
37	12 (5)(c)	NG	Minor	Probable	Low	Moderate					✓	Priority 5	✓			
		LPG	Minor	Unlikely	Low	Strong										
38	12 (5)(d)	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5				✓
39	12 (5)(e)	NG	Minor	Probable	Low	Weak					✓	Priority 5				✓
		LPG	Minor	Probable	Low	Moderate										
40	12 (6), Clause 5.1.1.2 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓			
41	12 (6), Clause 5.1.1.3 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓			
42	12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code	NG & LPG	Minor	Probable	Low	Weak					✓	Priority 5				✓
43	12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	NG	Minor	Probable	Low	Weak					✓	Priority 5				✓
		LPG	Minor	Probable	Low	Moderate										
44	12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	NG	Minor	Probable	Low	Weak					✓	Priority 5				✓
		LPG	Minor	Probable	Low	Moderate										
45	12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	NG	Minor	Probable	Low	Weak					✓	Priority 5				✓
		LPG	Minor	Unlikely	Low	Moderate										
46	12 (6), Clause 5.1.7.2 AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5				✓
47	12 (6), Clause 5.1.8.1(a) AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓			
48	12 (6), Clause 5.1.8.1(b) AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓			
49	12 (6), Clause 5.1.8.1(c) AGA Code	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓			

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
50	12 (6), Clause 5.1.8.1(d) AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
51	12 (6), Clause 5.1.8.1(e) and (f) AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
52	12 (6), Clause 5.2.2.2 AGA Code	NG	Minor	Likely	Medium	Weak		✓				Priority 3		✓			
		LPG	Minor	Probable	Low	Moderate						Priority 5					
53	13 (1), Clause 4.4.6.2 AGA Code	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
54	13 (3)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
55	13 (4)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
56	14 (2)	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
57	14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	NG & LPG	Minor	Unlikely	Low	Strong					✓	Priority 5	✓				
58	14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
59	15 (1), Clause 4.2.1 AGA Code	NG & LPG	Minor	Likely	Medium	Moderate		✓				Priority 4		✓			
60	15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	NG & LPG	Minor	Probable	Low	Strong		✓				Priority 5		✓			
61	15 (1), Clause 4.2.3.2 AGA Code	NG & LPG	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
62	15 (1) and (2)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
63	15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
64	15 (1), Clause 4.2.4.1 AGA Code	NG & LPG	Minor	Probable	Low	Moderate		✓				Priority 5		✓			
65	15 (1), Clause 4.2.4.2 AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5					✓
66	15 (1), Clause 4.2.4.4 AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
67	15 (1), Clause 4.2.4.5 AGA Code	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
68	15 (1), Clause 4.3.2.1 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
69	15 (1), Clause 4.3.2.2 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
70	16 (3)	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
71	19	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
72	20 (2) Clause 4.3.5.1 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
73	27 (4) and 40 (3)	n/a	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
74	20 (3) and 48	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
75	22 and 49 (2)	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
76	49 (3)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
77	49 (4)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5					✓
78	49 (5)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5					✓
79	50	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
80	44	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
81	45 (1)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
82	45 (2)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
83	46 (1) & (2)	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
84	46 (4)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
85	28, clause 3.1.1(a) AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
86	28, clause 3.1.1(b) AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
90	33 (3), clause 3.5.2.2 AGA Code	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
91	42	NG & LPG	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
<b>13 Licence Compliance Requirements - Licence Conditions</b>																	
96	16.2	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
97	16.4	NG & LPG	Minor	Unlikely	Low	Strong					✓	Priority 5	✓				
98	17	NG & LPG	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
99	20	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
100	21.1	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
101	22.1	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating						
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR	
102	23.1	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
103	24	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4					✓
106	12.2	NG & LPG	Minor	Unlikely	Low	Moderate						✓	Priority 5					✓
107	12.3	NG & LPG	Minor	Unlikely	Low	Moderate						✓	Priority 5					✓
108	13.1	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
109	15.1 and 15.2	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
110	Schedule 3 clause 1.5	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
111	Schedule 3 clause 1.7	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
112	Schedule 3 clause 2.1 to 2.2	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4	✓				
113	Schedule 3 clause 3.1	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
<b>14 Licence Compliance Requirements – Gas Marketing Code of Conduct</b>																		
114	Energy Coordination Act section 11ZPP	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
115	Energy Coordination Act section 11ZPP and 11M	NG & LPG	Moderate	Probable	Medium	Strong	✓						Priority 4	✓				
116	2.1	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2			✓		
117	2.2(1)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
118	2.2(1),(2) 2.2(2), 2.2(3)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
119	2.3(1)	NG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
		LPG	Moderate	Unlikely	Medium	Moderate												
120	2.3(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
121	2.3(3),(4)	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
122	2.4(1)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
123	2.4(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
124	2.5(1)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
125	2.5(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
126	2.6	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4					✓

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating						
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR	
127	2.8	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
128	2.9	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
129	2.10	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations</b>																		
Part 3 Connection																		
134	3.1(1)	NG & LPG	Moderate	Probable	Medium	Weak		✓					Priority 3		✓			
135	3.1(2)	NG & LPG	Moderate	Probable	Medium	Weak		✓					Priority 3		✓			
Part 4 Billing																		
136	4.1	NG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
		LPG	Moderate	Probable	Medium	Strong							Priority 4					
137	4.1(b)	NG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
		LPG	Moderate	Probable	Medium	Strong							Priority 4					
138	4.2(1)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
139	4.2(2)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
140	4.2(3)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
141	4.2(4)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
142	4.2(5)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
143	4.2(6)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
144	4.3(1)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
145	4.3(2)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
146	4.4	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
147	4.5(1)	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
148	4.5(2)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
149	4.5(3)	NG & LPG	Moderate	Probable	Medium	Weak	✓						Priority 3	✓				
150	4.6(1)	NG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
		LPG	Moderate	Probable	Medium	Moderate												
152	4.7 (1)	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5	✓				
153	4.7(2)	NG & LPG	Minor	Probable	Low	Moderate		✓					Priority 5		✓			

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating						
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR	
154	4.8(1)	NG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
155	4.8(2)	NG	Moderate	Probable	Medium	Strong							Priority 4	✓				
		LPG	Moderate	Probable	Medium	Weak	✓						Priority 3	✓				
156	4.8(3)	NG	Moderate	Unlikely	Medium	Strong						✓	Priority 4	✓				
		LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4	✓				
157	4.9	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
158	4.10	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5	✓				
159	4.11(1)	NG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
		LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
160	4.11(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4					✓
161	4.12(1)	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
162	4.12(2)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
163	4.13	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
164	4.14(1)	NG & LPG	Minor	Probable	Low	Strong						✓	Priority 5	✓				
165	4.14(2)	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
165A *	4.14(3)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4					✓
166	4.15	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
167	4.16(1)(a)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
168	4.16(1)(b)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
169	4.16(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
170	4.16(3)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
171	4.17(2)	NG & LPG	Moderate	Likely	High	Moderate		✓					Priority 2		✓			
172	4.18(2) and 4.18(5)	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5	✓				
173	4.18(3)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
174	4.18(4)	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5	✓				
175	4.18(6)	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5	✓				
175A *	4.18(7)	NG & LPG	Minor	Probable	Low	Moderate						✓	Priority 5					✓

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating						
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR	
176	4.19(1)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
177	4.19(2) and 4.19(6)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
178	4.19(3)	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4	✓				
179	4.19(4)	NG & LPG	Minor	Unlikely	Low	Moderate						✓	Priority 5	✓				
180	4.19(5)	NG & LPG	Minor	Unlikely	Low	Moderate						✓	Priority 5	✓				
180A *	4.19(7)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4					✓
Part 5 Payment																		
181	5.1	NG & LPG	Moderate	Probable	Medium	Weak	✓						Priority 3	✓				
182	5.2	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
183	5.3	NG & LPG	Moderate	Probable	Medium	Weak		✓					Priority 3		✓			
184	5.4	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4					✓
185	5.5	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
186	5.6(1)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
186A *	5.6(2)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
187	5.6(3)	NG & LPG	Moderate	Probable	Medium	Weak		✓					Priority 3		✓			
188	5.6(4)	NG & LPG	Moderate	Probable	Medium	Weak		✓					Priority 3		✓			
189	5.6(5)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
190	5.7(1)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
191	5.7(2)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
192	5.7(3)	NG & LPG	Moderate	Unlikely	Medium	Strong						✓	Priority 4	✓				
193	5.7(4)	NG & LPG	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓				
195	5.8(1)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
196	5.8(2)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				
197	5.9	NG & LPG	Moderate	Unlikely	Medium	Moderate						✓	Priority 4					✓
Part 6 Payment Difficulties and Financial Hardship																		
198	6.1(1)	NG & LPG	Moderate	Probable	Medium	Strong						✓	Priority 4	✓				



	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
198A*	6.1(2)	NG & LPG	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
199	6.1(3)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
200	6.1(4)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
200A*	6.2(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
201	6.2(2)	NG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
		LPG	Moderate	Probable	Medium	Moderate											
202	6.2(3)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
203	6.2(4)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
204	6.3(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
205	6.4(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
206	6.4(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
206A*	6.4(3)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
207	6.4(4)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
208	6.6(1)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
209*	6.6(2)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
210	6.7	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				
211	6.8	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
212	6.9(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4					✓
213	6.9(2)	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5					✓
214*	6.10(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
215	6.10(2)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
215A*	6.10(3)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
216	6.10(4)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
217*	6.10(5)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
219*	6.10(6)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
220	6.10(7)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
220A *	6.10(8)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
221	6.11	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
Part 7 Disconnection																	
222	7.1	NG & LPG	Moderate	Likely	High	Moderate		✓				Priority 2		✓			
223	7.2(1)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
224*	7.3	NG & LPG	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
225	7.4	NG	Moderate	Probable	Medium	Weak					✓	Priority 3					✓
227	7.6	NG & LPG	Major	Probable	High	Moderate	✓					Priority 2	✓				
Part 8 Reconnection																	
228	8.1(1)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
229	8.1(2)	NG	Moderate	Probable	Medium	Weak						Priority 3					
		LPG	Moderate	Probable	Medium	Strong		✓				Priority 4		✓			
Part 10 Information and Communication																	
231	10.1(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
232	10.1(2)	NG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
233	10.1(3)	NG	Moderate	Unlikely	Medium	Moderate					✓	Priority 4	✓				
234	10.2(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
235	10.2(2)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
236	10.2(3)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
237	10.2(4)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
238	10.3	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
239*	10.4	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
240	10.5	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
241	10.5A(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
242	10.5A(2)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
243	10.5A(3)	NG & LPG	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
245	10.9	NG & LPG	Minor	Probable	Low	Strong					✓	Priority 5	✓				

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
246	10.10(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
249	10.11(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
250	10.11(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
<b>Part 12 Complaints and Dispute Resolution</b>																	
251	12.1(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
252	12.1(2)(a),(b) and (d)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
253	12.1(2)(c)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
254	12.1(3)(a)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
255	12.1(3)(b)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
255A*	12.1(4)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
256	12.2	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
257	12.3	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
258	12.4	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
<b>Part 13 Record Keeping and Reporting</b>																	
281*	13.1	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
282*	13.2	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
283*	13.3	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
<b>Gas Marketing Code of Conduct obligations applicable for the period 1 September 2014 to 3 March 2015 (in accordance with the May 2014 and February 2015 Reporting Manuals) which were subsequently removed</b>																	
130	2.6(3)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
<b>Customer Licence Obligations (Compendium) applicable for the period 1 September 2014 1 January 2015 ( In accordance with May 2014 and February 2015 Reporting Manual) which, were subsequently removed</b>																	
151	4.6(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
194	5.8(1)	NG & LPG	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
259	13.1(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
260	13.1(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
262	13.2(a)(i)-(xv)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
263	13.2(b)(i)-(ix)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

	Obligation reference (condition/clause)	NG or LPG	Audit Plan				Adequacy of controls rating					Compliance rating					
			Consequence	Likelihood	Inherent risk rating	Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
264	13.2(c)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
265	13.3(1)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
266	13.3(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
267	13.5	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
268	13.6	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
278	13.17(2)	NG & LPG	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
279	13.17(3)	NG & LPG	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				

# 4 Detailed findings, recommendations and action plans

This section has been structured in subsections for the relevant Codes and Regulations against which we assessed Kleenheat's compliance. The sections are:

- 4.1 Type 1 Reporting obligations for all licence types
- 4.2 Energy Coordination Act 1994
- 4.3 Energy Coordination (Gas Tariffs) Regulations 2000
- 4.4 Energy Coordination (Customer Contracts) Regulations 2004
- 4.5 Licence Conditions
- 4.6 Gas Marketing Code of Conduct
- 4.7 Compendium.

Each section contains:

**Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of Kleenheat's compliance with the applicable obligations. These tables include:

- **Findings** – the auditor's understanding of the process and any issues that have been identified during the audit
- **Recommendations** – recommendations for improvement or enhancement of the process or control
- **Action plans** – Kleenheat's formal response to audit recommendations, providing details of action to be implemented to address the specific issue raised by the audit, assignment of the actions to appropriate staff and corresponding completion dates for the actions.

The compliance and control adequacy ratings have been summarised below for each sub-section.

Controls adequacy rating						Compliance rating					
A	B	C	D	NP	Total	1	2	3	4	NR	Total
<i>4.1 Type 1 Reporting obligations for all licence types</i>											
1	-	-	-	-	1	1	-	-	-	-	1
<i>4.2 Energy Coordination Act 1994</i>											
-	-	-	-	19	19	9	-	-	-	10	19
<i>4.3 Energy Coordination (Gas Tariffs) Regulations 2000</i>											
-	-	-	-	3	3	3	-	-	-	-	3
<i>4.4 Energy Coordination (Customer Contracts) Regulations 2004</i>											
-	4	-	-	53	57	35	6	-	-	16	57
<i>4.5 Licence Conditions</i>											
-	-	-	-	16	16	8	-	-	-	8	16
<i>4.6 Gas Marketing code of Conduct</i>											
1	2	-	-	13	16	13	1	1	-	1	16
<i>4.7 Compendium</i>											
4	14	-	-	126	144	104	14	-	-	26	144

## 4.1 Type 1 Reporting obligations for all licence types

No.	Obligation under condition	Findings
227	<p>A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.</p> <p><i>Compendium clause 7.6</i></p>	<p>Through discussion with the Customer Advocate, Credit Team Leader, examination of Kleenheat's disconnection procedures and training modules, and sample testing of disconnections across NG and LPG and customer complaints data, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat does not arrange for disconnection if a complaint has been filed by the customer</li> <li>• Disconnections are not performed: <ul style="list-style-type: none"> <li>○ After 3pm on Monday to Thursday</li> <li>○ On a Friday, Saturday, Sunday, Public Holiday or on the eve of a public holiday</li> </ul> </li> <li>• Kleenheat has tailored its processes to forward disconnection service requests at the beginning of the week to provide the distributor with the best opportunity to perform the disconnection prior to Friday</li> <li>• Credit team staff are trained to ensure that prior to disconnection, the credit status of the customer account in Oracle is not subject to: <ul style="list-style-type: none"> <li>○ An open customer complaint (which suspends the disconnection workflow within the system)</li> <li>○ Payment difficulty</li> <li>○ Financial Hardship</li> <li>○ Applicable medical conditions.</li> </ul> </li> </ul>
	<p>Priority:2</p>	<p>Control adequacy: A</p> <p>Compliance Rating: 1</p>

## 4.2 Energy Coordination Act 1994

No.	Obligation under condition	Findings	
<b>9 Licence Compliance Requirements</b>			
1	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5) <i>Energy Coordination Act section 11Q(1-2)</i>	Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of annual invoices and remittance for FY15 and FY16, we determined that: <ul style="list-style-type: none"> <li>• Payment is made following receipt of the applicable invoice from the Authority in accordance with Kleenheat's accounts payable process through Oracle</li> <li>• The licensing fees due during the audit period were paid in accordance with the above</li> <li>• Kleenheat is aware of its requirements to pay licensing fees within one month of the license anniversary.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
2	A licensee must, subject to the regulations, not supply gas to a customer other than under a standard form or non-standard contract. <i>Energy Coordination Act section 11WG(1)</i>	Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's customer account set up procedures, we determined that: <ul style="list-style-type: none"> <li>• Kleenheat supplies gas to small use residential customers under a Standard Form Contract</li> <li>• The latest version of the Standard Form Contract has been approved by the Authority and located on each of the Authority's and Kleenheat's websites</li> <li>• Kleenheat also supplies gas to a Non-Standard Contract to supply gas to small use residential customers at discounted rates</li> <li>• For small use business customers, Kleenheat contracts supply via a non-standard form contract only.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
3	A licensee must comply with a direction given to the licensee under section 11WI. <i>Energy Coordination Act section 11WG(2)</i>	Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of clause 28 of the standard form contract we determined that: <ul style="list-style-type: none"> <li>• Kleenheat has provided primary and secondary contact details to the Authority</li> <li>• Should the Authority request changes to the standard form contract, Kleenheat has processes in place to review and progress, in accordance with section 11WI, within the conditions specified by the Authority</li> <li>• Kleenheat has processes in place designed to comply with the Energy Coordination Act 1994 when amending standard form contracts and report accordingly to the Authority after legal review and Regulatory Manager sign off.</li> </ul> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed (supported by the Authority website) that the Kleenheat has not received direction from the Authority to review the current standard form contracts (for both NG and LPG Retic) during the audit period.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings	
4	Gas is deemed to be supplied under the standard form contract if a customer commences to take a supply of gas at premises without entering into a contract with the holder of a trading licence. <i>Energy Coordination Act section 11WK(1-2)</i>	Through discussion with Customer Team Leader and examination of Kleenheat's disconnection procedures, we determined that Kleenheat has applied the following processes to: <ul style="list-style-type: none"> <li>• Create an owner/occupier account in Oracle and set the customer up under the standard form contracts when the customer commences to take a supply of gas at the premise</li> <li>• Consider the customer to be under a Standard Form Contract with Kleenheat until the customer contacts Kleenheat regarding their account.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
5	A standard form contract continues in force until it is terminated or supply becomes subject to a non-standard contract with the supplier. <i>Energy Coordination Act section 11WK(3)</i>	Through discussion with Customer Service Team Leader and examination of Kleenheat's disconnection procedures, we determined that Kleenheat's processes outline that the standard form contract continues to be in force unless: <ul style="list-style-type: none"> <li>• The customer requests for disconnection; or</li> <li>• Kleenheat puts through the disconnection strategy due to non-payment; or</li> <li>• The supply becomes subject to a non-standard contract.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
6	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause. <i>Energy Coordination Act section 11X(3)</i>	The Regulatory Specialist Natural Gas & Electricity confirmed that there were no interruptions, suspensions or restrictions of the supply of gas to a customer due to an accident, emergency, potential danger or other unavoidable cause during the period subject to audit.	
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
10	A licensee must provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows). <i>Energy Coordination Act section 11ZA(1)</i>	On 29 June 2016, Deloitte was appointed with the Authority's approval to undertake the audit for the period 1 September 2014 to 31 August 2016. Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the previous performance audit report for the period 1 September 2012 to 31 August 2014, (published March 2015), we understand that the previous performance audit was conducted in accordance with Authority's requirements.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1



No.	Obligation under condition	Findings			
11	A licensee must submit a draft last resort supply plan to the Authority within 3 months (or longer if the Authority allows) of being designated with that role. <i>Energy Coordination Act section 11ZAF(a)</i>	<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.			
	Priority: 5			Control Adequacy: NP	Compliance Rating: NR
12	A licensee must consult with the Authority with a view to obtaining approval of its draft last resort supply plan. <i>Energy Coordination Act section 11ZAF(b)</i>				
	Priority: 5			Control Adequacy: NP	Compliance Rating: NR
13	A licensee must carry out the arrangements and other provisions in the approved last resort supply plan if it comes into operation. <i>Energy Coordination Act section 11ZAF(c)</i>				
	Priority: 4			Control Adequacy: NP	Compliance Rating: NR
14	A licensee must submit any proposed amendment to its last resort supply plan to the Authority for approval. <i>Energy Coordination Act section 11ZAH(2)</i>				
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR		
15	A licensee, who is designated as a supplier of last resort, must perform the functions of the supplier of last resort and carry out the arrangements and provisions of the last resort supply plan if it comes into operation. <i>Energy Coordination Act section 11ZAJ</i>				
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR		
16	A licensee, (supplier of last resort) must supply a transferred customer for at least 3 months after the date of transfer unless the transferred customer terminates the contract. <i>Energy Coordination Act section 11ZAJ</i>				
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR		

No.	Obligation under condition			Findings
17	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority. <i>Energy Coordination Act section 11ZK(3)</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that, in relation to the purposes of operating under the Licence, Kleenheat had not taken an interest or easement in respect of land held by a public authority during the period subject to audit.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
19	A licensee that sells gas that is transported through a distribution system must be a member of an approved retail market scheme if a scheme is in force. <i>Energy Coordination Act section 11ZOR(2)</i>			The Retail Energy Market Company Ltd (REMCo) was appointed as the administrator of the approved retail market scheme covering the distribution systems in which Kleenheat is licensed to operate.  From an examination of the REMCo website and discussion with the Regulatory Specialist Natural Gas & Electricity, we confirmed that Kleenheat was a member of REMCo for the duration of the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
20	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme. <i>Energy Coordination Act section 11ZOV(1)</i>			<i>Obligations 20 and 21</i> Prohibited conduct is defined by the Energy Coordination Act s.11ZOV as preventing or hindering the operation of the retail market scheme.  The Regulatory Specialist Natural Gas & Electricity advised that for the period subject to audit, he is not aware of Kleenheat engaging or assisting another party to engage in prohibited conduct relating to the operation of the retail market scheme. From discussions with staff and observation of Kleenheat's policies and procedures, we observed that Kleenheat maintains a strong compliance culture which promotes continuous improvement and self-reporting.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
21	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme. <i>Energy Coordination Act section 11ZOV(2)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
22	A licensee, as a member of a retail scheme, must comply with a direction given to it by the Authority to amend the scheme, and to do so within a specified time. <i>Energy Coordination Act section 11ZOZ(3)</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been given a direction by the Authority to amend the scheme within a timeframe within the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
24	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme. <i>Energy Coordination Act section 11ZQH</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Gas Trading Licence, we determined that Kleenheat: <ul style="list-style-type: none"> <li>• Is precluded by its gas trading licence from supplying gas to small use customers unless it is a member of the approved gas industry ombudsman scheme</li> <li>• Has remained a gas industry member of the ombudsman scheme during the audit period.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

## 4.3 Energy Coordination (Gas Tariffs) Regulations 2000

No.	Obligation under condition	Findings
<b>11 Licence Compliance Requirements – Energy Coordination (Gas Tariffs) Regulations 2000</b>		
29	<p>A licensee supplying gas in an area referred to in Regulation 3(a), (b), or (c) is required to have at least one capped tariff for any supply of gas in that area.</p> <p><i>Energy Coordination (Gas Tariffs) Regulations 5(1)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of the standard &amp; non-standard form contracts and the Public Utilities Office website we determined that:</p> <ul style="list-style-type: none"> <li>• In accordance with Regulation 3(a) and through examination of Kleenheat’s standard form contract pricing and the capped tariffs listed on the Public Utilities Office website, we determined that Kleenheat’s standard form contract prices for the supply of NG in Mid-West and South West areas do not exceed the capped tariffs</li> <li>• Kleenheat’s standard form contract prices for the supply of LPG (under the LPG reticulation network in the Albany and South West (Margaret River) areas) in all areas do not exceed the capped tariffs as listed on the Public Utilities Office website. Tariffs cannot be amended within the Kleenheat’s system without the appropriate approval. The pricing team will update tariffs in the system upon receiving approval from the appropriate manager. If the documentation received by the pricing team does not have the appropriate approvals, no updates are made until approvals have been obtained.</li> </ul>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
30	<p>A licensee is required to offer to supply gas to each of its existing standard contract customers under the terms of the customer’s existing contract but at a capped tariff unless the existing contract already entitles the customer to be supplied at a capped tariff.</p> <p><i>Energy Coordination (Gas Tariffs) Regulations 6(2)</i></p>	<p><i>Obligations 30 and 31</i></p> <p>Through discussions with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat’s standard form contract pricing and the capped tariffs listed on the Public Utilities Office website, we determined that Kleenheat’s standard form contract prices for the supply of NG in Mid-West and South West areas do not exceed the capped tariffs.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
31	<p>When offering to supply gas to a new customer under a standard form contract, a licensee is to offer to supply gas at a capped tariff.</p> <p><i>Energy Coordination (Gas Tariffs) Regulations 6(4)</i></p>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

## 4.4 Energy Coordination (Customer Contracts) Regulations 2004

### Background

The Energy Coordination (Customer Contracts) Regulations 2000 (**Contract Regulations**) were introduced in 2000 to outline the responsibility of gas traders in respect of their customers. The Gas Compendium for Small Use Customers (**Compendium**) was introduced from 1 July 2009, to regulate and control the conduct of gas retailers, distributors and marketing agents in relation to the supply and marketing of gas to customers.

A large number of the Contract Regulations are directly addressed in the requirements of the new Compendium. As such, the obligations outlined in Table 5 are reported on in section 4.7 below with reference to the audit work performed for the relevant obligation of the Compendium and have not been reported on in this section.

Obligations that are common between the Contract Regulations and the Compendium relate to:

- Disconnection
- Reconnection
- Payments
- Billing
- Information and Communication.

Throughout the remainder of this report, common obligations under the Compendium are referenced to the relevant

Contract Regulation. Accordingly, the compliance rating for the relevant Contract Regulation obligation is based on the corresponding Compendium obligation compliance rating.

**Table 5 – Contract Regulations matched to Compendium**

Customer Contracts Regulations	Compendium	Control Adequacy	Compliance Rating
32, 48	227	NP	1
51	227	NP	1
33, 34	222	B	2
42	225	NP	NR
40, 41, 49, 50	223	NP	1
52	229	B	2
57, 58	231	NP	1
57	232	NP	1
59	137	B	2
60	147	B	2
63	234	NP	NR
64	153	B	2
66	157	NP	1
67	158	NP	1
68	182	NP	1
69	184	NP	1
	185	NP	1
72	205	NP	1
	211	NP	1
74	195	NP	1

## Energy Coordination (Customer Contracts) Regulations 2004

No.	Obligation under condition	Findings			
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004</b>					
35	<p>A licensee must reconnect supply to a customer within 10 business days after disconnection for non-payment of a bill if the customer pays the overdue amount or makes an arrangement for its payment and the customer has paid any applicable reconnection fee.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12(5)(a)</i></p> <table border="1"> <tr> <td>Priority: 5</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 35 to 37 (links to obligation 228, however as there is no timeframe requirement under the Compendium, obligations 35 to 37 have been assessed separately)</i></p> <p><u>NG</u></p> <p>Current market arrangements provide for ATCO Gas (as the distributor) to physically reconnect the customer's gas supply at the request of Kleenheat (refer to obligation 228 findings). Under these market rules and the Compendium clause 8.1(2), Kleenheat must send reconnection service orders to ATCO Gas in a specified timeframe (obligation 229). Customer Contracts Regulation 12(5)(a) requires Kleenheat, considering the market relationship, to monitor the timing of reconnection of a customer's gas supply.</p> <p>Through discussion with the Credit Team Leader and examination of the disconnection/reconnection spreadsheets produced from Oracle we determined that Kleenheat:</p> <ul style="list-style-type: none"> <li>• Monitors the completion of reconnection service requests</li> <li>• Has implemented a system control within Oracle which sets the default reconnection appointment date (for ATCO) one business day after the request for reconnection has been received.</li> </ul>
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
36	<p>A licensee must reconnect supply to a customer within 10 business days after disconnection for denial of access to a meter, if the customer provides access to the meter and the customer has paid any applicable reconnection fee.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12(5)(b)</i></p> <table border="1"> <tr> <td>Priority: 5</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: NR</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	<p><u>LPG Retic</u></p> <p>Through discussion with the Administration team and examination of the reconnections spreadsheet we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat has maintained a longstanding relationship with its independent contractors who perform reconnections for the LPG retic system</li> <li>• Reconnection status is monitored via an overarching spreadsheet (with additional detail provided in the customer account notes).</li> </ul> <p>Across both businesses, examination of the spreadsheets did not identify any instances where the timeframe of 10 business days was exceeded. Through discussion with the above staff, we determined that Kleenheat has not performed disconnections for 'denial of access to a meter' during the period subject to audit.</p>
Priority: 5	Control Adequacy: NP	Compliance Rating: NR			
37	<p>A licensee must reconnect supply to a customer within 10 business days after disconnection for unlawful consumption of gas, if the customer pays for the gas consumed and the customer has paid any applicable reconnection fee.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12(5)(c)</i></p> <table border="1"> <tr> <td>Priority: 5</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<p><u>LPG Retic</u></p> <p>Through discussion with the Administration team and examination of the reconnections spreadsheet we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat has maintained a longstanding relationship with its independent contractors who perform reconnections for the LPG retic system</li> <li>• Reconnection status is monitored via an overarching spreadsheet (with additional detail provided in the customer account notes).</li> </ul> <p>Across both businesses, examination of the spreadsheets did not identify any instances where the timeframe of 10 business days was exceeded. Through discussion with the above staff, we determined that Kleenheat has not performed disconnections for 'denial of access to a meter' during the period subject to audit.</p>
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
38	<p>A licensee must reconnect supply to a customer within 10 business days after disconnection for refusal to pay a refundable advance, if the customer pays the refundable advance and the customer has paid any applicable reconnection fee.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12(5)(d)</i></p> <table border="1"> <tr> <td>Priority: 5</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: NR</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.</p>
Priority: 5	Control Adequacy: NP	Compliance Rating: NR			

No.	Obligation under condition			Findings
39	A licensee must reconnect supply to a customer within 20 business days after disconnection in an emergency situation or for health, safety or maintenance reasons, if the situation or problem giving rise to the need for disconnection has been rectified, and if the customer has paid any applicable reconnection fee. <i>Energy Coordination (Customer Contracts) Regulations 12(5)(e)</i>			<p><i>Obligations 39 to 45</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, we determined that for both NG and LPG retic, no disconnections have occurred due to an emergency situation during the period subject to audit.</p> <p>From examination of the Kleenheat KHG CST Emergency Health and Safety and Maintenance Disconnections policies for NG and LPG retic, we determined that the policies:</p> <ul style="list-style-type: none"> <li>• Provide timeframes for reconnection which align with the obligation requirements</li> <li>• Outline expected responsibilities of Kleenheat and its interaction with the distributor which includes: <ul style="list-style-type: none"> <li>○ Provision of a 24 hour information service</li> <li>○ Requirements to provide notice and provide the customer with opportunity to remove the reason where the customer is able</li> <li>○ Where maintenance is required, provide the customer 4 days written notice and use best endeavours to minimise disruption and restore supply.</li> </ul> </li> </ul>
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
43	A licensee who disconnects in the event of an emergency must provide a 24 hour information service, estimate the time when gas supply will be restored and use best endeavours to restore supply when the emergency is over. <i>Energy Coordination (Customer Contracts) Regulations 12(6), Clauses 5.1.3.1 &amp; 5.1.3.2 AGA Code</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
44	A licensee who disconnects supply for health and safety reasons must provide the customer written notice of the reason; allow the customer 5 business days to remove the reason where the customer is able to; and after the 5 business days issued a notice to the customer of its intention to disconnect supply at least 5 business days' notice prior to the disconnection date. <i>Energy Coordination (Customer Contracts) Regulations 12(6), Clauses 5.1.4.1 &amp; 5.1.4.2 AGA Code</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
45	A licensee who disconnects supply for planned maintenance must provide the customer 4 days written notice; and used best endeavours to minimise disruption and restore supply. <i>Energy Coordination (Customer Contracts) Regulations 12(6), Clauses 5.1.5.1 &amp; 5.1.5.2 AGA Code</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
46	A licensee must not disconnect supply for failure by a customer to pay a refundable advance without giving a written notice to the customer of its intention to disconnect at least 5 business days prior to the disconnection date. <i>Energy Coordination (Customer Contracts) Regulations 12(6), Clause 5.1.7.2 AGA Code</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition	Findings	
47	A licensee must not disconnect supply where the bill owing is less than the average bill over the past 12 months and the customer has agreed to pay. <i>Energy Coordination (Customer Contracts) Regulations 12(6), Clause 5.1.8.1(a) AGA Code</i>	Through discussion with the Credit Team Leader, we determined that: <ul style="list-style-type: none"> <li>Kleenheat's procedures do not allow a disconnection request to be submitted if the outstanding bill is lower than the average bill for the past 12 months or if Kleenheat has entered a payment arrangement with the customer</li> <li>Service requests for disconnection can only be submitted when Kleenheat has exhausted its methods for contacting the customer and the outstanding bill is greater than \$100.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
53	If a licensee uses a refundable advance to offset an amount owed, it must provide to the customer an account of its use and pay any balance within 10 business days to the customer. <i>Energy Coordination (Customer Contracts) Regulations 13(1), Clause 4.4.6.2 AGA Code</i>	<i>Obligations 53 to 55</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.	
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
54	A licensee must place refundable advances in separate trust accounts and separately identify the amounts in its accounting records. <i>Energy Coordination (Customer Contracts) Regulations 13(3)</i>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
55	A licensee must return interest earned on refundable advances accounts to customers. <i>Energy Coordination (Customer Contracts) Regulations 13(4)</i>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
56	A licensee must inform customers that the supply charge is either for residential or non-residential supply; includes a specified fixed component and specified usage component; and describes the circumstances a customer needs to meet to qualify for residential tariffs. <i>Energy Coordination (Customer Contracts) Regulations 14(2)</i>	Through discussion with the Regulatory Specialist Natural Gas & Electricity and observation of Kleenheat's training materials, customer welcome pack and publically available information on the Kleenheat website, we determined that Kleenheat provides a breakdown of supply charges by contract type.	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
61	A licensee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services). <i>Energy Coordination (Customer Contracts) Regulations 15(1), Clause 4.2.3.2 AGA Code</i>	<i>Obligations 61 and 62</i> Through discussion with the Credit Team Leader we confirmed that Kleenheat does not currently offer other goods and services not relating to gas services.	
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings
62	<p>If a customer does not direct how a payment is to be allocated, a licensee must apply the payment —</p> <p>(i) to charges for the supply of gas before applying any portion of it to such goods or services; or</p> <p>(ii) if such goods or services include electricity, to the charges for gas and the charges for electricity in equal proportion before applying any portion of it to any other such goods or services.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 15(1) and (2)</i></p>	
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
65	<p>A licensee, who accepts a customer reading of the meter, must not adjust the bill in favour of the licensee if the licensee subsequently discovers the reading was incorrect in favour of the customer.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 15(1), Clause 4.2.4.2 AGA Code</i></p>	<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat does not accept a customer meter reading as an actual read. ATCO Gas requires a read to be performed by a meter reader before a customer's read will be updated.</p>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
70	<p>A licensee must not terminate a contract if a customer commits a breach of the contract (other than a substantial breach) unless:</p> <p>(a) the licensee has a right to disconnect supply under the contract, a written law or a relevant code; and</p> <p>(b) the licensee has disconnected supply at all supply addresses of the customer covered by the contract.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 16(3)</i></p>	<p>Through discussion with the Credit Team Leader and consideration of Kleenheat's disconnection processes, we determined that Kleenheat's processes provide for:</p> <ul style="list-style-type: none"> <li>• Disconnection of a customer to be Kleenheat's last resort</li> <li>• Disconnection to only be effected if a customer breaches the conditions of the contract</li> <li>• Credit Management staff to only request disconnection of customers for specified reasons, in accordance with the Compendium.</li> </ul>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
71	<p>A licensee must provide a customer:</p> <p>(a) a copy of their customer service charter;</p> <p>(b) copies of regulations or any relevant code;</p> <p>(c) information about fees and charges payable under the contract;</p> <p>(d) with information on energy efficiency;</p> <p>(e) billing data; and</p> <p>(f) with information on Government Assistance Programs and Financial Counselling Services if requested by the customer.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 19</i></p>	<p>Kleenheat's connection procedures provide for a welcome pack to be sent to all new customers. The pack includes a copy of the contract, which details all terms and conditions required by the Licence/Compendium requirements.</p>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	



No.	Obligation under condition			Findings
73	A licensee must not supply gas to the customer under a door to door contract during the cooling-off period unless the customer requests supply. <i>Energy Coordination (Customer Contracts) Regulations 15(1), Clause 4.2.4.2 AGA Code</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat did not engage in door to door marketing for the period 1 September 2014 to 31 August 2016.
		Priority: 5	Control Adequacy: NP	Compliance Rating: NR
75	A licensee must only provide a credit reporting agency with default information relevant to one of their bills. <i>Energy Coordination (Customer Contracts) Regulations 22 and 49(2)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's procedures and policies published online we determined that Kleenheat continues to use the Veda Advantage system for listing customer default bills. Kleenheat's default procedures require staff to: <ul style="list-style-type: none"> <li>• Only log relevant bill information within the Veda Advantage system</li> <li>• Update the default payment status within the system within 24 hours of receiving payment</li> <li>• Remove the default on the customer's account if the account is remedied</li> <li>• Not refer an account to a credit reporting agency in the event of a default.</li> </ul> The Credit Team Leader also confirmed that Kleenheat: <ul style="list-style-type: none"> <li>• Can lodge a default with Veda, following prior notification to the defaulter for amounts of \$150 or above</li> <li>• Has taken the business practice of not lodging a default against a customer unless the debt is above of \$200.</li> </ul>
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1
76	A licensee must notify a credit reporting agency immediately if a customer has cleared their debt. <i>Energy Coordination (Customer Contracts) Regulations 49(3)</i>			<i>Obligations 76 to 78</i> The Regulatory Specialist Natural Gas & Electricity and the Credit Team Leader confirmed that during the period subject to audit, Kleenheat: <ul style="list-style-type: none"> <li>• Listed defaults against a small amount of its customers. In those instances where the customer had cleared their debt, Veda was notified within 24 hours of receipt of payment</li> <li>• Did not have any instances where a default listed customer account was remedied and the customer demonstrated extenuating circumstances</li> <li>• Did not have any instances where a pending default list customer was subject to a complaint or matter of review.</li> </ul>
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1
77	If a customer remedies a default and demonstrates extenuating circumstances, a licensee must request the credit reporting agency to remove the default record. <i>Energy Coordination (Customer Contracts) Regulations 49(4)</i>			
		Priority: 5	Control Adequacy: NP	Compliance Rating: NR
78	A licensee must not refer a default to a credit reporting agency that is the subject of a complaint or matter of review. <i>Energy Coordination (Customer Contracts) Regulations 49(5)</i>			
		Priority: 5	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings
79	<p>A licensee must include information about its complaint handling process and contact details of the energy ombudsman on any disconnection warning given to a customer.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 50</i></p>	<p>Through discussion with the Credit Team Leader and examination of the Disconnection Notice, we determined that Kleenheat has established and applied processes to inform customers who are dissatisfied with the resolution outcome. Customers may contact the Customer Advocate or alternatively refer a complaint to the Energy Industry Ombudsman of Western Australia.</p>
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
80	<p>When a non-standard contract is due to expire, a licensee must issue a notice in writing to a customer not more than 2 months and not less than one month before the day on which the contract is due to expire (or at the commencement of the contract if the contract is less than 1 month) with information about: the expiry date; alternative supply options, and the terms and conditions for continued supply post contract expiry.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 44</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of the Customer (Business) Renewal Process flow diagram and non-standard customer contract, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat’s residential customer contracts do not have terms or expiry dates and as such, this item is only applicable to small SME customers</li> <li>• Every month, a renewal report is sent to the NG business inbox and a sales support agent identifies any SME customers due for renewals within two months. The relevant Outbound Sales Consultant or Business Executive originally assigned to the customer is required to make contact with the customer and present new plan details no longer than two months from current end date and no less than one month from the current end date</li> <li>• The customer is provided with information such as the expiry date of their current contract, alternative supply options and terms and conditions for continued supply post contract.</li> </ul>
	<p>Priority 5      Control Adequacy: NP      Compliance Rating: 1</p>	
81	<p>Upon request, a licensee must provide a customer free of charge with a copy of its customer service charter within 2 business days of the request.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 4 (1)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of the Kleenheat website, we determined that the Customer Service Charter is available upon request by post, on Kleenheat’s website or available for collection at Kleenheat’s office.</p>
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
82	<p>A licensee must from time to time provide the customer with advice with their bill that a customer service charter is available free of charge.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 45(2)</i></p>	<p>Through inquiry with a Customer Service Officer (CSO) and review of sample customer invoices, we confirmed that Kleenheat’s customer invoices state that the Customer Service Charter is available free of charge. The invoices also state that a copy can be obtained from Kleenheat’s website or by calling its offices.</p>
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
83	<p>Upon request, a licensee must provide a customer with a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 46(1) &amp; (2)</i></p>	<p><i>Obligations 83 and 84</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat’s ‘Gas House Packs’, we determined that these packs are available for distribution to customers (or inspection) at no charge at the Head Office and Gas Houses and include Kleenheat’s annual report, the Energy Coordination (Customer Contracts) Regulations 2004, other legislative documents and Kleenheat’s customer charter.</p>
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
84	<p>A licensee must ensure that a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code is available for inspection at its offices at no charge.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 46(4)</i></p>	
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	

No.	Obligation under condition			Findings
85	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain equipment for the supply of gas up to the point of supply. <i>Energy Coordination (Customer Contracts) Regulations 28, clause 3.1.1(a)</i> <i>AGA Code</i>			<p><i>Obligations 85 and 86</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of the standard form contract we identified that clause 2 details Kleenheat's requirements to provide, install and maintain:</p> <ul style="list-style-type: none"> <li>• Equipment for the supply of gas up to the point of supply</li> <li>• Metering and necessary equipment at the supply address.</li> </ul>
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
86	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain metering and necessary equipment at the supply address. <i>Energy Coordination (Customer Contracts) Regulations 28, clause 3.1.1(b)</i> <i>AGA Code</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
90	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification. <i>Energy Coordination (Customer Contracts) Regulations 33(3), clause 3.5.2.2</i> <i>AGA Code</i>			<p>Through discussion with the Customer Service Team Leader and examination of the Customer Service Team Training Modules, we determined that all personnel (with a focus on customer-facing staff, e.g. kiosk staff) are issued with an ID card, which is required to be carried at all times when interacting with customers.</p> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat did not conduct door-to-door marketing during the period subject to audit.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
91	A licensee must notify a customer of any amendment to a non-standard contract. <i>Energy Coordination (Customer Contracts) Regulations 42</i>			<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed there has been no substantive amendments to Kleenheat's non-standard form contract during the period subject to audit.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	

## 4.5 Licence Conditions

No.	Obligation under condition			Findings
<b>13 Licence Compliance Requirements – Licence Conditions</b>				
96	A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the performance audit. <i>Licence Conditions Clause 16.2</i>			The Audit Plan approved by the Authority September 2016 commits Kleenheat and Deloitte (independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the Authority.  Deloitte confirms that this audit was undertaken utilising the April 2014 issue of the Audit Guidelines: Electricity and Gas Licences.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
97	A licensee's independent auditor must be approved by the Authority prior to the audit. <i>Licence Conditions Clause 16.4</i>			Deloitte was appointed as the independent auditor by Kleenheat and approved by the Authority on 29 June 2016.
	Priority: 5	Control Adequacy: A	Compliance Rating: 1	
98	A licensee may be subject to individual performance standards. <i>Licence Conditions Clause 17</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been subject to individual performance standards during the audit period.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
99	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters. <i>Licence Conditions Clause 20</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and observation of email and letter notifications, we determined that Kleenheat processes recognise that all notices under the licence sent to the Minister and/or customers are in writing (and stored in Kleenheat's system).
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
100	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards. <i>Licence Conditions Clause 21.1</i>			<i>Obligations 100 and 101</i>  The Manager Finance confirmed that during the period subject to audit: <ul style="list-style-type: none"> <li>Kleenheat maintained accounting records that comply with the AASB or equivalent International Accounting Standards</li> <li>Kleenheat was not under external administration and did not experience a significant change in its corporate or financial or technical circumstances that may affect its ability to meet its licence obligations.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
101	A licensee must report to the Authority if the licensee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring. <i>Licence Conditions Clause 22.1</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition			Findings
102	A licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the Authority. <i>Licence Conditions Clause 23.1</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity examination of the annual performance reports and compliance reports submitted to the Authority we confirmed that the required reports had been submitted to the authority within the prescribed timeframe.  The compliance reports were approved by the General Manager and include a schedule of the non-compliance items (such as the ERA obligation reference number, the nature and extent of the breach, reasons for the breach and expectations for remediation).
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
103	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified. <i>Licence Conditions Clause 24</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that for the period subject to audit, the Authority made no directions for Kleenheat to publish information.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
106	A licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority. <i>Licence Conditions Clause 12.2</i>			<p><i>Obligations 106 to 108</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of clause 28 of the standard form contract we determined that Kleenheat:</p> <ul style="list-style-type: none"> <li>Has provided primary and secondary contact details to the Authority. Should the Authority request changes to the standard form contract, Kleenheat would review and progress, according to clause 12.2, within a time frame specified by the Authority.</li> <li>Recognises and would comply with the Energy Coordination Act 1994 when amending standard form contracts and report accordingly to the Authority after legal review and Regulatory Manager sign off.</li> </ul> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed (supported by the Authority website) that Kleenheat has not received direction from the Authority to review the current standard form contracts (for both NG and LPG) during the period subject to audit.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
107	A licensee must comply with any direction given by the Authority in relation to the scope, process and methodology of the standard form contract review. <i>Licence Conditions Clause 12.3</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
108	A licensee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations. <i>Licence Conditions Clause 13.1</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
109	A licensee must maintain supply to a customer if it supplies, or within the last 12 months supplied, gas to that customer's premises unless another supplier starts supplying the customer. <i>Licence Conditions Clause 15.1 and 15.2</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's customer transfer documentation and exception reporting, we determined that Kleenheat: <ul style="list-style-type: none"> <li>Maintains supply to all customers until a transfer process is initiated through the distributor, which is detailed in Kleenheat's disconnection procedures</li> <li>Has renewal procedures specifically for small SME customers on a non-standard form contract and will continue to supply gas until transfer or disconnection is requested by the customer.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition			Findings
110	A licensee must provide the Authority within 3 business days of a request by the Authority with reasons for refusing to commence supply to a customer if requested by the Authority. <i>Licence Conditions Schedule 3 Clause 1.5</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that the Authority has not made a request for information relating to the refusal of supply to a customer during the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
111	A licensee must comply with a direction from the Authority to supply a customer, subject to specified conditions. <i>Licence Conditions Schedule 3 Clause 1.7</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that the Authority has not made a direction to supply a customer during the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
112	A licensee must provide reasonable information relating to its activities under the licence as requested by the holder of a distribution licence to enable for the safe and efficient operation of the relevant distribution system, provided such disclosure does not prejudice the commercial interests of the licensee. <i>Licence Conditions Schedule 3 Clause 2.1 to 2.2</i>			<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that during the period subject to audit:</p> <ul style="list-style-type: none"> <li>• Kleenheat has not refused information requested by the NG distributor (ATCO Gas)</li> <li>• Kleenheat maintained communication with ATCO Gas on a regular basis via face-to-face meetings and email correspondence between the two parties to facilitate the automatic invoice distribution after receiving meter read receipts by ATCO Gas</li> <li>• ATCO Gas has not raised complaints about Kleenheat.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
113	A licensee must notify the Minister at least one month before a change to any price, price structure, fee or interest rate under the standard form contract is to come into effect. <i>Licence Conditions Schedule 3 Clause 3.1</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that a change in the gas price schedule occurred in July 2016 (i.e. the annual tariff increase) and Kleenheat notified the Minister at least one month prior to the scheduled increase in prices.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

## 4.6 Gas Marketing Code of Conduct

No.	Obligation under condition			Findings	
<b>14 Licence Compliance Requirements – Gas Marketing Code of Conduct</b>					
114	A licensee must comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act section 11ZPP</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 114 and 115</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and the Customer Services Operations Manager and examination of the Customer Service Team Training Modules we determined that Kleenheat’s processes cover the Gas Marketing Code of Conduct in the compulsory employee induction training.</p>
115	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act sections 11ZPP and 11M</i>	Priority: 4	Control Adequacy: A	Compliance Rating: 1	
116	A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct. <i>Gas Marketing Code of Conduct clause 2.1</i>	Priority: 2	Control Adequacy: B	Compliance Rating: 3	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, examination of the Annual compliance report submitted by Kleenheat to the Authority and walkthrough of the system employee tracking process, we determined that:</p> <ul style="list-style-type: none"> <li>Two Kleenheat contractors working in the Kleenheat shopping centre kiosks did not follow the requirements of the Code of Conduct for the setup of two customer accounts in September 2015 and May 2016</li> <li>The incidents were identified following complaints from the two customers. Kleenheat conducted an internal investigation, which resulted in one contractor being terminated</li> <li>Compliance refresher training was provided to all representatives. Kleenheat monitors training attendance through Oracle, which notifies the Customer Service Team Trainer of any outstanding employee training requirements for further attention</li> <li>Regular team meetings are held to update and train the call staff on any improvements in call script or to discuss appropriate responses to any specific queries from customers</li> <li>Kleenheat call centre staff are trained to provide services to customers in accordance with the Compendium, which specifically encapsulates the standards required under the Gas Marketing Code</li> <li>As part of the performance review process, staff are supervised and ‘spot checked’ on a daily and weekly basis to determine whether the conversations with customers are in line with the Gas Marketing Code</li> <li>Kleenheat expects all agents and employees to comply with both the Compendium and the Gas Marketing Code.</li> </ul> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed there were no internally reported issues of employees failing to attend scheduled training sessions during the period subject to audit.</p>

No.	Obligation under condition	Findings
	<p><b>Recommendation</b></p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period</p>	<p><b>Action Plan</b></p> <p>No further action required.</p>
117	<p>A retailer or gas marketing agent must ensure that standard form contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.</p> <p><i>Gas Marketing Code of Conduct clause 2.2(1)</i></p>	<p><i>Clause 2.2(1) of the Code of Conduct states:</i></p> <p><i>(1) When entering into a standard form contract that is not an unsolicited consumer agreement, a retailer or gas marketing agent must –</i></p> <p><i>(a) record the date the standard form contract was entered into;</i></p> <p><i>(b) give, or make available to the customer at no charge, a copy of the standard form contract - (i) at the time the standard form contract is entered into, if the standard form contract was not entered into over the telephone; or (ii) as soon as possible, but not more than 5 business days after the standard form contract was entered into, if the standard form contract was entered into over the telephone.</i></p> <p>Through discussion with the Customer Service Operations Manager and the Regulatory Specialist Natural Gas &amp; Electricity and examination of the Customer Welcome Pack and Kleenheat’s website we determined that Kleenheat has applied processes to:</p> <ul style="list-style-type: none"> <li>• Record the date the contract was entered into within Kleenheat’s systems</li> <li>• Provide and make readily available the standard contract information as required by the customer.</li> </ul>
	<p>Priority: 5</p>	<p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>



No.	Obligation under condition	Findings			
118	<p>A retailer or gas marketing agent must ensure that the information specified in clause 2.2(2) is given to the customer no later than on or with the customer's first bill, unless the retailer or gas marketing agent has provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer has requested to receive the information).</p> <p><i>Gas Marketing Code of Conduct clause 2.2(2) and clause 2.2(3)</i></p>	<p><i>Clause 2.2(2) of the Code of Conduct states:</i></p> <p><i>(2) Subject to subclause (3), a retailer or gas marketing agent must give the following information to a customer no later than on or with the customer's first bill –</i></p> <p><i>(a) how the customer may obtain –</i></p> <p style="padding-left: 20px;"><i>(i) a copy of the Code and Compendium; and</i></p> <p style="padding-left: 20px;"><i>(ii) details on all relevant tariffs, fees, charges, alternative tariffs and service levels that may apply to the customer,</i></p> <p><i>(b) the scope of the Code;</i></p> <p><i>(c) that a retailer and gas marketing agent must comply with the Code;</i></p> <p><i>(d) how the retailer may assist if the customer is experiencing payment difficulties or financial hardship;</i></p> <p><i>(e) with respect to a residential customer, the concessions that may apply to the residential customer;</i></p> <p><i>(f) the distributor's 24 hour telephone number for faults and emergencies;</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat's Customer Service Team Training Modules and the customer welcome pack we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat's staff are trained and aware that the following information must be provided to the customer no later than the first invoice: <ul style="list-style-type: none"> <li>○ How the customer may obtain a copy of the Code and Compendium and details on all relevant tariffs, fees, charges, alternative tariffs and service levels that may apply to a customer.</li> <li>○ The scope of the code and that Kleenheat must comply with the code</li> <li>○ How Kleenheat may assist if a customer experiences payment difficulties or financial hardship</li> <li>○ How customers are able to make an enquiry or complaint</li> </ul> </li> <li>• Kleenheat's contact details and website are provided on customer invoices in the event the customer wishes to obtain any further information.</li> </ul>			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Priority: 4</td> <td style="width: 33%; text-align: center;">Control Adequacy: NP</td> <td style="width: 33%; text-align: center;">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
119	<p>A retailer or gas marketing agent must ensure that non-standard contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.</p> <p><i>Gas Marketing Code of Conduct clause 2.3(1)</i></p>	<p><i>Obligations 119 and 120</i></p> <p>Through discussion with the Customer Service Operations Manager and the examination of Kleenheat's Training Modules we determined that Kleenheat has implemented processes designed to:</p> <ul style="list-style-type: none"> <li>• Provide customers with a copy of the non-standard form contract</li> </ul>			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Priority: 4</td> <td style="width: 33%; text-align: center;">Control Adequacy: NP</td> <td style="width: 33%; text-align: center;">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			

No.	Obligation under condition			Findings
120	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract <i>Gas Marketing Code of Conduct clause 2.3(2)</i>			<ul style="list-style-type: none"> <li>• Prior to entering into the contract, advise the customer of the availability of the information specified by the Code of Conduct (e.g. in relation to financial hardship, payment difficulties, concessions etc.) on Kleenheat’s website</li> <li>• Obtain recorded consent prior to a customer entering into the contract</li> <li>• Inform the customer of the option of entering into a standard contract.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
121	A retailer or gas marketing agent must obtain a customer’s verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information). <i>Gas Marketing Code of Conduct clause 2.3(3) and clause 2.3(4)</i>			<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat’s annual compliance reports submitted to the Authority we determined that:</p> <ul style="list-style-type: none"> <li>• During Kleenheat’s Explicit Informed Consent (“EIC”) audit, required under the Retail Market Rules, it was identified that for a portion of the telephone sign-ups verbal EIC had not been recorded. 15 per cent of Kleenheat’s customers sign up over the telephone</li> <li>• Kleenheat attributed the non-compliance to: <ul style="list-style-type: none"> <li>○ Failure to resume recording in a timely manner (as recordings are paused when credit card information is obtained)</li> <li>○ The automated recording of the terms and conditions cutting off the consent provided by the customer.</li> </ul> </li> <li>• Kleenheat rearranged the order of consents in the telephone contact scripts so that all consents are taken prior to pausing the recording software to take bank account details</li> <li>• Training has been provided to CSOs, with the expectation that each officer reviews the verbal consent recorded immediately following the customer call</li> <li>• Kleenheat’s Customer Services Operations Manager undertakes a daily review of 100% of all daily call recordings for telephone sign ups.</li> </ul>
	Priority: 2	Control Adequacy: B	Compliance Rating: 2	
	<b>Recommendation</b>	Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period		
122	A retailer or gas marketing agent must ensure that the inclusion of concessions is made clear to residential customers and any prices that exclude concessions are disclosed. <i>Gas Marketing Code of Conduct clause 2.4(1)</i>			<p>Through discussion with the Customer Service Operations Manager and examination of the Kleenheat website, we determined that:</p> <ul style="list-style-type: none"> <li>• Information about available concessions is outlined on the website</li> <li>• Kleenheat does not provide any direct concessions for its NG customers as the energy rebate for gas and electricity usage (HUGS) is funded by the State Government. Kleenheat facilitates customers’ application of the HUGS grant as outlined in its Financial Hardship Policy.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
123	<p>A retailer or gas marketing agent must ensure that a customer is able to contact the retailer or gas marketing agent on the retailer's or gas marketing agent's telephone number during the normal business hours of the retailer or gas marketing agent for the purposes of enquiries, verifications and complaints.</p> <p><i>Gas Marketing Code of Conduct clause 2.4(2)</i></p>	<p>Through discussion with the Customer Service Operations Manager and examination of sample customer bills and the Kleenheat website we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat phone contact details are made available to Kleenheat Customers</li> <li>• The Customer Service Call Centre phone lines are open during business hours from Monday to Friday (8.30am to 5.30pm).</li> </ul>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
124	<p>A retailer or gas marketing agent who contacts a customer for the purposes or marketing must, on request, provide the customer with the retailer's complaints telephone number, the Energy &amp; Water Ombudsman's telephone number and, for contact by a gas marketing agent, the gas marketing agent's marketing identification number.</p> <p><i>Gas Marketing Code of Conduct clause 2.5(1)</i></p>	<p>Through discussion with the Customer Service Operations Manager and examination of Kleenheat's customer information documentation (e.g. the "You Talk, We Listen" brochure) we determined that Kleenheat has applied processes, which require staff to provide the customer with the necessary information (including relevant telephone numbers and identification numbers) to enable the customer to:</p> <ul style="list-style-type: none"> <li>• Lodge a complaint</li> <li>• Escalate a complaint</li> <li>• Contact the Customer Advocate for unresolved complaints</li> <li>• Contact the WA Energy &amp; Water Ombudsman.</li> </ul>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
125	<p>A retailer or gas marketing agent who meets with a customer face to face for the purposes of marketing must:</p> <ul style="list-style-type: none"> <li>- wear a clearly visible and legible identity card showing the information specified; and</li> <li>- as soon as practicable provide the customer, in writing, the information specified.</li> </ul> <p><i>Gas Marketing Code of Conduct clause 2.5(2)</i></p>	<p>Through discussion with the Channel Sales Manager and Channel Sales Representative and examination of Kleenheat's Training Modules we determined that Brand Ambassadors:</p> <ul style="list-style-type: none"> <li>• Meet customers face to face at the shopping centre kiosk.</li> <li>• Are required to wear their identity cards at all times which includes: <ul style="list-style-type: none"> <li>• Name</li> <li>• Photograph</li> <li>• Marketing ID number</li> <li>• Kleenheat logo</li> </ul> </li> <li>• Are not allowed to work if they do not have their name badges.</li> </ul>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
126	<p>A retailer or gas marketing agent who visits a person's premises for the purposes of marketing, must comply with any clearly visible signs at the premises indicating that canvassing is not permitted or no advertising material is to be left at the premises.</p> <p><i>Gas Marketing Code of Conduct clause 2.6</i></p>	<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat has not conducted door-to-door marketing during the period subject to audit.</p>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings	
127	<p>A person who carries out any marketing activity in the name of or for the benefit of a retailer or a gas marketing agent is to be taken to have been employed or authorised by the retailer or gas marketing agent to carry out that activity, unless the contrary is proved.</p> <p><i>Gas Marketing Code of Conduct clause 2.8</i></p>	<p>Through discussion with the Customer Service Operations Manager and examination of training materials, we determined that :</p> <ul style="list-style-type: none"> <li>• Kleenheat kiosk staff are specifically trained and informed that any marketing activity conducted by them would be regarded as having conducted on behalf of Kleenheat</li> <li>• Staff are provided with call scripts that have been specifically designed to comply with the requirements of Gas Marketing Code</li> <li>• Regular team meetings are held to update and train the call staff on any improvements in call script or to discuss appropriate responses to any specific queries from customers</li> <li>• Kleenheat call centre staff are also trained to provide services to customers in accordance with the Compendium, which specifically encapsulates the standards required under the Gas Marketing Code</li> <li>• As part of the performance review process, staff are supervised and ‘spot checked’ on a daily and weekly basis to determine whether the conversations with customers are in line with the Gas Marketing Code.</li> </ul>	
128	<p>A gas marketing agent must:</p> <ul style="list-style-type: none"> <li>- keep a record of each complaint made by a customer, or person contacted for the purposes of marketing, about the marketing carried out by or on behalf of the gas marketing agent; and</li> <li>- on request by the Energy &amp; Water Ombudsman in relation to a particular complaint, give to the Energy &amp; Water Ombudsman all information that the gas marketing agent has relating to the complaint within 28 days of receiving the request.</li> </ul> <p><i>Gas Marketing Code of Conduct clause 2.9</i></p>	<p>Through discussion with the Channel Sales Manager and Channel Sales Representative and examination of Kleenheat’s Training Modules, we determined that Kleenheat applies the following processes for maintaining customer complaint records relating to marketing:</p> <ul style="list-style-type: none"> <li>• The Brand Ambassadors are trained in managing and handling customer complaints</li> <li>• Customer complaints are logged into the Oracle system and are reviewed by the Channel Sales Representative</li> <li>• The Channel Sales Representative would read, forward and follow up the complaints with the relevant Kleenheat department</li> <li>• Customer Complaint Form is available to the customer at the Kiosk</li> <li>• Staff are trained to forward required complaint information on request of the Energy Ombudsman in relation to a particular complaint, all information relating to within 28 days of receiving the request.</li> </ul>	
129	<p>Any record that a gas marketing agent is required to keep by the Code of Conduct, must be kept for at least 2 years after the last time the person to whom the information relates was contacted by or on behalf of the gas marketing agent.</p> <p><i>Gas Marketing Code of Conduct clause 2.10</i></p>	<p>Through discussion with the Channel Sales Manager and examination of Kleenheat’s Training Modules we determined that Kleenheat’s processes require customer complaint records to be:</p> <ul style="list-style-type: none"> <li>• Stored within Oracle with appropriate traceable information (e.g. account details, date and commentary)</li> <li>• Kept for at least 2 years for each complaint made by a person contacted for the purposes of marketing, and to provide this information to the Energy &amp; Water Ombudsman if requested.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

## 4.7 Compendium of Gas Customer Licence Obligations

No.	Obligation under condition	Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>		
<b>Part 3 Connections</b>		
134	<p>If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.</p> <p><i>Compendium Clause 3.1(1)</i></p>	<p><i>Obligations 134 and 135</i></p> <p><u>NG</u></p> <p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's new connection processes and Training Modules, we determined that Kleenheat has processes in place for receiving Request for Gas forms via email and logging new connection service requests within Oracle.</p>
	<p>Priority: 3</p> <p>Control Adequacy: B</p> <p>Compliance Rating: 2</p>	
135	<p>Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p> <p><i>Compendium Clause 3.1(2)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat's annual compliance reports submitted to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>Between November 2014 and February 2015 Kleenheat experienced manual user errors when processing service requests for new connection for 11 accounts. The non-compliances arose from: <ul style="list-style-type: none"> <li>Incorrect entry of customer details into the system resulting in invalid service requests flowing through to the distributor (11 instances)</li> <li>Failing to process a request owing to the accidental archiving of an email (1 instance).</li> </ul> </li> <li>In February 2016, one account which was received on 28 February 2016 was only processed on 15 March 2016 due to user error marking the task as completed in the Kleenheat mailbox when it was yet to be actioned</li> <li>Between April 2015 and May 2016 12 new accounts for residential customers were not connected due to an IT error.</li> </ul> <p>Through discussion with the Credit Team Leader, examination of Kleenheat's updated new connection processes and exception reporting framework we determined that:</p> <ul style="list-style-type: none"> <li>A 'Blank Account Status' report has since been developed to pick up these exceptions. This report is automatically generated daily prior to 3pm for the "NG Admin" and is reviewed by the NG Admin team</li> <li>Staff refresher training has been provided</li> <li>The CSOs are also trained to check if the service request was successfully submitted by checking on the status of the service request in Flowtalk</li> <li>Kleenheat maintains process documents which outline:</li> </ul>

No.	Obligation under condition			Findings
				<ul style="list-style-type: none"> <li>○ Procedure for creating customer accounts</li> <li>○ Prescribed method for reviewing the daily exception reports and the purpose behind each report (aligning with compliance requirements).</li> </ul> <p>From a sample walkthrough of 7 new connection requests for the period, we did not identify any instances of non-compliance with the obligation.</p> <p><u>LPG Retic</u></p> <p>As Kleenheat acts as both the retailer and distributor in relation to the LPG retic network, obligation 134 is not applicable as both steps are performed by the same legal entity.</p>
	Priority: 3	Control Adequacy: B	Compliance Rating: 2	
	<p><b>Recommendation (Obligations 134 and 135)</b></p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period</p>			<p><b>Action Plan (Obligations 134 and 135)</b></p> <p>No further action required.</p>

No.	Obligation under condition	Findings		
<b>Part 4 Billing</b>				
136	<p>A retailer must issue a bill no more than once a month unless the conditions specified are met.</p> <p><i>Compendium Clause 4.1</i></p>	<p>Section 4.1 of the Code requires Kleenheat to bill each customer no more than once a month, and at least once every three months unless the customer has provided verifiable consent to bill more or less frequently.</p> <p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader and examination of Kleenheat's billing policies and procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat's billing process is driven by the meter reads received from ATCO Gas</li> <li>• Kleenheat has applied the following process for issuing and monitoring bills: <ul style="list-style-type: none"> <li>○ The 'NG Admin' team generates daily exception reports, which identify where a customer has received a meter reading outside of the schedule read</li> <li>○ The Credit team generates a monthly compliance report using Oracle data to identify accounts, which have been billed more than once within a 30 day period.</li> </ul> </li> </ul> <p>In our walkthrough of the exception reporting process with the 'NG Admin' team, we identified an instance where an exception report had identified multiple meter reads performed by ATCO Gas (one estimated and one actual) within a 30 day period with a bill being issued for both periods (29 July 2016 and 12 August 2016). This error was detected during the credit compliance reporting process, rectified and resolved with ATCO Gas.</p> <p>Kleenheat's FY16 Annual compliance report disclosed that during the FY16 compliance reporting period, 461 non-residential customers and 709 residential customers had received more than one invoice raised in a month. Our sample test of Monthly Credit compliance reports for July 2016 and August 2016, also identified that across July and August 2016, 33 Small/Medium Entities (SME) and 40 residential customers had been issued a bill more than once in a 30 day period.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the Customer Service Team Leader we determined that:</p> <ul style="list-style-type: none"> <li>• Bills are issued to LPG customers when scheduled listing meter reads are received from Kleenheat's contracted meter readers</li> <li>• The frequency of bills varies on a monthly, bimonthly or quarterly basis depending on when meter reads are conducted</li> <li>• Customer invoicing only occurs once the schedule has been received.</li> </ul>		
	Priority: 2	Control Adequacy: B	Compliance Rating: 2	
	<p><b>Recommendation 4/2016</b></p> <p>Kleenheat tailor its training on NG exception reporting to include a review of the customer records to determine if multiple meter reads are listed as 'billed' within a 30 day period in the account history.</p>			<p><b>Action Plan 4/2016</b></p> <p>Kleenheat will review its staff training and exception reporting procedure to explore the Auditor's recommendation.</p> <p><b>Responsible Person:</b> Regulatory Specialist</p> <p><b>Target Date:</b> January 2017</p>

No.	Obligation under condition	Findings
137	<p>A retailer must issue a bill at least every 3 months unless the conditions specified are met.</p> <p><i>Compendium Clause 4.1(b)</i></p> <p>59 <i>Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</i></p>	<p><u>NG</u></p> <p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's billing procedures and annual compliance reporting, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat's billing process is driven by the meter reads received from ATCO Gas.</li> <li>• Where ATCO Gas fails to provide an actual read within a 3 month period, Kleenheat will issue a bill based upon an estimated read</li> <li>• Kleenheat's system is set up to initiate the billing process automatically upon an estimated or actual read being entered in the system</li> <li>• During the FY15 compliance reporting period, 14 residential customers did not receive an invoice within a three month period. Three of which were LPG Retic Accounts which were new connections not notified by the gas contractor</li> <li>• During the FY16 compliance reporting period, Kleenheat identified that 61 residential accounts did not receive an invoice within a three month period. Of the 61, 47 were attributed to a system error and 14 accounts were due to missed meter reads</li> <li>• Kleenheat is in the process of refining its reporting arrangements with ATCO Gas.</li> </ul> <p>Through discussion with the Credit Operations Team Leader and examination of the Credit Team monthly compliance report, we determined that:</p> <ul style="list-style-type: none"> <li>• 11 customers in July and August 2016 had not been issued a bill in a 3 month period</li> <li>• The compliance reporting parameters are designed to detect billing outside of '90 days', which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring.</li> </ul> <p><u>LPG Retic</u></p> <p>Through discussion with the Customer Service Team Leader, we determined that Kleenheat has processes in place to issue invoices to LPG customers once the scheduled meter reads are received from contracted meter readers. LPG customers are billed on a monthly or bimonthly basis, depending on when meter reads are received, which satisfies the minimum requirements of billing every 3 months.</p>
	<p style="text-align: center;">Priority: 2</p> <p style="text-align: center;">Control Adequacy: B</p> <p style="text-align: center;">Compliance Rating: 2</p>	
	<p><b>Recommendation 2/2016</b></p> <p>Kleenheat:</p> <ol style="list-style-type: none"> <li>(a) Include a preventative reporting mechanism, which identifies unbilled accounts prior to the three month deadline</li> <li>(b) Update its billing procedures to include a priority billing process for customers approaching the three month deadline</li> <li>(c) Document its process for storing and following up on outstanding reports from ATCO Gas.</li> </ol>	<p><b>Action Plan 2/2016</b></p> <ol style="list-style-type: none"> <li>(a) and (b) Kleenheat will maintain a 90 day exception reporting mechanism with the change to its Gas Trading Licence of the amended requirement to issue a bill at least once every 105 days to be implemented imminently.</li> <li>(c) Kleenheat will: <ul style="list-style-type: none"> <li>• Continue to work collaboratively with the ATCO Gas to ensure actual meter reads are being sent to Kleenheat in a timely fashion</li> <li>• Document a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas.</li> </ul> </li> </ol> <p><b>Responsible Person:</b> Regulatory Specialist and Credit Manager</p> <p><b>Target Date:</b> January 2017</p>



No.	Obligation under condition	Findings			
138	Prior to placing the customer on a shortened billing cycle, a retailer is considered to have given a customer notice if the retailer has advised the customer of the information specified in clauses 4.2(1)(a)-(d). <i>Compendium Clause 4.2(1)</i>	<p><i>Obligations 138 to 143</i></p> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat has not placed any customer on a shortened billing cycle as described by clause 4.2 of the Compendium during the period subject to audit.</p>			
	Priority: 4			Control Adequacy: NP	Compliance Rating: NR
139	Notwithstanding clause 4.1(a)(ii), a retailer must not place a residential customer on a shortened billing cycle without the customer's verifiable consent in circumstances specified in clauses 4.2(2)(a)-(b). <i>Compendium Clause 4.2(2)</i>				
	Priority: 4			Control Adequacy: NP	Compliance Rating: NR
140	A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision. <i>Compendium Clause 4.2(3)</i>				
	Priority: 4			Control Adequacy: NP	Compliance Rating: NR
141	A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days. <i>Compendium Clause 4.2(4)</i>				
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR		
142	Upon request, a retailer must return a customer, who is subject to a shortened billing cycle and has paid 3 consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer. <i>Compendium Clause 4.2(5)</i>				
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR		
143	At least once every 3 months, a retailer must inform a customer, who is subject to a shortened billing cycle, of the conditions upon which a customer can be returned to its previous billing. <i>Compendium Clause 4.2(6)</i>				
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR		

No.	Obligation under condition	Findings	
144	In respect of any 12 month period, on receipt of a request by a customer, a retailer may provide a customer with estimated bills under a bill smoothing arrangement. <i>Compendium Clause 4.3(1)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
145	If a retailer provides a customer with a bill under a bill-smoothing arrangement, pursuant to clause 4.3(1), the retailer must ensure that the conditions specified in clauses 4.3(2)(a)-(e) are met. <i>Compendium Clause 4.3(2)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
146	A retailer must issue a bill to a customer at the customer's supply address, unless the customer has nominated another address or an electronic address. <i>Compendium Clause 4.4</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1

*Obligations 144 and 145*  
The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not offered bill smoothing arrangements as described by clause 4.3 of the Compendium during the period subject to audit.

Through discussion with the Credit Team Leader, walkthrough of creating customer accounts with the Senior Customer Service Officer and examination of Kleenheat's Training Modules, we determined that Kleenheat's billing procedures provide for the following:

- Customers on Standard Form contracts are issued with bills to the supplied address or an alternative mailing address nominated by the customer during the customer sign-up
- Customers on the Monthly Smart Saver plan are issued with bills to their nominated electronic mailing address
- Customer mailing address and other contact details are updated in the customer account in Oracle.

No.	Obligation under condition			Findings
147	Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill. <i>Compendium Clause 4.5(1)</i>			<p><u>NG</u></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat's annual compliance reports, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat identified three separate instances of incomplete invoices, which breached the requirement of clause 4.5(1) of the Compendium: <ul style="list-style-type: none"> <li>○ August 2015 - A customer reported an otherwise complete invoice, with the exception of average consumption data not stated on the invoice (clause 4.5(1)(l))</li> <li>○ March 2016 - A supply address was not included on a customer invoice in August 2015 (clause 4.5(1)(v)). System changes were made as a result</li> <li>○ April 2016 - 30 customers were found to have blank invoices not displaying the amount due (clause 4.5(1)(n)). Kleenheat immediately contacted the customers and issued the correct invoice.</li> </ul> </li> <li>• For each of the three instances, Kleenheat immediately initiated a corrective process and provided the affected customers with the missing information</li> <li>• Kleenheat has made the appropriate system amendments to remedy the missing information fields.</li> </ul> <p>Through discussion with the Credit Team Leader, Customer Service Team Leader and Credit Officer, we determined that customer invoices are automatically generated through the Oracle system and published through Fuji Xerox.</p> <p>Of a sample of 10 NG customer (five on Standard Form contracts and five on Monthly Smart Saver contracts), all invoices contained the minimum prescribed information as outlined in clauses 4.5(1)(1)-(cc).</p> <p><u>LPG Retic</u></p> <p>Through discussion with the Customer Service Team Leader and sample testing of 10 LPG customer invoices, we determined that Kleenheat's LPG Retic invoices contain the minimum prescribed information in clauses 4.5(1)(a)-(cc) of the Compendium.</p>
60	<i>Energy Coordination (Customer Contracts) Regulation 15 (1), Clause 4.2.3.1, 4.2.3.2 &amp; 4.2.3.3 AGA Code</i>	Priority: 2	Control Adequacy: B	
	<b>Recommendation</b> Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period			<b>Action Plan</b> No further action required.
148	Notwithstanding clause 4.5(1)(bb), a retailer is not obliged to include a graph or bar chart on the bill, if the bill meets the criteria specified in clauses 4.5(2)(a)-(c). <i>Compendium Clause 4.5(2)</i>			<p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's standard bill templates (for NG and LPG Retic customers) we determined that Kleenheat's customer bills include a graph (based on units), which illustrates last year's consumption, last bill consumption and current bill consumption.</p>
		Priority: 4	Control Adequacy: NP	

No.	Obligation under condition	Findings	
149	<p>If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p> <p><i>Compendium Clause 4.5(3)</i></p>	<p><u>NG</u></p> <p>Through discussion with the Customer Service Team Leader, examination of Kleenheat's Historical Billing procedure and walkthrough of two samples of billing for historical debt, we determined that Kleenheat has applied the following procedures to bill customers for historical debt in accordance with clause 4.5 (3) of the Compendium:</p> <ul style="list-style-type: none"> <li>• Customers are to be contacted no later than on the next bill to advise them of the undercharge amount and the reason for the undercharge</li> <li>• The incorrect invoice is credited and a new invoice created to reflect the correct tariff or usage figures</li> <li>• Customers are to be offered extra time to pay for any amount owing. The amount of time given relates directly to the period of time the amount is being backdated.</li> </ul> <p><u>LPG Retic</u></p> <p>The Customer Service Team Leader confirmed that no LPG Retic customers had historical debt activity during the period subject to audit.</p>	
Priority: 3		Control Adequacy: A	Compliance Rating: 1
150	<p>A retailer must base a customer's bill on the distributor's or metering agent's reading of the meter at the customer's supply address, or the customer's reading of the meter provided the retailer and the customer agreed that the customer will read the meter.</p> <p><i>Compendium Clause 4.6(1)</i></p>	<p><u>NG</u></p> <p>Through discussion with the Customer Service Team Leader and the Credit Team Leader, we determined that Kleenheat has applied the following processes and systems for generating bills based on metering agent's meter readings:</p> <ul style="list-style-type: none"> <li>• ATCO Gas is responsible for all meter readings, which are uploaded into Kleenheat's Oracle system via Flowtalk</li> <li>• Customer invoices are automatically generated via Oracle based on meter reading data</li> <li>• ATCO Gas requires a meter read to be undertaken by a meter reader and Kleenheat does not accept customer self-reads (customer read may be undertaken for meter data verification purposes).</li> </ul> <p><u>LPG Retic</u></p> <p>Through discussion with the Customer Service Team Leader and consideration of Kleenheat's Sending Schedules procedure and Invoicing procedure we determined that Kleenheat's LPG Retic detail the process to be followed when generating a customer's bill.</p>	
Priority: 4		Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
152	<p>A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills.</p> <p><i>Compendium clause 4.7(1)</i></p>	<p><i>Obligations 152 and 153:</i></p> <p><u>NG</u></p> <p>Kleenheat's reading schedules are managed by ATCO Gas, with meters scheduled to be read on a quarterly basis to coincide with Kleenheat's current billing arrangements.</p> <p>Through discussion with the Customer Service Team leader and the Credit Team Leader and examination of Kleenheat's estimated billing process, we determined that Kleenheat has implemented the following processes for managing its estimated billing in accordance with the requirements of clause 4.7 of the Compendium:</p> <ul style="list-style-type: none"> <li>• Where meter access is denied or unavailable for that billing cycle, an estimated bill is produced. The meter reader is required to document the reason for being unable to read the meter, which is then recorded in Oracle</li> <li>• The Credit Team runs a monthly compliance report to identify customer accounts that have 4 or more estimated read invoices for the past 12 months and report any instances of non-compliance.</li> </ul> <p><u>LPG Retic</u></p> <p>Through discussion with the Credit Team Leader we determined that Kleenheat has applied its billing processes, which are designed to schedule and monitor meter reads for the purpose of preparing bills on a monthly, bi-monthly or quarterly basis (depending on customer location).</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
153	A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a). <i>Compendium Clause 4.7(2)</i>	<u>NG</u> Kleenheat's billing process is initiated through the meter reads received from its distributor (ATCO Gas).
64	<i>Energy Coordination (Customer Contracts) Regulations 2004, Reg 15 (1), Clause 4.2.4.1 AGA Code</i>	Through discussion with the Credit Operations Team Leader and examination of the Credit Team monthly compliance report, we determined that: <ul style="list-style-type: none"> <li>• At August 2016, a total of 37 outstanding customers had not had a bill based on an actual meter reading within the past twelve month period</li> <li>• The compliance reporting parameters are designed to detect a time period between bills of greater than '12 months' which provides a detective control but not a preventative control</li> <li>• Kleenheat is in the process of developing an agreed procedure with the distributor (ATCO Gas) to provide reports relating to obtaining timely metering data.</li> <li>• In August 2016, ATCO Gas reintroduced a monthly report of meters which have had four or more consecutive estimated meter reads.</li> </ul> <p>Though discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of email correspondence, we determined that Kleenheat:</p> <ul style="list-style-type: none"> <li>• Is in the process of refining its reporting arrangements internally with intent to improve responsiveness when 3 consecutive estimated reads are detected</li> <li>• Has been in contact with its distributor (ATCO Gas) to improve reporting received from ATCO Gas in relation to meter reading activities</li> <li>• Had been awaiting advice from the Authority in relation to the alignment of the trading licence requirement for obtaining metering data with the timeframes required of the distributor (i.e. an amendment to a 105 day period). That advice was provided in the form of amendments to the Compendium published on 21 November 2016. <i>While this reduces Kleenheat's risk of non-compliance, there remains a control gap in terms of identifying customer accounts at risk of non-compliance before the deadline passes.</i></li> </ul> <p><u>LPG Retic</u></p> <p>Through discussion with the Credit Team Leader we determined that Kleenheat has applied its billing processes, which are designed to schedule and monitor meter reads for the purpose of preparing bills on a monthly, bi-monthly or quarterly basis (depending on customer location).</p>
	Priority: 5	Control Adequacy: B
		Compliance Rating: 2

No.	Obligation under condition	Findings
	<p><b>Recommendation 3/2016</b></p> <p>Kleenheat update its 'Guide to Completing Monthly NG Credit Compliance Reporting' to include a preventative control reporting on customers approaching the twelve month deadline.</p>	<p><b>Action Plan 3/2016</b></p> <p>Kleenheat will continue the implementation of the automation project for identifying customers with three consecutive estimate reads, which was witnessed by Deloitte during the fieldwork stage. This project should eliminate any future non-compliance with obligations 42, 64 and 153.</p> <p><b>Responsible Person:</b> Credit Manager and Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2017</p>
154	<p>A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.</p> <p><i>Compendium Clause 4.8(1)</i></p>	<p>Through examination of Clause 7(f)-(h) of Kleenheat's Standard Form contract and Non-Standard Form contract, we observed that in the event where Kleenheat (LPG Retic) or ATGO Gas (NG) is unable to perform a meter read, Kleenheat will issue an estimated bill based on:</p> <ul style="list-style-type: none"> <li>• The customer's reading of the Meter Equipment (note that Kleenheat currently does not accept customers' readings), or</li> <li>• The customer's prior Billing history, or</li> <li>• Where the Customer does not have a prior billing history, the average usage of gas at the relevant price, the average usage for the type of gas installation or the average usage at the supply address.</li> </ul>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
155	<p>In circumstances where the customer's bill is estimated, a retailer must specify in a visible and legible manner the information specified in clauses 4.8(2)(a)-(c).The customer may request a verification of a meter reading and a meter reading.</p> <p><i>Compendium Clause 4.8(2)</i></p>	<p><i>Obligations 155 and 156</i></p> <p>Through discussion with the Customer Service Team Leader and consideration of Kleenheat's estimated billing process, we determined that:</p> <ul style="list-style-type: none"> <li>• CSOs are trained to advise customers on the basis and reason for estimations</li> <li>• The customer profile in Oracle provides relevant information required for the CSOs when advising customers.</li> </ul>
	<p>Priority: 3</p> <p>Control Adequacy: A</p> <p>Compliance Rating: 1</p>	
156	<p>Upon request, a retailer must inform a customer of the basis and the reason for the estimation.</p> <p><i>Compendium Clause 4.8(3)</i></p>	<p>Examination of the current bill templates and 10 sample bills indicates that an estimated bill complies with the minimum information required by section 4.8(2) of the Compendium. In particular, the estimated bill:</p> <ul style="list-style-type: none"> <li>• Informs the customer that the invoice is based on an estimated meter reading</li> <li>• Provides a contact number for Kleenheat if the customer wishes to: <ul style="list-style-type: none"> <li>○ Discuss the basis and reason for the meter reading estimate</li> <li>○ Request a meter verification or reading.</li> </ul> </li> </ul>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition			Findings
157	Where the retailer gives a customer an estimated bill and the meter is subsequently read the retailer must include an adjustment on the next bill to take account of the actual meter reading.			Through discussion with the Credit Team Leader and examination of Kleenheat's estimated billing procedures and clause 7 of the Non-standard Form Contract and the Standard Form Contract, we determined that Kleenheat has applied its processes, which require adjustments, if any, to the estimated bill to be made on the next bill in accordance with the Meter Reading data if the estimate does not match the actual usage (unless the estimated read was used to finalise the Customer's Account).
66	<i>Compendium Clause 4.9, Customer Contracts Regulations 15 (1), Clause 4.2.4.4 AGA Code</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	
158	If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and provides access to the meter, and pays the retailer's reasonable charge for reading the meter (if any), the retailer must do so.			<p><i>Obligations 158 to 160</i></p> <p>Through discussion with the Credit Team Leader, the examination of clause 7 of Kleenheat's Non-Standard Form Contract and Standard Form Contract, Terms and Conditions, and Kleenheat's Training Modules, we determined that Kleenheat has applied processes:</p> <ul style="list-style-type: none"> <li>• Which allow the customer to request a: <ul style="list-style-type: none"> <li>○ Special meter read to be conducted through a service request to ATCO Gas</li> <li>○ Test of a meter to be conducted through a service request to ATCO Gas, upon payment of a reasonable charge</li> </ul> </li> <li>• To refund the customer for any charge where a meter is found to be defective.</li> </ul> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of the meter testing requests for the period subject to audit, we determined that there were no instances where the meter tested was found to be defective and no refund was required during the period subject to audit.</p>
67	<i>Compendium Clause 4.10, Customer Contracts Regulations 15 (1), Clause 4.2.4.5 AGA Code</i>	Priority: 5	Control Adequacy: NP Compliance Rating: 1	
159	If a customer requests the meter to be tested and pays a retailer's reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.			
	<i>Compendium Clause 4.11(1)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	
160	If the meter is tested and found to be defective, the retailer's reasonable charge for testing the meter (if any) is to be refunded to the customer.			
	<i>Compendium Clause 4.11(2)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR	



No.	Obligation under condition	Findings
161	<p>If a retailer offers alternative tariffs and a customer applies to receive an alternate tariff (and demonstrates to the retailer that they satisfy the conditions of eligibility), a retailer must change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.</p> <p><i>Compendium Clause 4.12(1)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, the Credit Team Leader and examination of Kleenheat's annual compliance reports submitted to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat failed to apply a discount under a non-standard contract to a residential customer within a ten day period. This instance appears to be an isolated incident caused by human error: <ul style="list-style-type: none"> <li>○ A credit was applied to the customer's account accordingly and the correct discount applied. Refresher training has been provided</li> <li>○ The billing system was setup to automatically apply discounts upon update in the customer account profile.</li> </ul> </li> </ul> <p>Through discussion with the Credit Team Leader and Customer Service Team Leader and examination of the Kleenheat Training Module – Pricing Plans and Oracle data report of updated tariffs and exception reports we determined:</p> <ul style="list-style-type: none"> <li>• Customers may submit their change of plan request to Kleenheat via phone or email</li> <li>• New tariff rates are automatically updated when a service request is placed by Customer Service Team staff</li> <li>• New sign-up customers or customers who have changed their plan are entitled to a cooling off period of 10 business days. The cooling off period commences from the day Kleenheat accepts the customer or plan change</li> <li>• Kleenheat has exception reporting processes in place designed to identify changes in customer payment amounts.</li> </ul> <p>An examination of a sample customer complaint records did not identify any further complaints in relation to incorrect tariff application.</p>
	<p>Priority: 2</p> <p>Control Adequacy: B</p> <p>Compliance Rating: 2</p>	
	<p><b>Recommendation</b></p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period</p>	<p><b>Action Plan</b></p> <p>No further action required.</p>
162	<p>For the purpose of clause 4.12(1), the effective date of change in the tariff will be the date on which the last meter reading at the previous tariff was obtained; or, if the change requires an adjustment to the meter at the customer's supply address, the date the meter adjustment is completed.</p> <p><i>Compendium Clause 4.12(2)</i></p>	<p>Through discussion with the Credit Team Leader and the Senior Customer Service Officer, and examination of Kleenheat's Training Modules, we determined that Kleenheat's system is designed to apply a plan change from the date of the last meter read when updated by Kleenheat staff.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
163	<p>If a customer's gas use changes and the customer is no longer eligible to continue to receive an existing, more beneficial tariff, a retailer must give the customer written notice prior to changing the customer to an alternative tariff.</p> <p><i>Compendium Clause 4.13</i></p>	<p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that under obligation 163, Kleenheat has not changed a customer to an alternate period during the period subject to audit.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	

No.	Obligation under condition			Findings
164	If a customer requests a retailer to issue a final bill at the customer's supply address, a retailer must use reasonable endeavours to arrange for that final bill in accordance with the customer's request. <i>Compendium Clause 4.14(1)</i>			Through discussion with the Credit Team Leader and consideration of Kleenheat's billing processes, we determined that Kleenheat has processes and procedures in place to finalise customer accounts at the customer's request. In these circumstances, a final meter read service order is arranged, from which a final bill is generated.
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1
165	If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer. <i>Compendium Clause 4.14(2)</i>			<p><u>NG</u></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, the Credit Team Leader and examination of Kleenheat's annual compliance reports submitted to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>• A customer requested a credit refund upon the processing of a final bill for a move out on 6 May 2016. Kleenheat did not respond to the customer's request (user error had prematurely 'closed out' the request) until a follow up email from the customer on 30 May 2016. The refund was processed on 2 June 2016</li> <li>• The Kleenheat Credit team has been provided with refresher Compliance training after the incident. No subsequent instances of non-compliance have been reported</li> <li>• The onus is on the Primary Account Holder to contact Kleenheat to initiate the refund process if their account is in a credit balance: <ul style="list-style-type: none"> <li>○ Refunds may be offered to customers who are on the Monthly Smart Saver once the funds have cleared and deposited into Kleenheat account</li> <li>○ Refunds via Cheque or Electronic Fund Transfer can be arranged if the payment received by Kleenheat was made through any payment methods (e.g. cheque, BPay, Credit Card, Australia Post etc.)</li> <li>○ Credit Card payment refund is made to the exact same Credit Card that was used to make the payment. Refund would not be made if the details of the credit card have changed, such as the expiry date.</li> </ul> </li> </ul> <p><u>LPG Retic</u></p> <p>Through discussions with the Customer Service Team Leader and examination of a final bill in credit, we determined that Kleenheat has processes in place for processing the final bills for LPG customers which includes:</p> <ul style="list-style-type: none"> <li>• Providing notice on the final bill for the customer to contact Kleenheat to arrange for settlement of accounts if there is credit balance and a refund is provided to customers with credit balances on their closed accounts.</li> <li>• Monitoring and tracked on an Unapplied Payment Report which is run monthly.</li> </ul>
		Priority: 2	Control Adequacy: B	Compliance Rating: 2
	<b>Recommendation</b> Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period			<b>Action Plan</b> No further action required.

No.	Obligation under condition			Findings
165 A*	If the customer's account is in credit at the time of account closure and the customer owes a debt to the retailer, the retailer may, with written notice to the customer, use that credit to set off the debt. If after the set off, there remains an amount of credit, the retailer must ask the customer for instructions in accordance with clause 4.14(2). <i>Compendium Clause 4.14(3)</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat did not apply credit from a closed account to a previous debt during the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
166	A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months, and paying any future bills that are properly due. <i>Compendium Clause 4.15</i>			<i>Obligations 166 to 170</i> Through discussions with the Credit Team Leader and examination of Kleenheat's billing processes and Training Modules, we determined that Kleenheat has applied the following processes to facilitate the review of a customer account on request: <ul style="list-style-type: none"> <li>• Kleenheat's CSOs are trained to perform bill reviews upon customer request</li> <li>• CSOs are trained to explain the possible reason for high usage. If the customer is not satisfied with the possible explanation, Kleenheat advises the customer of the option to have their meter tested at a fee if the meter is found to be in proper working condition</li> <li>• The CSO updates the diary notes to reflect the outcome of the discussion with the customer. If required, the CSO would also update the customer status if investigating is in process</li> <li>• CSOs are trained to be familiar with Kleenheat Complaints Handling Process and Procedure and would advise the customer of the existence and operation of Kleenheat Complaint Handling Process and Procedure</li> <li>• Requests for review of a customer's bill are resolved immediately, or referred to a relevant team for resolution</li> <li>• Where the bill is assessed as correct by Kleenheat, depending on the issue relating to the bill, the CSO informs the customer of the options available where the customer is not happy with the assessment, including the use of the complaints handling processes.</li> <li>• Where the bill is assessed as incorrect by Kleenheat, the default process is for a credit to be applied to the customer's account. Alternatively, the customer may request a refund</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
167	If a retailer is satisfied after conducting a review of a bill that the bill is correct, the retailer <ul style="list-style-type: none"> <li>• may require a customer to pay the unpaid amount;</li> <li>• must advise the customer that the customer may request the retailer to arrange a meter test in accordance with applicable law; and</li> <li>• must advise the customer of the existence and operation of the retailer's internal complaints handling processes and details of any applicable external complaints handling processes.</li> </ul> <i>Compendium Clause 4.16(1)(a)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
168	If a retailer is satisfied after conducting a review of a bill that the bill is incorrect, the retailer must adjust the bill in accordance with clauses 4.17 and 4.18. <i>Compendium Clause 4.16(1)(b)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
169	The retailer must inform a customer of the outcome of the review (of the bill) as soon as practicable. <i>Compendium Clause 4.16(2)</i>			Our examination of a sample customer bill confirmed that the bill includes the Energy & Water Ombudsman and Kleenheat contact details. Such practices provide for customers to be informed of the outcome of a review within 20 business days from the date of receipt of the request, or a notification of the status of the review where the outcome has not been informed within 20 business days.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
170	If the retailer has not informed a customer of the outcome of the review within 20 business days from the date of receipt of the request for review under clause 4.15, the retailer must provide the customer with notification of the status of the review as soon as practicable. <i>Compendium Clause 4.16(3)</i>			Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's response (and the timing of the response) to a request to review a customer account.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings
171	<p>If a retailer proposes to recover an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must follow the procedure specified in clauses 4.17.(2)(a)-(e).</p> <p><i>Compendium Clause 4.17(2)</i></p>	<p>Through discussions with the Regulatory Specialist Natural Gas &amp; Electricity, the Credit Team Leader and examination of Kleenheat's annual compliance reports submitted to the Authority, it is our understanding that a Kleenheat error in March 2016 resulted in the undercharging of a customer account that was subsequently invoiced for the balancing amount. Kleenheat did not provide the affected customer prior notification or the offer of a payment arrangement. In response, Kleenheat:</p> <ul style="list-style-type: none"> <li>• Liaised with the customer to achieve a satisfactory resolution</li> <li>• Has created a new process for retrospective billing, which includes a letter informing the customer of payment options</li> <li>• Has revised the internal undercharge procedure (covered in the 'Historic Billing' process documentation) and provided training to relevant staff.</li> </ul> <p>Through discussions with the Customer Service Team Leader and examination of Kleenheat's Historical Billing procedure and walkthrough of two samples (of four instances during the period subject to audit) of historic billing, we determined that Kleenheat has applied the following procedures to recover historical debt from the customer:</p> <ul style="list-style-type: none"> <li>• Contact the customer no later than the next bill to advise them of the undercharge amount and the reason for the undercharge</li> <li>• Credit the incorrect invoice and create a new invoice to reflect the correct tariff or usage figures</li> <li>• Offer the customer extra time to pay for any amount owing. The amount of time given relates directly to the period of time the amount is being backdated.</li> </ul>
	<p style="text-align: center;">Priority: 2</p>	<p style="text-align: center;">Control Adequacy: B</p>
	<p style="text-align: center;">Compliance Rating: 2</p>	
	<p><b>Recommendation</b></p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period</p>	<p><b>Action Plan</b></p> <p>No further action required.</p>
172	<p>If a customer (including a customer who has vacated the supply address) has been overcharged as a result of an error, defect or default for which a retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must use its best endeavours to inform the customer accordingly within 10 business days of the retailer becoming aware of the error, defect or default and, subject to clauses 4.18(6) and (7) ask the customer for instructions as to whether the amount should be credited to the customer's account; or repaid to the customer. No interest shall accrue to a credit or refund referred to in this clause.</p> <p><i>Compendium Clause 4.18(2) &amp; 4.18(5)</i></p>	<p><i>Obligations 172 to 175</i></p> <p>Through discussion with the Credit Team Leader and consideration of Kleenheat's billing and refund procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• There were instances where a customer had been overcharged during the period subject to audit</li> <li>• Kleenheat has applied the following processes to manage an overcharge: <ul style="list-style-type: none"> <li>○ Contact is to be made with the customer immediately where possible, otherwise: <ul style="list-style-type: none"> <li>▪ Within 10 business days of the overcharge being identified if the amount of overcharge is greater than \$75</li> <li>▪ Prior to the next bill of the amount of overcharge identified is less than \$75</li> </ul> </li> </ul> </li> </ul>
	<p style="text-align: center;">Priority: 5</p>	<p style="text-align: center;">Control Adequacy: NP</p>
	<p style="text-align: center;">Compliance Rating: 1</p>	

No.	Obligation under condition			Findings	
173	If a retailer receives instructions under clause 4.18(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions. <i>Compendium Clause 4.18(3)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<ul style="list-style-type: none"> <li>○ Kleenheat is to obtain the customer's instructions for the amount to be credited to their account or to be refunded</li> <li>○ In the event that the customer had not provided instructions within five business days, the overcharge is to be credited to the customer's account</li> <li>○ The overcharge is to be refunded within 12 business days, via a cheque or to the payment card or bank account details held on the customer's account.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of overcharges during the period subject to audit.</p>
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
174	If a retailer does not receive instructions under clause 4.18(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount overcharged to the customer's account. <i>Compendium Clause 4.18(4)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
175	Where the overcharged amount is less than \$75 the retailer may, notwithstanding clause 4.18(2), notify the customer of the overcharge by no later than the next bill after the retailer became aware of the error, and ask the customer for instructions in accordance with clause 4.18(2), or credit the amount to the customer's account. <i>Compendium Clause 4.18(6)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
		Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
175 A*	Where the customer has been overcharged by the retailer, and the customer owes a debt to the retailer, then provided the customer is not a residential customer experiencing payment difficulties, financial hardship or subject to an alternative payment arrangement, the retailer may, with written notice to the customer, use the amount of the overcharge to set off the debt owed to the retailer. If, after the set off, there remains an amount of credit the retailer must deal with that amount of credit in accordance with clause 4.18(2) or 4.18(6) where the amount is less than \$75. <i>Compendium Clause 4.18(7)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not used an overcharge to offset a previous debt in relation to obligation 175A during the period subject to audit.
		Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition	Findings	
176	<p>If a retailer proposes to recover an amount of an adjustment which does not arise due to any act or omission of the customer, the retailer must follow the procedure specified in clause 4.19(1)(a)-(d).</p> <p><i>Compendium Clause 4.19(1)</i></p>	<p>Through discussion with the Credit Team Leader and consideration of Kleenheat's billing procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there were instances where a customer had been undercharged and a billing adjustment was required</li> <li>• Kleenheat has applied the following processes to manage billing adjustments in relation to undercharges: <ul style="list-style-type: none"> <li>○ Calculation of the undercharge is to be limited to the 12 months prior to the date of notification of the undercharge to the customer</li> <li>○ The customer is to be advised of the adjustment amount and the reason for the adjustment no later than via the next bill</li> <li>○ The customer is not liable for any late fee for the amount owing as a result of the undercharge</li> <li>○ The customer is to be offered an agreed payment arrangement or additional time to pay based on the period of time over which the undercharge occurred (e.g. if the undercharge occurred over a four month period, the customers is offered a four month payment arrangement).</li> </ul> </li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of billing adjustments during the period subject to audit.</p>	
<p style="text-align: center;">Priority: 4</p>		<p style="text-align: center;">Control Adequacy: NP</p>	<p style="text-align: center;">Compliance Rating: 1</p>
177	<p>If after the meter reading a retailer becomes aware of an amount owing to the customer, the retailer must use its best endeavours to inform the customer accordingly within 10 business days of the retailer becoming aware of the adjustment and, subject to subclause (5), ask the customer for instructions as to whether the amount should be</p> <ul style="list-style-type: none"> <li>• credited to the customer's account;</li> <li>• repaid to the customer; or</li> <li>• included as a part of the new bill smoothing arrangement where the adjustment arises under clause 4.3(2)(a)-(b).</li> </ul> <p>No interest shall accrue to a credit or refund referred to in this clause.</p> <p><i>Compendium Clause 4.19(2) and 4.19(6)</i></p>	<p><i>Obligations 177 to 180</i></p> <p>Through discussion with the Credit Team Leader and consideration of Kleenheat's billing and refund procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit there were instances where Kleenheat had recognised amounts owing to a customer</li> <li>• Kleenheat has applied the following processes to manage amounts owing to a customer: <ul style="list-style-type: none"> <li>○ Contact is to be made with the customer immediately where possible, otherwise: <ul style="list-style-type: none"> <li>▪ Within 10 business days of the amount owing being identified if the amount is greater than \$75</li> <li>▪ Prior to the next bill of the amount owing is less than \$75</li> </ul> </li> <li>○ Kleenheat is to obtain the customer's instructions for the amount to be credited to their account or to be refunded</li> <li>○ In the event that the customer had not provided instructions within five business days, the amount owing is to be credited to the customer's account</li> <li>○ The amount owing is to be refunded within 12 business days, via a cheque or to the payment card or bank account details held on the customer's account.</li> </ul> </li> </ul>	
<p style="text-align: center;">Priority: 4</p>		<p style="text-align: center;">Control Adequacy: NP</p>	<p style="text-align: center;">Compliance Rating: 1</p>
178	<p>If a retailer received instructions under clause 4.19(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions.</p> <p><i>Compendium Clause 4.19(3)</i></p>		
<p style="text-align: center;">Priority: 4</p>		<p style="text-align: center;">Control Adequacy: NP</p>	<p style="text-align: center;">Compliance Rating: 1</p>

No.	Obligation under condition	Findings
179	<p>Where the adjustment amount owing to the customer is less than \$75, the retailer may notify the customer of the adjustment by no later than the next bill after the meter is read, and</p> <ul style="list-style-type: none"> <li>ask the customer for instructions in accordance with subclause 4.19(2); or</li> <li>credit the amount to the customer's account.</li> </ul> <p><i>Compendium Clause 4.19(4)</i></p>	Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of billing adjustments and refunds during the period subject to audit.
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
180	<p>Where the adjustment amount owing to the customer is less than \$75, the retailer may notify the customer of the adjustment by no later than the next bill after the meter is read, and</p> <ul style="list-style-type: none"> <li>ask the customer for instructions in accordance with subclause 4.19(2); or</li> <li>credit the amount to the customer's account.</li> </ul> <p><i>Compendium Clause 4.19(5)</i></p>	
	<p>Priority: 5      Control Adequacy: NP      Compliance Rating: 1</p>	
180 A*	<p>Where the amount of the adjustment is an amount owing to the customer and the customer owes a debt to the retailer, then provided the customer is not a residential customer experiencing payment difficulties, financial hardship or subject to an alternative payment arrangement, the retailer may, with written notice to the customer, use the amount of the adjustment to set off the debt owed to the retailer. If, after the set off, there remains an amount of credit the retailer must deal with that amount of credit in accordance with clauses (4.19(2) or 4.19(5) where the amount is less than \$75.</p> <p><i>Compendium Clause 4.19(7)</i></p>	The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not used an overcharge to offset a previous debt in relation to obligation 180A during the period subject to audit.
	<p>Priority: 4      Control Adequacy: NP      Compliance Rating: NR</p>	
<b>Part 5 Payment</b>		
181	<p>The due date on the bill must be at least 12 business days from the date of the bill. Unless a retailer specifies a later date, the date of dispatch deemed to be the date of the bill.</p> <p><i>Compendium Clause 5.1</i></p>	<p>Through discussion with the Credit Team Leader and walkthrough of payments processes, we determined that Kleenheat has applied the following arrangements to manage the payments cycle of customer bills:</p> <ul style="list-style-type: none"> <li>The bill due date is calculated automatically by Oracle, with the due date being 21 calendar days from the date of the bill as one of the pre-set conditions</li> <li>Existing Credit management policies and procedures acknowledge the timeframes specified under the obligation.</li> </ul> <p>For all five NG bills and five LPG bills sample tested, the due date was at least 12 business days from the date of the bill.</p>
	<p>Priority: 3      Control Adequacy: A      Compliance Rating: 1</p>	

No.	Obligation under condition	Findings		
182	<p>A retailer must offer a customer at least the following payment methods:</p> <ul style="list-style-type: none"> <li>• in person at 1 or more payment outlets located within the Local Government District of the customer's supply address;</li> <li>• by mail;</li> <li>• for residential customers, by Centrepay; and</li> <li>• electronically by means of BPay or credit card; and by telephone by means of a credit card or debit card</li> </ul> <p>68 <i>Compendium Clause 5.2 Customer Contracts Regulations 15 (1), Clause 4.3.2.1 AGA Code</i></p>	<p>Through discussion with the Credit Team Leader, examination of Kleenheat's training and the examination of a sample bill, we determined that Kleenheat has applied its process for accommodating the payment methods prescribed in s.5.2(1) of the Compendium.</p>		
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
183	<p>Prior to a direct debit facility commencing, a retailer must obtain the customer's verifiable consent and agree with the customer the date of commencement of the direct debit facility and the frequency of the direct debits.</p> <p><i>Compendium Clause 5.3</i></p>	<p><u>NG</u></p> <p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, the Credit Team Leader and examination of Kleenheat's annual compliance reports submitted to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>• Three residential customers originally on a non-standard form contract were not correctly switched from a direct debit arrangement upon request</li> <li>• Kleenheat attributed the non-compliance to user error as the direct debit parameters within the system were not de-selected. Subsequent to the error Kleenheat performed the following procedures: <ul style="list-style-type: none"> <li>○ Following customer complaints, direct debit authority was removed immediately and necessary refunds made</li> <li>○ The CSO was reminded of the procedure and refresher training provided. This instance appears to have been an isolated incident caused by human error</li> <li>○ A system change has subsequently been made to automatically require the payment method to be reviewed during the transfer of a customer from the non-standard to standard contract format.</li> </ul> </li> </ul> <p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's Training Modules, we observed that Kleenheat has processes for obtaining a customer's verifiable consent (either verbally recorded or written) before commencing a direct debit. For a sample test of 10 customer accounts, Kleenheat had obtained verifiable consent for the direct debit accounts.</p> <p><u>LPG Retic</u></p> <p>Through discussion with Customer Service Team Leader, and examination of Kleenheat's customer sign-up documentation we determined that Kleenheat's process is designed to record direct debit consents for LPG customers as part of the general sign-up process (through customer completion of the manual direct debit form). Our examination of the direct debit consent form confirmed that the form includes details on how direct debit works, how customers can control payments and the frequency of the deductions.</p>		
Priority: 3		Control Adequacy: B	Compliance Rating: 2	



No.	Obligation under condition	Findings	
	<b>Recommendation</b> Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period	<b>Action Plan</b> No further action required.	
184	A retailer must accept payment in advance from a customer on request. Acceptance of an advance payment will not require a retailer to credit any interest to the amounts paid in advance. The minimum amount for which a retailer will accept an advance payment is \$20. <i>Compendium Clause 5.4</i>	Through discussion with the Credit Team Leader and Regulatory Specialist Natural Gas & Electricity and walkthrough of Kleenheat’s payments process, we determined that while Kleenheat accepts payment in advance from customers, no payments in advance have been received during the period subject to audit.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
185	If a customer is unable to pay by way of the methods described in clause 5.2, due to illness or absence, a retailer must offer a residential customer a redirection of the customer’s bill to a third person, at no charge. <i>Compendium Clause 5.5</i> <i>Customer Contracts Regulations 15 (1), Clause 4.3.2.2 AGA Code</i>	Through a walkthrough of Kleenheat’s billing process, discussions with the Credit Team Leader and examination of Kleenheat’s Financial Hardship policy, we determined that during the period subject to audit: <ul style="list-style-type: none"> <li>• There were a small number of occasions where a customers was offered a redirection of their bill</li> <li>• Kleenheat applied its standard procedures for customers to have bills redirected to a third party at an alternative postal address, at no charge.</li> </ul> Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat’s improper management of billing addresses during the period subject to audit.	
69	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
186	A retailer must not charge a residential customer a late payment fee in the circumstances specified in subclause 5.6(1)(a)-(d). <i>Compendium Clause 5.6(1)</i>	Through discussions with the Credit Team Leader and the Customer Advocate, and the examination of Kleenheat policies and procedures, we determined that Kleenheat has applied the following process and procedure to manage late payment fee charges, including withholding such charges: <ul style="list-style-type: none"> <li>• Kleenheat staff are trained and competent in supporting customers with government funded concessions and entitlements</li> <li>• Payment arrangements are offered to customers on condition that the customer does not have more than two failed payment arrangements within the last 12 months</li> <li>• Disconnection and debt recovery activity is temporarily suspended for at least 15 days once Kleenheat is aware that the customer is experiencing financial difficulties</li> <li>• If disconnections have taken place prior to identifying a customer’s financial hardship status, a request for reconnection is submitted that same business day if a request is received before 3pm on a business day, or no later than the following business day if the request is received after 3pm on a business day or on a Saturday, Sunday or public holiday, and in the absence of any evidence of unlawful use</li> <li>• Reasonable consideration is given for providing a reduction and/or waiver of fees, charges and debt to customers who are experiencing financial difficulties.</li> </ul> Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat’s improper charging of a late payment fee during the period subject to audit.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings		
186 A*	<p>Where the retailer has charged a late payment fee in the circumstances set out in clause 5.6(1)(c) because the retailer was not aware of the complaint, the retailer must refund the late payment fee on the customer's next bill.</p> <p><i>Compendium Clause 5.6(2)</i></p>	<p>Through discussion with the Customer Advocate and Senior Customer Service Officer, and examination of Kleenheat's policies, procedures and Training Modules, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there were instances where Kleenheat had refunded (via way of credit) a late payment fee after becoming aware of a complaint subsequent to the initial levy of the charge</li> <li>• Kleenheat's protocols require late fees to be suspended and where necessary, refunded as soon as it becomes aware of a customer's complaint.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of late payment fees during the period subject to audit.</p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
187	<p>If a retailer has charged a residential customer a late fee, a retailer must not charge a residential customer an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice.</p> <p><i>Compendium Clause 5.6(3)</i></p>	<p><i>Obligations 187 and 188</i></p> <p><u>NG</u></p> <p>Through discussion with the Credit Team Leader and examination of the overdue fee billing reports, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat was experiencing recurring issues where multiple overdue fees were attributed to bills within a five day period</li> <li>• The same systemic issue resulted in the issuing of overdue fees on bills to customers more than three times in a twelve month period</li> <li>• The internal monthly credit compliance reporting process provided visibility over the error and enabled the credit department to credit the excess fees charged</li> <li>• The updated exception reporting format has identified no further instances of non-compliance since May 2016.</li> </ul> <p>We note that Kleenheat had assessed this matter and concluded that as the fees were reversed, it did not represent a non-compliance with obligations 187 and 188 and therefore did not include the matter in its FY16 Annual Compliance report.</p>		
	Priority: 3	Control Adequacy: B	Compliance Rating: 2	
188	<p>A retailer must not charge a residential customer more than three late payment fees in relation to the same bill, or more than 12 late payment fees in a year.</p> <p><i>Compendium Clause 5.6(4)</i></p>	<p><u>LPG Retic</u></p> <p>Through inquiry with the Credit Team Leader and examination of the Retic billing procedures we determined that Kleenheat has manual processes in place to raises late payments fees once a month, and therefore does not raise more than 12 late payment fees a year and not within a 5 day period.</p>		
	Priority: 3	Control Adequacy: B	Compliance Rating: 2	
	<p><b>Recommendation 5/2016</b></p> <p>Kleenheat examine the systemic issue which resulted in the higher frequency of billing overdue fees to establish adequate preventative controls (in addition to the detective mitigating controls currently in place).</p>			<p><b>Action Plan 5/2016</b></p> <p>Kleenheat has already resolved the systemic issue that caused the failure of the exception reporting to stop multiple late fees being issued to customers' accounts. There was no impact to customers as the late fees were credited to the affected accounts. The issue was resolved in May 2016.</p> <p><b>Responsible Person:</b> Credit Operations Team Leader and Credit Team Leader</p> <p><b>Target Date:</b> Completed May 2016</p>

No.	Obligation under condition			Findings
189	If a residential customer has been assessed as being in financial hardship, a retailer must retrospectively waive any late payment fee charged to the residential customer's last bill prior to the assessment being made. <i>Compendium Clause 5.6(5)</i>			Through discussion with the Credit Team Leader and the Customer Advocate, and examination of Kleenheat's financial hardship assessment procedure, we determined that during the period subject to audit, Kleenheat applied its standard procedures, which require any late payment fee to be reversed if the customer has been assessed as being in financial hardship. Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of late payment fees during the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
190	A retailer must not require a customer who has vacated a supply address, and who has given the retailer notice, to pay for gas consumed at the customer's supply address in the circumstances specified in clause 5.7(1). <i>Compendium Clause 5.7(1)</i>			<p><i>Obligation 190 to 192</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Move Out procedure, we determined that Kleenheat has applied the following processes, which outline the customer 'move out' and account closure requirements (on both Kleenheat and the customer):</p> <ul style="list-style-type: none"> <li>Contract terms outline the customer's obligation to provide at least 5 days' notice to Kleenheat to finalise their account</li> <li>Kleenheat is to arrange for a special meter read to invoice the customer to the point of a final read for the property</li> <li>The customer's liability for any gas usage is limited to the point at which the final meter read has been performed</li> <li>Kleenheat's management of the customer account closure accommodates the event of eviction.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper charging of gas consumed in relation to move outs during the period subject to audit.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
191	If a customer reasonably demonstrates to a retailer that the customer was evicted or otherwise required to vacate a supply address, a retailer must not require a customer to pay for gas consumed at the customer's supply address from the date the customer gave the retailer notice. <i>Compendium Clause 5.7(2)</i>			<ul style="list-style-type: none"> <li>Kleenheat's management of the customer account closure accommodates the event of eviction.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
192	Notice is given if a customer informs a retailer of the date on which the customer intends to vacate, or has vacated the supply address, and gives the retailer a forwarding address to which a final bill may be sent <i>Compendium Clause 5.7(3)</i>			Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper charging of gas consumed in relation to move outs during the period subject to audit.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
193	Notwithstanding clauses 5.7(1) and 5.7(2), a retailer must not require a customer to pay for gas consumed at the customer's supply address in the circumstances specified in subclause 5.7(4)(a)-(c). <i>Compendium Clause 5.7(4)</i>			<p>Through discussion with the Customer Service Team Leader and examination of Section 17.3 of the Standard Form Contract, we determined that during the period subject to audit, Kleenheat applied the following procedures to manage the account finalisation process:</p> <ul style="list-style-type: none"> <li>The customer is not required to pay for any gas supplied at the supply address after the time when the new customer becomes liable to pay</li> <li>Debt is recoverable only from the customer who contracted with Kleenheat.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper charging of gas consumed in relation to move outs and move ins during the period subject to audit.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
194	A retailer must comply with the Conduct Principles set out in the debt collection guideline issued by the Australian Competition and Consumer Commission concerning section 50 of the Australian Consumer Law (WA). <i>Compendium Clause 5.8(1)</i>			Through discussion with the Credit Team Leader and examination of Kleenheat's Training Modules we determined that Kleenheat processes are aligned to comply with the Australian Competition and Consumer Commission standards. Copies of the Australian Competition and Consumer Commission debt collection guidelines book are provided to all debt collectors at induction. Additionally internal debt collection training is also provided during team meetings.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition			Findings
195	A retailer must not commence proceedings for recovery of a debt from a residential customer who has informed a retailer that the customer is experiencing payment difficulties or financial hardship; or while a residential customer continues to make payments under an alternative payment arrangement. <i>Compendium Clause 5.8(1)</i> <i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i>			Through discussion with Credit Team Leader and the Customer Advocate, and examination of Kleenheat's collection policies and procedure and Training Modules, we determined that Kleenheat has applied the following processes, which require: <ul style="list-style-type: none"> <li>• Kleenheat's best endeavours to contact the customer prior to referring the collection to an external agency</li> <li>• Offering access to customers who have been assessed as experiencing payment difficulties to alternative interest-free and fee-free payment arrangements, such as: <ul style="list-style-type: none"> <li>○ Additional time to pay</li> <li>○ An instalment payment plan; and/or</li> <li>○ Other arrangements</li> </ul> </li> <li>• Updating customer status in the diary notes in Oracle once successful payment arrangements have been agreed with the customer</li> <li>• Customers who have entered and maintained a payment arrangement with Kleenheat being shielded from legal action, additional recovery costs and restriction of supply.</li> </ul> Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's debt collection activities during the period subject to audit.
74		Priority: 4	Control Adequacy: NP	Compliance Rating: 1
196	A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of gas to that supply address. <i>Compendium Clause 5.8(2)</i>			Through discussion with the Customer Service Team leader and examination of Section 17.3 of the Standard Form Contract, we determined that during the period subject to audit, Kleenheat applied the following procedures to manage the account finalisation process: <ul style="list-style-type: none"> <li>• The customer is not required to pay for any gas supplied at the supply address after the time when the new customer becomes liable to pay</li> <li>• The debt is recoverable only from the customer who entered into the contract with Kleenheat.</li> </ul> Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's debt collection activities during the period subject to audit.
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1
197	Where a retailer and residential customer have entered into a dual fuel contract, or separate contracts for the supply of electricity and gas, the retailer must apply a payment received from a residential customer for charges for the supply of electricity or gas in the circumstances specified in clause 5.9. <i>Compendium Clause 5.9</i>			The Credit Team Leader and Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not entered into dual fuel contracts or provided separate customer contracts for the supply of electricity or gas under circumstances specified under clause 5.9 for the period subject to audit.
		Priority: 4	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings	
<b>Part 6 Payment Difficulties and Financial Hardship</b>			
198	<p>A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within three business days from when the residential customer informs a retailer that the customer is experiencing payment problems.</p> <p>If the retailer cannot make the assessment within 3 business days, they must refer the customer to an independent financial counsellor or consumer representative organisation to make the assessment.</p> <p><i>Compendium Clause 6.1(1)</i></p>	<p><i>Obligations 198 to 200</i></p> <p>Through discussion with the Credit Team Leader and Customer Advocate, and examination of Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedure, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit there were instances where Kleenheat had assessed customers' payment difficulties or financial hardship</li> <li>• Kleenheat has applied the following arrangements and processes to facilitate the assessment of the customer's payment difficulties or financial hardship: <ul style="list-style-type: none"> <li>○ Kleenheat's Financial Hardship Assessment Procedure clearly describes its approach to assessing and managing customers experiencing financial hardship and payment difficulties</li> <li>○ Specific training on Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedure is provided for the Credit Department, Call Centre and all subcontractors employed to engage with customers who are experiencing financial hardship and payment difficulties</li> <li>○ Kleenheat CSOs are responsible for performing the initial assessment of a customer's financial position and the assessment for the eligibility of Hardship Utility Grant Scheme (HUGS) by having a detailed conversation with the customer to help determine into which of the definitions the customer's circumstances falls</li> <li>○ In instances where the CSO identifies that the customer may not be comfortable to discuss their circumstances, the following information is to be used during the assessment process: <ul style="list-style-type: none"> <li>▪ Information requested by the customer about alternative payment methods</li> <li>▪ Where the customer's payment history reflects payment difficulties in the past (previous defaulted payment arrangements)</li> </ul> </li> </ul> </li> </ul>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>		
198 A*	<p>If the residential customer provides the retailer with an assessment from an independent financial counsellor or relevant consumer representative organisation, the retailer may adopt that assessment as its own assessment for the purposes of clause 6.1(1)(a).</p> <p><i>Compendium Clause 6.1(2)</i></p>		
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>		
199	<p>When undertaking an assessment regarding payment difficulties or financial hardship, a retailer must, unless a retailer adopts an assessment from an independent financial counsellor or consumer representative organisation, give reasonable consideration to the information given by the residential customer and requested or held by the retailer; or advice given by an independent financial counsellor or relevant consumer representative organisation.</p> <p><i>Compendium Clause 6.1(3)</i></p>		
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>		

No.	Obligation under condition	Findings		
200	<p>A retailer must advise a residential customer on request of the details of assessment.</p> <p><i>Compendium Clause 6.1(4)</i></p>	<ul style="list-style-type: none"> <li>▪ Where the customer makes a general statement about a change in financial circumstances that adversely affects their ability to commit to a short term or previously accepted payment arrangement               <ul style="list-style-type: none"> <li>○ CSOs must also give reasonable consideration to advice given by a financial counsellor or relevant consumer representative organisation (Western Australia Council of Social Services (WACOSS))</li> <li>○ CSOs are authorised to adopt an assessment from an independent financial counsellor or WACOSS, only with the consent of the account holder</li> <li>○ As outlined in the Financial Hardship Assessment Procedure, the Credit Officer is responsible and must respond within 3 business days of being contacted by the customer, an authorised third party or a relevant representative organisation requesting assistance</li> <li>○ The details of the assessment is to be provided to the customer on request.</li> </ul> </li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of its financial hardship assessment activities during the period subject to audit.</p>		
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
200 A*	<p>If a retailer refers a residential customer to an independent financial counsellor or relevant consumer representative organisation under clause 6.1(1)(b) then the retailer must grant the residential customer a temporary suspension of actions.</p> <p><i>Compendium Clause 6.2(1)</i></p>	<p><i>Obligations 200A to 203</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Procedure, and Training Modules, we determined that during the period subject to audit, Kleenheat applied the following processes to:</p> <ul style="list-style-type: none"> <li>• Provide information and advice on Government funded concession and financial assistance schemes such as HUGS</li> <li>• Investigate on behalf of the customer their eligibility for HUGS. If the customer is eligible, Kleenheat will negotiate the balance with the customer</li> <li>• Provide the customer with Kleenheat's Financial Hardship Policy</li> <li>• Provide customer access to the Translating and Interpreting Service (TIS) if they are from non-English speaking background</li> <li>• Renegotiate the customer's instalment amount if their circumstances change</li> <li>• Refer customers to an independent financial counsellor to receive independent advice</li> <li>• Grant a temporary suspension of action for 15 business days interest free in the event that Kleenheat refers a customer to an independent financial counsellor. During the pending establishment of the agreed payment arrangement, Kleenheat would cease any recovery actions against the customer</li> <li>• Not unreasonably deny a customer's request for temporary suspension of actions, if the customer demonstrates to the retailer that the customer has an appointment with a relevant consumer representative organisation to assess the customer's capacity to pay</li> </ul>		
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
201	<p>If a residential customer informs a retailer that the customer is experiencing payment problems, the retailer must not unreasonably deny a residential customer's request for a temporary suspension of actions, if the customer demonstrates to the retailer that the customer has an appointment with a relevant consumer representative organisation to assess the customer's capacity to pay or provides the retailer with an assessment from an independent financial counsellor or consumer representative organisation.</p> <p><i>Compendium Clause 6.2(2)</i></p>			
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
202	<p>A retailer must allow a temporary suspension of actions for a period of at least 15 business days.</p> <p><i>Compendium Clause 6.2(3)</i></p>			
Priority: 5		Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
203	<p>A retailer must give reasonable consideration to a request by a residential customer or relevant consumer representative organisation in the manner specified to allow a relevant consumer representative organisation additional time to assess a residential customer's capacity to pay.</p> <p><i>Compendium Clause 6.2(4)</i></p>	<ul style="list-style-type: none"> <li>Consider reasonable requests for extension of time if the relevant consumer representative organisation is unable to make the independent assessment within the 15 business day timeframe.</li> </ul> <p>The Credit Team Leader confirmed that during the period subject to audit, there were occasions in which customers made use of independent financial counsellors or a consumer representative organisation and were granted temporary suspension of actions, or additional time was given to allow the assessment of financial hardship.</p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
204	<p>If the assessment carried out under clause 6.1 indicates to the retailer that the residential customer is experiencing payment difficulties or financial hardship, the retailer must follow the procedure specified in clause 6.3(1).</p> <p><i>Compendium Clause 6.3(1)</i></p>	<p><i>Obligation 204 to 207</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Procedure, we determined that Kleenheat has applied the following procedures and protocols to facilitate customer payment arrangements in the event that a customer is assessed (as described at obligation 198 above) as experiencing payment difficulties or financial hardship:</p> <ul style="list-style-type: none"> <li>Consideration is given to the customer's ability to meet the overall costs of their basic living needs in order to help determine their capacity to pay</li> <li>The customer is invited to contact Kleenheat to discuss alternative interest free and fee-free payment arrangements, provided that that customer has not had two failed instalment payment arrangements (and if Kleenheat is not satisfied that the customer will comply with a new instalment plan). Elements of a payment arrangement include: <ul style="list-style-type: none"> <li>Additional time to pay</li> <li>An instalment payment plan</li> <li>Other arrangements which give a customer additional time to pay</li> </ul> </li> <li>If the customer has failed more than two payment instalment plans within the last 12 months, Kleenheat will investigate the reasons for the failure and may offer an additional instalment arrangement at its discretion</li> <li>Within two business days of a customer accepting a payment instalment plan, the customer is provided with written confirmation of the agreed arrangement, including the number of instalments and the instalment amount required to pay the arrears, commencement date and terms (including consequences of failure to adhere to the plan and the need to contact Kleenheat for assistance in the event that the plan cannot be met)</li> <li>The customer is to be notified of any changes to the arrangements within five business days of the change coming into effect</li> <li>The payment instalment plan is provided at no cost to the customer and is interest free.</li> </ul>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
205 72	<p>A retailer must offer a residential customer who is experiencing payment difficulties or financial hardship at least the payment arrangements that are specified in clauses 6.4(1)(a) and (b).</p> <p><i>Compendium Clause 6.4(1), Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i></p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
206	<p>When offering an instalment plan to a residential customer experiencing payment difficulties or financial hardship, a retailer must take into account the information and take the specified actions detailed in subclause 6.4(3).</p> <p><i>Compendium Clause 6.4(2)</i></p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
206 A*	<p>If the residential customer accepts an instalment plan offered by the retailer, the retailer must provide the information specified in clauses 6.4(3)(a)(i)-(iii) within 5 business days of the customer accepting the plan and notify the customer of any amendments to the instalment plan at least 5 business days before they come into effect (unless agreed otherwise with the customer) and provide the customer with information explaining the changes.</p> <p><i>Compendium Clause 6.4(3)</i></p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition	Findings	
207	<p>If a residential customer has in the previous 12 months had 2 instalment plans cancelled due to non-payment, a retailer does not have to offer that residential customer another instalment plan, unless the retailer is satisfied that the residential customer will comply with the proposed plan.</p> <p><i>Compendium Clause 6.4(4)</i></p>	<p>Our examination of the customer complaints register did not identify instances of complaints in relation to Kleenheat's improper management of its financial hardship assessment and payment instalment arrangement activities during the period subject to audit.</p>	
	<p>Priority: 5</p>	Control Adequacy: NP	Compliance Rating: 1
208	<p>A retailer must give reasonable consideration to a request by a customer, or a relevant consumer representative organisation, for a reduction of the customer's fees, charges, or debt.</p> <p><i>Compendium Clause 6.6(1)</i></p>	<p><i>Obligations 208 and 209</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Assessment Procedure, we determined that during the period subject to audit:</p> <ul style="list-style-type: none"> <li>• There were occasions in which customers requested and were granted a reduction of fees and charges (other than consumption charges), in accordance with Kleenheat's Financial Hardship Assessment Procedure</li> <li>• Kleenheat applied its Financial Hardship Assessment Procedure, which requires Credit Department Staff to give reasonable consideration to a request by a customer or by a relevant consumer representative organisation for a reduction and/or waiver of fees, charges and debt.</li> </ul>	
	<p>Priority: 5</p>	Control Adequacy: NP	Compliance Rating: 1
209*	<p>In giving reasonable consideration under clause 6.6(1), a retailer should refer to the hardship procedures referred to in clause 6.10(3).</p> <p><i>Compendium Clause 6.6(2)</i></p>	<p>• Kleenheat applied its Financial Hardship Assessment Procedure, which requires Credit Department Staff to give reasonable consideration to a request by a customer or by a relevant consumer representative organisation for a reduction and/or waiver of fees, charges and debt.</p>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
210	<p>Where it is reasonably demonstrated to the retailer that the customer, experiencing financial hardship, is unable to meet the customer's obligations under the previously elected payment arrangement, a retailer must give reasonable consideration to offering the customer an instalment plan or offering to revise an existing instalment plan.</p> <p><i>Compendium Clause 6.7</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Assessment Procedure, we determined that during the period subject to audit:</p> <ul style="list-style-type: none"> <li>• There were occasions in which customers were unable to meet the agreed payment arrangements</li> <li>• Kleenheat applied its Financial Hardship Assessment Procedure, which requires Credit Department Staff to: <ul style="list-style-type: none"> <li>○ Factor in the customer's average consumption to the instalment plan and actively monitor and manage the arrangement if the customer feels they will not be able to pay future bills during the payment instalment period</li> <li>○ Revise the existing instalment plan if the customer is unable to meet the previous elected payment arrangement.</li> </ul> </li> </ul>	
	<p>Priority: 5</p>	Control Adequacy: NP	Compliance Rating: 1
211	<p>A retailer must advise a customer experiencing financial hardship of the options specified in clause 6.8.</p> <p><i>Compendium Clause 6.8</i></p> <p>72 <i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's financial hardship procedures and Training Modules, we determined that Kleenheat has applied the following processes to:</p> <ul style="list-style-type: none"> <li>• Allow the customer's bill to be redirected to a nominated third person at no charge</li> <li>• Advise the customer of alternative payment arrangements and the availability of other financial assistance and grants schemes</li> <li>• Assist the customer with their application for financial assistance and grants schemes.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints relating to Kleenheat's advice to customers relating to financial hardship during the period subject to audit.</p>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1



No.	Obligation under condition			Findings	
212	A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representative organisations. <i>Compendium Clause 6.9(1)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	<p><i>Obligations 212 &amp; 213</i></p> <p>Through discussion with the Credit Team Leader and Regulatory Specialist Natural Gas &amp; Electricity, we determined that:</p> <ul style="list-style-type: none"> <li>Kleenheat does not set a prescribed minimum payment in advance amount for residential customers experiencing financial hardship or payment difficulties</li> <li>Kleenheat's standard practices provide for Case Managers to negotiate a payment arrangement plan (including for payments in advance) with customers experiencing payment difficulties or financial hardship on a case by case basis.</li> </ul> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that during the period subject to audit there were no instances where a minimum payment in advance amount was determined.</p>
	213	A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers. <i>Compendium Clause 6.9(2)</i>	Priority: 5	Control Adequacy: NP	
214*	A retailer must develop a hardship policy and hardship procedures to assist customers in meeting their financial obligations and responsibilities to the retailer. <i>Compendium Clause 6.10(1)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
	215	A retailer must ensure that its hardship policy complies with the criteria specified in clause 6.10(2). <i>Compendium Clause 6.10(2)</i>	Priority: 4	Control Adequacy: NP	
215 A*	A retailer must ensure that its hardship procedures comply with clause 6.10(3). <i>Compendium Clause 6.10(3)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 214-216</i></p> <p>Through discussion with the Credit Team Leader and the Customer Advocate, examination of Kleenheat's Financial Hardship Policy, Financial Hardship Assessment Procedure and Training Modules, we determined that:</p> <ul style="list-style-type: none"> <li>Kleenheat's Financial Hardship Policy has been developed in consultation with relevant key stakeholders and customer representative organisations such as: WACOSS, Department of Child Protection and Family Support (DCPFS) and Financial Counsellors Association of Western Australia (FCAWA) to ensure it meets the needs of customers experiencing hardship</li> <li>The Policy and Procedure have been developed in accordance with the criteria specified in clauses 6.10(2) and 6.10(3)</li> <li>The Policy (October 2015 version) is available on Kleenheat's website and also on the Authority's website</li> <li>Kleenheat staff are trained to advise customers where the Policy can be accessed, or if requested to send a copy via post or email at no charge.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints relating to Kleenheat's provision of information relating to financial hardship during the period subject to audit.</p>
	216	If requested, a retailer must give residential customers, financial counsellors and relevant consumer representative organisations, a copy of the hardship policy, including by post, at no charge. <i>Compendium Clause 6.10(4)</i>	Priority: 4	Control Adequacy: NP	

No.	Obligation under condition			Findings
217 *	A retailer must keep a record of the following: the relevant consumer representative organisations consulted on the contents of its hardship policy and hardship procedures; the date the hardship policy was and hardship procedures were established; the dates the hardship policy and hardship procedures were reviewed; and the dates the hardship policy and hardship procedures were amended. <i>Compendium Clause 6.10(5)</i>			<p>Through discussion with the Credit Team Leader we determined that Kleenheat has applied the following processes, which are designed to maintain:</p> <ul style="list-style-type: none"> <li>• Version control of documentation through Domino Documents (document management system) which includes the date the hardship policy was established and the amendment dates</li> <li>• A list of organisations consulted (the two main organisations being FCWA and WACOSS).</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
219	The retailer may, at any time, or must if directed by the Authority, review its hardship policy and hardship procedures and submit to the Authority the results of that review within 5 business days after it is completed. <i>Compendium Clause 6.10(6)</i>			<p><i>Obligations 219-220A</i></p> <p>Through discussion with the Credit Team Leader and Regulatory Specialist Natural Gas &amp; Electricity, we determined that Kleenheat has applied relevant processes to review the Financial Hardship Policy annually for potential updates, to examine alignment with the Authority's Financial Hardship Policy Guidelines and to submit the review results and any amendment to the Policy to the Authority in a timely manner.</p> <p>We confirmed that the most recent review of the Policy was conducted in 2015, with the copy of the amended Policy submitted to the Authority on 15 September 2015 (being the date on which the review concluded), prior to the effective date of the amendment from 22 October 2015 and therefore meeting the timing requirements of clause 6.10.</p> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat has not been directed by the Authority to review its Financial Hardship Policy since the most recent review in 2015.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
220	The retailer must comply with the Authority's Financial Hardship Policy Guidelines. <i>Compendium Clause 6.10(7)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
220 A*	If the retailer amends their hardship policy, the retailer must submit a copy of the amended policy to the Authority within 5 business days of the amendment. <i>Compendium Clause 6.10(8)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
221	A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties. <i>Compendium Clause 6.11</i>			<p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat's alternate payment procedures do not distinguish between residential and business customers</li> <li>• The Credit Team is trained to apply Kleenheat's Financial Hardship processes by considering hardship situations on case by case basis, including for business customers</li> <li>• During the period subject to audit, there were occasions in which business customers sought alternative payment arrangements after experiencing financial difficulty.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings
<b>Part 7 Disconnection</b>		
<p>222</p> <p>33</p> <p>34</p>	<p>A retailer must follow the procedures specified in subclause 7.1(1) prior to arranging for disconnection of a customer’s supply address for failure to pay a bill. A customer has failed to pay a bill in the circumstances specified in subclause 7.1(2).</p> <p><i>Compendium Clause 7.1</i></p> <p><i>Customer Contracts Regulations 12(4)(a)-(b)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, the Credit Team Leader and examination of Kleenheat’s annual compliance reports submitted to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>• In December 2014, 63 customers did not receive the necessary reminder or disconnection notice prior to disconnection</li> <li>• Kleenheat attributed the error to a mail delivery process failure from its third party provider. The issue occurred over two week. <ul style="list-style-type: none"> <li>○ Kleenheat attempted to contact all customers to assist them in getting their service reconnected. All fees charged for overdue notices were waived for all affected customers</li> <li>○ All customers were reconnected apart from 18 customers that could not be contacted. For the customers that had not received the required notices but had not yet been disconnected, Kleenheat restarted the disconnection strategy and waived all prior overdue notice fees</li> <li>○ Kleenheat reviewed the incident with its service provider and daily delivery reports were amended to provide suitable KPIs on production and delivery status to track any future exception</li> <li>○ The delivery reports are reviewed by a credit officer on a daily basis.</li> </ul> </li> </ul> <p>Kleenheat’s disconnection process is designed to provide customer with the following:</p> <ul style="list-style-type: none"> <li>• A reminder notice generated and sent to customer five days after the payment due date if the following conditions are met: <ul style="list-style-type: none"> <li>○ An actual liability of more than \$50</li> <li>○ The customer has not filed a dispute or complaint</li> <li>○ The customer is not is facing payment difficulties or financial hardship.</li> </ul> </li> <li>• A disconnection notice, detailing customer’s outstanding balance and final payment due date, generated and sent to customer 14 days after the reminder notice was sent</li> <li>• Mandatory phone call notification prior to disconnection or potential disconnection If phone calls are unsuccessful, Kleenheat tries other avenues to contact the customer, such as sending an SMS to the customer’s mobile number, calling the customer’s land line or emailing the customer</li> </ul> <p>The disconnection is not to proceed unless the mandatory checklist, which outlines the above steps, have been completed.</p> <p>Through examination and testing samples of Kleenheat’s Reminder and Disconnection notice for disconnections, we confirmed that Kleenheat met the requirements outlined in clause 7.1(1) &amp; 7.1(2). Examination of a sample of customer complaints data did not identify any complaints arising for failure to provide disconnection notice.</p>
<p>Priority: 2</p> <p>Control Adequacy: B</p> <p>Compliance Rating: 2</p>		

No.	Obligation under condition	Findings
	<p><b>Recommendation</b></p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period.</p>	<p><b>Action Plan</b></p> <p>No further action required.</p>
223 40 41 49 50	<p>A retailer must not arrange for disconnection of a customer’s supply address for failure to pay a bill in the circumstances specified in clause 7.2(1).</p> <p><i>Compendium Clause 7.2(1)</i> <i>Energy Coordination (Customer Contracts) Regulations 2004, regulation 12 (6) Clauses 5.1.1.2, 5.1.1.3 and 5.1.8.1 (c-d) AGA Code (for obligations 40,41,49 &amp; 50)</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat’s documented procedures relating to disconnection for failure to pay, we determined that Kleenheat has applied the following processes and systems for managing the disconnection of customers:</p> <ul style="list-style-type: none"> <li>• Kleenheat staff have to complete a mandatory checklist, with guidelines as required by the Compendium, prior to arranging for disconnection of a customer’s supply address</li> <li>• Disconnecting a customer is the last resort Kleenheat will employ</li> <li>• Credit management staff are aware to only disconnect customers for specified reasons</li> <li>• A customer will not be disconnected where amounts owing do not relate to the supply of gas or the supply address does not relate to the bill</li> <li>• Kleenheat does not offer customers concessions, however will offer alternative payment arrangements in accordance with clause 6.4(1)</li> <li>• As the Authority has not prescribed a minimum amount of the balance outstanding, below which Kleenheat is not permitted to process a disconnection, Kleenheat has implemented a minimum amount for disconnection of \$50.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints relating to disconnections for failure to pay a bill during the period subject to audit.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
224 *	<p>In relation to dual fuel contracts or separate contracts for the supply of electricity and gas (under which a single bill for energy, or separate simultaneous bills for electricity and gas are issued to the customer), if a retailer is permitted to and wishes to arrange for disconnection of the supply of electricity and gas to the residential customer’s supply address for failure to pay a bill, the retailer must arrange for disconnection of the supply of gas in priority to the disconnection of the supply of electricity.</p> <p><i>Compendium Clause 7.3</i></p>	<p>The Credit Team Leader and Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat has not entered into dual fuel contracts or provided separate customer contracts for the supply of electricity or gas under circumstances specified under clause 5.9 for the period subject to audit.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
225 42	<p>A retailer must not arrange for the disconnection of a customer’s supply address for denying access to the meter unless the conditions specified in clause 7.4(1) are satisfied. A retailer may arrange for a distributor to carry out 1 or more of the requirements referred to in clause 7.4(1) on behalf of the retailer.</p> <p><i>Compendium Clause 7.4, Energy Coordination (Customer Contracts) Regulations 2004, Reg 12 (6) Clauses 5.1.2.1 &amp; 5.1.2.2 AGA Code</i></p>	<p>The Credit Team Leader and Regulatory Specialist Natural Gas &amp; Electricity confirmed that Kleenheat has not arranged for disconnection of a customer’s supply for denying access during the audit period.</p>
	<p>Priority: 3</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	

No.	Obligation under condition	Findings	
227  32 48  51	<p>A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.</p> <p><i>Compendium Clause 7.6</i></p> <p><i>Energy Coordination (Customer Contracts) Regulations 2004, regulation 12 (2)</i></p> <p><i>Energy Coordination (Customer Contracts) Regulations 2004, regulation 12 (6)</i></p> <p><i>Clause 5.1.8.1(b) AGA Code</i></p> <p><i>Energy Coordination (Customer Contracts) Regulations 2004, regulation 12 (6)</i></p> <p><i>Clauses 5.1.8.1(e) and (f) AGA Code</i></p>	<p>Through discussion with the Customer Advocate, Credit Team Leader and the examination of Kleenheat's disconnection procedures and Training Modules, and sample testing of disconnections across NG and LPG and customer complaints data, we identified:</p> <ul style="list-style-type: none"> <li>• Kleenheat would not arrange for disconnection if a complaint has been filed by the customer</li> <li>• Disconnections are not performed: <ul style="list-style-type: none"> <li>○ After 3pm on Monday to Thursday</li> <li>○ On a Friday, Saturday, Sunday, Public Holiday or on the eve of a public holiday.</li> </ul> </li> <li>• Kleenheat has tailored its processes to forward disconnection service requests at the beginning of the week to provide the distributor with the best opportunity to perform the disconnection prior to Friday</li> <li>• The credit team staff are trained to ensure that prior to disconnection, the credit status of the customer account in Oracle is not subject to: <ul style="list-style-type: none"> <li>○ An open customer complaint (which suspends the disconnection workflow within the system)</li> <li>○ Payment difficulty</li> <li>○ Financial Hardship</li> <li>○ Applicable medical conditions.</li> </ul> </li> </ul>	
	Priority: 2	Control Adequacy: A	Compliance Rating: 1
Part 8 Reconnection			
228	<p>In the circumstances specified in clause 8.1(1)(a)-(c), a retailer must arrange for reconnection of the customer's supply address if the customer makes a request for reconnection, and pays the retailer's reasonable charges for reconnection (if any) or accepts an offer of an instalment plan for the retailer's reasonable charges for reconnection.</p> <p><i>Compendium Clause 8.1(1)</i></p>	<p>Through discussion with the Credit Team Leader and consideration of Kleenheat's reconnection procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there were occasions in which customers requested and met the criteria for reconnection</li> <li>• Kleenheat has applied the following procedures to arrange for customers to be reconnected: <ul style="list-style-type: none"> <li>○ A customer who has failed to pay a bill will be reconnected if the customer has paid the balance owing, has agreed to a payment plan, or has been assessed as being in financial hardship</li> <li>○ A customer who has been unlawfully consuming gas, and has subsequently set up an account with Kleenheat (i.e. remedied the breach), will be reconnected, and invoiced for the gas consumed: <ul style="list-style-type: none"> <li>▪ Kleenheat will work out the amount owing by contacting the customer's landlord or agent to assess when the customer moved into the premises</li> <li>▪ Kleenheat may also request evidence of the date when the customer moved in to calculate the period from which to backdate.</li> </ul> </li> </ul> </li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
229	<p>A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.</p> <p><i>Compendium Clause 8.1(2)</i></p>	<p><u>NG</u></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's exception reporting processes relating to reconnection and Kleenheat's annual compliance reports submitted to the Authority, we determined that, to monitor the timely processing of service requests, Kleenheat has developed processes designed to detect:</p> <ul style="list-style-type: none"> <li>• Payments made to disconnected accounts (to identify instances where a customer may have paid an outstanding fee, has requested to be reconnected, but the request has failed in its submission to the distributor)</li> <li>• Failed reconnection requests within the system.</li> </ul> <p>During the fieldwork phase of the current audit, it was identified that these exception reports were run at 12pm and 2pm daily. In order to capture requests made between 2-3pm, Deloitte suggested that the second daily report was run at 3pm.</p> <p>Upon performing a walkthrough of the monthly credit compliance reporting process and sample testing of 15 reconnection requests, we identified:</p> <ul style="list-style-type: none"> <li>• One instance where a reconnection had not taken place within the prescribed timeframe. The incident was identified as part of Kleenheat's FY16 annual compliance (citing user error) and remedied accordingly.</li> <li>• One instance where a reconnection service request was processed for 29 July 2016 (Friday) and failed in the Flowtalk system (i.e. did not successfully forward to ATCO Gas). The reconnection was re-raised for 2 August 2016 (Tuesday).</li> </ul>
52	<p><i>Energy Coordination (Customer Contracts) Regulations 2004, Regulation 12 (6), Clause 5.2.2.2 AGA Code</i></p>	<p><u>LPG Retic</u></p> <p>Through discussions with the Customer Service Team Leader, we determined that Kleenheat acts in the role of both the retailer and the distributor, therefore its timing obligations under the scope of the Licence are not applicable.</p>
	<p>Priority: 3</p>	<p>Control Adequacy: B</p>
	<p>Compliance Rating: 2</p>	<p><b>Recommendation 1/2016</b></p> <p>Kleenheat:</p> <ol style="list-style-type: none"> <li>Update the exception reporting procedure to include the new timing (3pm) for review of the exception reports</li> <li>Continue to remind staff of the importance of timing in relation to its obligation requirements.</li> <li>Emphasise the importance of priority reconnection for detected failed reconnection requests via Flowtalk and identifying any recurring systemic issues.</li> </ol>
		<p><b>Action plan 1/2016</b></p> <ol style="list-style-type: none"> <li>Kleenheat has already implemented the suggested improvement raised by Deloitte in shifting the exception report timing to 3 PM. This was implemented during the fieldwork testing stage in late September 2016.</li> <li>and (c)</li> </ol> <p>Kleenheat will continue to communicate to staff about our obligations requirements and provide refresher training to all CST and Credit staff, to further enhance the importance of meeting the obligation requirements. Any recurring systemic issues will continue to be captured in the Compliance Tracker and acted upon by Kleenheat.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b></p> <ol style="list-style-type: none"> <li>Complete</li> <li>and (c) February 2017</li> </ol>

No.	Obligation under condition			Findings
Part 10 Information and Communication				
231	A retailer must give notice to each of its customers affected by a variation in its tariffs as soon as practicable after the variation is published and no later than the next bill in the customer's billing cycle. <i>Compendium Clause 10.1(1)</i>			<p>Through discussion with the Customer Service Team Leader and Regulatory Specialist Natural Gas &amp; Electricity we determined that during the period subject to audit, Kleenheat applied processes, which require Kleenheat to notify:</p> <ul style="list-style-type: none"> <li>The Minister for Energy of changes to prices and fees at least 30 days before the effective date of the tariff variation, which last occurred from 1 November 2015 for NG and from 1 August 2016 for LPG Retic. This notification is provided via letter and includes explanations for the increases</li> <li>Customers at the time of the next bill. Changes to Kleenheat's Standard Prices &amp; Fees are published on Kleenheat's website and in the West Australian newspaper prior to the effective date of change.</li> </ul>
57	<i>Energy Coordination (Customer Contracts) Regulations 2004, Regulation 14 (3), Clauses 4.1.2.1 &amp; 4.1.2.2 AGA Code</i>			
58	<i>Energy Coordination (Customer Contracts) Regulations 2004, Regulation 14, Clause 4.1.3.1 &amp; 4.1.3.2 AGA Code</i>	Priority: 4	Control Adequacy: NP	
232	A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including any alternative tariffs that may be available to the customer. <i>Compendium Clause 10.1(2)</i>			<p><i>Obligations 232 and 233</i></p> <p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's publically available information and Training Modules we determined that:</p> <ul style="list-style-type: none"> <li>Information regarding tariffs is readily available on Kleenheat's website. Kleenheat's publically available information outlines that the customer is also able to call the customer service line to receive tariff information over the phone or arrange for a written copy to be provided at no charge via email or post</li> <li>During the period subject to audit, Kleenheat applied its standard practice to direct customers to Kleenheat's website or to provide the information via email immediately upon request (i.e. within the 8 business day timeframe).</li> </ul> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that there has not been a customer request to be sent information on tariffs via post during the period subject to audit.</p>
57	<i>Energy Coordination (Customer Contracts) Regulations 2004, Regulation 14 (3), Clauses 4.1.2.1 &amp; 4.1.2.2 AGA Code</i>			
		Priority: 4	Control Adequacy: NP	
233	A retailer must give a customer the information requested on tariffs within 8 business days of the date of receipt of the request and, if requested, a retailer must provide the information in writing. <i>Compendium Clause 10.1(3)</i>			
		Priority: 4	Control Adequacy: NP	
234	A retailer must, on request, give a customer their billing data. <i>Compendium Clause 10.2(1)</i>			<p><i>Obligations 234 to 236</i></p> <p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's Training Modules, we determined that during the period subject to audit, Kleenheat applied its standard practice to direct the customer to access their billing data online upon request.</p>
63	<i>Energy Coordination (Customer Contracts) Regulations 2004, Regulation 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code</i>	Priority: 4	Control Adequacy: NP	

No.	Obligation under condition	Findings	
235	A retailer must give the requested billing data at no charge if a customer requests their billing data for a period less than the previous 2 years and no more than once a year, or in relation to a dispute with the retailer. <i>Compendium Clause 10.2(2)</i>	The Customer Service Team Leader confirmed that there have been no instances of a customer requesting to be sent a copy of their billing data during the period subject to audit.	
	Priority: 4		
236	A retailer must give the requested billing data within 10 business days of the date of receipt of either the request, or payment of the retailer's reasonable charge for providing the billing data <i>Compendium Clause 10.2(3)</i>		
	Priority: 4		
237	A retailer must keep a customer's billing data for (7) years. <i>Compendium Clause 10.2(4)</i>	Through discussion with the Credit Team Leader we determined that Kleenheat has applied processes and systems for storing billing information from its Oracle system for more than 7 years as required. The Regulatory Specialist Natural Gas & Electricity advised that Kleenheat has its data backed up and stored on servers off-site.	
	Priority: 4		
238	A retailer must give a residential customer on request, at no charge, information on the types of concessions available to the customer, and the names and contact details of the organisation responsible for administering those concessions (if not the retailer). <i>Compendium Clause 10.3</i>	The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not offered concessions (as referred to by Clause 10.3) during the period subject to audit.	
	Priority: 4		
239 *	A retailer must give a customer on request, at no charge, general information on: cost-effective and efficient ways to utilise gas (including referring a customer to a relevant information source and the typical running costs of major domestic appliances). <i>Compendium Clause 10.4</i>	Through discussion with the Regulatory Specialist Natural Gas & Electricity, Customer Service Team Leader and Customer Advocate; and examination of Training Modules and the Customer Charter, we determined that during the period subject to audit: <ul style="list-style-type: none"> <li>• There were occasions in which customers requested general information on cost-effective and efficient ways to utilise gas</li> <li>• Kleenheat applied its standard practice to refer the customer to the gas usage efficiency information located in the Customer Charter and on Kleenheat's website, or to provide the information via email immediately upon request.</li> </ul> Our examination of the customer complaints register did not identify instances of complaints relating to Kleenheat's improper management of its obligations for the provision of information during the period subject to audit.	
	Priority: 4		



No.	Obligation under condition	Findings		
240	<p>If a customer asks for information relating to the distribution of gas, a retailer must give the information to the customer or refer the customer to the relevant distributor for a response.</p> <p><i>Compendium Clause 10.5</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and Customer Service Team Leader; and examination of Training Modules, we determined that during the period subject to audit:</p> <ul style="list-style-type: none"> <li>• There were occasions in which customers requested information relating to gas distribution</li> <li>• Kleenheat applied the following processes:</li> </ul> <p><u>NG</u> All requests for distribution related information are to be directed to ATCO Gas. The direct number is to be provided to the customer and if requested via phone, the customer is to be transferred directly to ATCO Gas.</p> <p><u>LPG Retic</u> As Kleenheat acts as both the retailer and distributor for LPG Retic services, customers are to be either transferred directly to the relevant Kleenheat staff member, or provided with the relevant contact details to address distribution enquiries.</p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
241	<p>A retailer must, within 3 months of being subject to the Compendium, lodge with the Authority, a gas customer safety awareness programme.</p> <p><i>Compendium Clause 10.5A(1)</i></p>	<p><i>Obligations 241 to 243</i></p> <p>The Regulatory Specialist Natural Gas &amp; Electricity confirmed that since Kleenheat's creation of its gas customer safety awareness program, which was lodged with the Authority prior to the commencement of this audit period, there has been no further requirement to prepare a gas customer safety awareness program.</p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
242	<p>A retailer must consult with the Authority when preparing the gas customer safety awareness programme.</p> <p><i>Compendium Clause 10.5A(2)</i></p>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
243	<p>A gas customer safety awareness programme is to communicate information to customers regarding safety in the use of gas and must address, at a minimum, the information referred to in clause 10.5A(3)(a)-(e).</p> <p><i>Compendium Clause 10.5A(3)</i></p>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
245	<p>A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.</p> <p><i>Compendium Clause 10.9</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat's publicly available documentation, we determined that Kleenheat has established and applied standard practices, which:</p> <ul style="list-style-type: none"> <li>• Require information sent out to customers (such as a Residential Reminder Notice and Invoice) to be written in clear and concise language and a format that is easily interpretable</li> <li>• Provide customer support contact information on all written information for further queries.</li> </ul>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
246	<p>A retailer must advise a customer on request how the customer can obtain a copy of the Gas Marketing Code and the Compendium and make a copy of the Gas Marketing Code and the Compendium available on the retailer's website, and the offices of the retailer at no charge.</p> <p><i>Compendium Clause 10.10(1)</i></p>	<p>Through discussion with the Customer Service Team Leader and examination of the customer Welcome Pack and Training Modules, we determined that Kleenheat has established and applied standard practices, which enable Kleenheat staff to:</p> <ul style="list-style-type: none"> <li>• Provide the Gas Marketing Code and Compendium to a customer upon request</li> <li>• Refer customers to the Gas Marketing Code of Conduct, which is available on Kleenheat's website.</li> </ul> <p>Although Kleenheat does not maintain specific records of instances where a customer made a request for information relating to the Gas Marketing Code and the Compendium, the Regulatory Specialist Natural Gas &amp; Electricity confirmed that the relevant pages of Kleenheat's website were visited by approximately 30 unique visitors during the period subject to audit.</p> <p>Our examination of the customer complaints register did not identify instances of complaints relating to Kleenheat's obligations for the provision of information during the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
249	<p>A retailer and distributor must make available to a residential customer on request, at no charge, services that assist the residential customer in interpreting information provided by the retailer or distributor (including independent multi-lingual and TTY services, and large print copies).</p> <p><i>Compendium Clause 10.11(1)</i></p>	<p>From examination of Kleenheat's Customer Charter, invoice template and website, we determined that Kleenheat provides Interpreter Services, TTY (teletypewriter) Services, large print copies and further customer assistance upon request at no charge.</p> <p>Our examination of the customer complaints register did not identify instances of complaints relating to Kleenheat's obligations for the provision of support services during the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
250	<p>A retailer and, where appropriate, a distributor, must include on a residential customer's bill and bill related information, reminder notice and disconnection warning: the telephone number for its TTY services; the telephone number for independent multi-lingual services; the National Interpreter Symbol, with the words "Interpreter Services".</p> <p><i>Compendium Clause 10.11(2)</i></p>	<p>Our examination of Kleenheat's customer bills, reminder notices and disconnection warnings indicates that the TTY number (with the words "Teletypewriter (National Relay Service)"), Telephone Interpreter Services information (with the words "Telephone Interpreter Services") and National Interpreter Symbol are included on those documents.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
<b>Part 12 Complaints and Dispute Resolution</b>		
251	<p>A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.</p> <p><i>Compendium Clause 12.1(1)</i></p>	<p>Through discussion with the Customer Service Advocate and examination of Kleenheat’s policies and Training Modules on customer complaints, we determined that Kleenheat:</p> <ul style="list-style-type: none"> <li>• Has developed a “Complaints Handling Procedure” and “Complaints Handling Process.”, supported by internal customer advocacy training and a dedicated Customer Advocate, designed to comply with AS ISO 10002 – 2006 specifically for gas related activities</li> <li>• Has processes in place to review and update internal documents yearly or as necessary when changes are made to complaint handling guidelines or standards</li> <li>• Complaints Handling Procedure details a comprehensive Complaint Handling flowchart, which ensures a consistent approach to resolving complaints. The procedure covers points such as: <ul style="list-style-type: none"> <li>○ Recording Of A Complaint From Kleenheat And Non-Kleenheat Customer</li> <li>○ How To Manage Customer’s Complaint</li> <li>○ Managing Customers’ Behaviour</li> <li>○ Verbal and Written Complaints</li> <li>○ Escalated Complaints</li> <li>○ Resolutions.</li> </ul> </li> <li>• CSOs record all customer complaints in the Oracle system, in the specific customer account under the daily log tab. The CSOs are able to categorise the complaint according to the type of complaint. For example, Service (Disconnection), Financial, Marketing, Advertising.</li> <li>• Has a mature escalation process, whereby if a customer is not pleased with the outcome offered, the complaint can be escalated to the Team Leader or the Customer Advocate</li> <li>• Has a designated Customer Advocate, who is responsible for reviewing escalated complaints, identifying any systematic issues or trends and providing a weekly summary report to management</li> <li>• A monthly ‘end of month report’ would be generated from Oracle and submitted to the Senior Management Group. The end of month report includes the total number of complaints, a breakdown of the different types of complaints logged and Energy Ombudsman escalations.</li> </ul>
	Priority: 4	Control Adequacy: NP
		Compliance Rating: 1

No.	Obligation under condition			Findings
252	The complaints handling process under clause 12.1(1) must comply with AS ISO 10002 – 2006 and address, at the least, the criteria specified in clause 10.2(b). The complaints handling process must be available at no cost to customers. <i>Compendium Clause 12.1(2)(a),(b) and (d)</i>			Through discussion with the Customer Advocate and examination of Kleenheat’s Complaints Handling training module and Complaints Handling Process and Complaints Handling Procedure, we determined that: <ul style="list-style-type: none"> <li>• Kleenheat’s Complaints Handling Process is structured and designed to comply with AS ISO 1002-2006. Kleenheat’s procedures and training modules outline the: <ul style="list-style-type: none"> <li>○ Process of recording a complaint from Kleenheat and non-Kleenheat customers</li> <li>○ Process of recording a resolution</li> <li>○ Response time and method</li> <li>○ Management handling and monitoring process.</li> </ul> </li> <li>• Information on how to lodge a complaint is available to Kleenheat customers at no cost</li> <li>• Complaints brochures are available at all branches and must be provided to a customer on request.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
253	The complaints handling process must detail how the retailer will handle complaints about a retailer, gas marketing agents or marketing, and be available at no cost to customers <i>Compendium Clause 12.1(2)(c)</i>			Through discussion with the Customer Advocate and examination of Kleenheat’s complaint management processes, we determined that: <ul style="list-style-type: none"> <li>• Kleenheat adopts a standard complaints procedure across the board to manage complaints</li> <li>• Information on how to lodge a complaint and the complaints process is available to Kleenheat customers at no cost.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
254	When responding to a customer complaint a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor. <i>Compendium Clause 12.1(3)(a)</i>			<i>Obligations 254 and 255</i> Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat’s Complaints Handling Process document and its complaints register, we determined that Kleenheat’s process provides for: <ul style="list-style-type: none"> <li>• Information to be provided to a customer in accordance with clause 12.1(2) of the Compendium</li> <li>• Escalation to a senior figure if the first line of contact was unsuccessful in resolving the complaint to a satisfactory manner (clause 12.1(3)(a) of the Compendium)</li> <li>• The customer to be notified of the outcome and the reason for the outcome in written form, upon request (clause 12.1(3)(b) of the Compendium), where the complaint has not been resolved to the customer’s satisfaction</li> <li>• Notifying customers of their right to refer their complaints to the Ombudsman if they are still unsatisfied with Kleenheat’s response, and providing Freecall and Freefax number of the Ombudsman to the customer.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
255	When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the Energy & Water Ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the Energy & Water Ombudsman. <i>Compendium Clause 12.1(3)(b)</i>			Kleenheat’s Customer Service Charter also notifies customers of their right to refer their complaints to the Ombudsman if they are dissatisfied with Kleenheat’s response.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
255 A*	<p>A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.</p> <p><i>Compendium Clause 12.1(4)</i></p>	<p>Through discussion with the Customer Advocate, walkthrough of the complaint handling process and examination of Kleenheat's Complaints Handling Training Module, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat had received written complaints from customers during the period subject to audit</li> <li>• Kleenheat has applied processes, which require: <ul style="list-style-type: none"> <li>○ The complaint to be acknowledged and initial response on the progress of the complaint to be provided within 2 business days</li> <li>○ The customer to be kept informed of how their complaint is progressing if the complaint requires further investigation.</li> </ul> </li> </ul> <p>Our examination of the customer complaints register did not identify instances of further complaints regarding Kleenheat's obligations for managing written complaints during the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
256	<p>A retailer must comply with any guideline developed by the Authority relating to distinguishing customer queries from customer complaints.</p> <p><i>Compendium Clause 12.2</i></p>	<p>Section 3 of the Customer Complaints Guidelines (Guidelines), issued by the Authority in October 2008, provides energy retailers and distributors with the guiding principles on distinguishing complaints from enquiries.</p> <p>Through discussion with the Customer Advocate and examination of Kleenheat's Complaints Handling Process, we determined that Kleenheat distinguishes customer complaints and customer queries as required by the standard as follows:</p> <ul style="list-style-type: none"> <li>• Complaints are defined as: "Expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required."</li> <li>• Enquiries or feedback is defined as: "Opinions, comments and expressions of interest or concern, made directly or indirectly, explicitly or implicitly to or about the organisation, its products, services and staff."</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
257	<p>A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.</p> <p><i>Compendium Clause 12.3</i></p>	<p>Through discussion with the Customer Service Team Leader, examination of Kleenheat's Customer Service Charter and consideration of Kleenheat's Training Modules, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat's Customer Service Charter includes information relating to Kleenheat's complaints handling process</li> <li>• During the period subject to audit, there were instances where a customer had made a request for information relating to Kleenheat's complaint handling processes</li> <li>• CSOs applied Kleenheat's standard practice for: <ul style="list-style-type: none"> <li>○ Providing information relating to the complaints handling process to customers upon request, at no charge</li> <li>○ Referring customers to the Customer Service Charter, which is available online. If requested, a copy of the Customer Service Charter can be mailed, at no charge.</li> </ul> </li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition			Findings
258	When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known). <i>Compendium Clause 12.4</i>			Through discussion with the Customer Advocate and the examination of recorded logged complaints (written and via telephone), we observed Kleenheat customer service and complaints handling processes provide for: <ul style="list-style-type: none"> <li>• Staff to recognise instances where a complaint does not relate to Kleenheat functions</li> <li>• The matter to be referred to the relevant entity (e.g. ATCO Gas)</li> <li>• The customer to be made aware of the reason for the referral</li> <li>• The customer to be offered the appropriate entity's direct line, or the call is transferred.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
<b>Part 13 Record Keeping and Reporting</b>				
281 *	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the Authority. <i>Compendium Clause 13.1</i>			<i>Obligations 281-283</i> Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's annual performance reports, we determined that Kleenheat has prepared a report as required by Part 13 of the Compendium for 2014/15 year and has published the report by September 2015 (within the 1 October timeframe).
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
282 *	A report referred to in clause 13.1 must be provided to the Authority by the date, and in the manner and form, specified by the Authority. <i>Compendium Clause 13.2</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
283 *	A report referred to in clause 13.1 must be published by the date specified by the Authority. <i>Compendium Clause 13.3</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
<b>Gas Marketing Code of Conduct obligations applicable for the period 1 September 2014 to 3 March 2015 (in accordance with the May 2014 and February 2015 Reporting Manuals) which were subsequently removed</b>				
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct</b>				
130	A Retailer or other party must keep the specific record each time it initiate contact with a customer for the purpose of marketing. <i>Compendium Clause 2.6(3)</i>			Through discussion with the Commercial Manager, Natural Gas & Electricity, the Customer Service Team Leader and consideration of Kleenheat's marketing procedures, training modules and records, we determined that Kleenheat's procedures provide for maintaining records within its Sales Online and Oracle systems in relation to marketing activity that has been undertaken, such as copies of emails, record of verifiable consents, and no-marketing material-insert requests.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
<b>Customer Licence Obligations (Compendium) applicable for the period for the period 1 September 2014 to 1 January 2015 (in accordance with the May 2014 Reporting Manual) which, were subsequently removed</b>				

No.	Obligation under condition			Findings
151	Prior to a customer reading a meter, a retailer must give the customer information that explains how to read a meter correctly in clear, simple and concise language. <i>Compendium Clause 4.16(2)</i>			<p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's Training Modules and the Customer Charter, we determined that:</p> <ul style="list-style-type: none"> <li>• Kleenheat CSOs are trained to walk a customer through a self-read, in the event that a customer queries an actual read. However, the customer self-read will not replace the actual read, until a meter reader has conducted an additional read</li> <li>• The Customer Charter provides information for customers on how to perform a meter read.</li> </ul>
		Priority: 4	Control Adequacy: NP	
194	A retailer must comply with the Conduct Principles set out in the debt collection guideline issued by the Australian Competition and Consumer Commission concerning section 50 of the Australian Consumer Law (WA). <i>Compendium Clause 5.8(1)</i>			<p>Through discussion with the Credit Team Leader, we determined that Kleenheat has processes in place designed to ensure their employees are operating in compliance with the Australian Competition and Consumer Commission standards. Copies of the Australian Competition and Consumer Commission debt collection guidelines book are provided to all debt collectors at induction. Additionally internal debt collection training is also provided during team meetings.</p>
		Priority: 4	Control Adequacy: NP	
259	Unless expressly provided otherwise, a retailer, distributor or gas marketing agent must keep a record or other information as required to be kept by the Code of Conduct and the Compendium for at least 2 years from the last date on which the information was recorded. <i>Compendium Clause 13.1(1)</i>			<p>Through discussion with the Channel Sales Manager and Customer Advocate, and examination of Kleenheat's Training Modules we determined that Kleenheat's processes require customer complaint records to be:</p> <ul style="list-style-type: none"> <li>• Stored within Oracle with appropriate traceable information (e.g. account details, date and commentary)</li> <li>• Kept for at least 2 years for each complaint made by a person contacted for the purposes of marketing, and to provide this information to the Energy &amp; Water Ombudsman if requested.</li> </ul>
		Priority: 4	Control Adequacy: NP	

No.	Obligation under condition	Findings	
260	<p>For the purposes of clause 13.1(1), a retailer must keep records or other information specified in clause 13.1(2)(a)-(g).</p> <p><i>Compendium Clause 13.1(2)</i></p>	<p>Through discussion with Customer Service Team Leader and Credit Team Leader and examination of records maintained by Kleenheat through Oracle, Sales Online and manual spreadsheets (where required for LPG Retic, we determined that Kleenheat has documentation and system in place designed to meet record keeping requirements of clause 13.1(2)(a) – (g)).</p> <p>In particular, Kleenheat’s record-keeping includes information such as:</p> <ul style="list-style-type: none"> <li>• Review and amendment dates of Kleenheat’s financial hardship policy (through DOCOVA documents), including organisations consulted with</li> <li>• Number and percentage of both residential customer accounts and business customer accounts along with required information on those customers relating to: <ul style="list-style-type: none"> <li>○ Billing cycle</li> <li>○ Instalment plans</li> <li>○ Disconnections and reconnections</li> <li>○ Metering data requests</li> </ul> </li> <li>• Number and percentage of customer complaints from both residential and business customers that were concluded within the required time frames</li> <li>• Kleenheat’s call centre performance records including the number and percentage of calls received and answered within 30 seconds.</li> <li>• Marketing contact with customers including date, time, means and location of contact.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
262	<p>A retailer must keep a record of the total number and percentage of its residential customer accounts under the affordability and access indicators specified in clause 13.2(a)(i)-(xv).</p> <p><i>Compendium Clause 13.2(a)(i)-(xv)</i></p>	<p><i>Obligations 262 and 263</i></p> <p>Through discussion with the Customer Services Team Leader, walkthrough of the sales support centre and examination of Kleenheat’s annual performance reports, we determined that Kleenheat’s systems and processes are set up to capture:</p> <ul style="list-style-type: none"> <li>• The affordability and access indicators specified at s.13.2(a) and s.13.2 (b) of the Code, which are maintained within Sales Online and Oracle</li> <li>• Those indicators, including relevant percentages which are reviewed weekly by Customer Services Manager and reported on a monthly basis by Kleenheat as part of Kleenheat’s operational reporting processes</li> <li>• Required indicators for the purpose of populating annual performance reports as required by the Authority.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
263	<p>A retailer must keep a record of the total number and percentage of its business customer accounts under the affordability and access indicators specified in clause 13.2(b)(i)-(ix).</p> <p><i>Compendium Clause 13.2(b)(i)-(ix)</i></p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1



No.	Obligation under condition			Findings
264	A retailer must keep a record of the actions it undertook, and the responses from the distributor to those actions, to obtain metering data where the retailer has issued a bill outside of the time frame set out in clause 4.1(b). <i>Compendium Clause 13.2(c)</i>			<u>NG</u> Through discussion with the Credit Team Leader and examination of Kleenheat's metering and billing processes we determined that Kleenheat has applied its processes, which require staff: <ul style="list-style-type: none"> <li>To identify bills processed outside of the standard billing period</li> <li>Where no meter reading data is provided for an invoice, to still meet the requirements of obligations 4.1(b) by issuing an estimated bill</li> <li>To identify outstanding meter reading data and initiate contact with ATCO Gas</li> <li>To conduct monthly meetings with ATCO Gas and address any matters relating to outstanding meter reading data is addressed.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<u>LPG Retic</u> Through discussion with the Customer Service Team Leader we identified that Kleenheat acts as the Retailer and the Distributor in relation to LPG Retic services.
265	A retailer must keep a record of the total number of complaints received from residential and business customers, as well as keeping a record of the complaint indicators specified in clause 13.3(1)(b)-(f). <i>Compendium Clause 13.3(1)</i>			<u>Obligations 265 and 266</u> Through discussion with the Customer Advocate and examination of Kleenheat's complaint processes, training modules and complaints register, we determined that Kleenheat has applied the following processes to maintain customer complaints record required by 13.3(1): <ul style="list-style-type: none"> <li>Complaints are recorded within the customer account under Diary Notes in Oracle</li> <li>For customers that do not have an account, the following information must be recorded and sent to the Customer Advocate: <ul style="list-style-type: none"> <li>Name of the complainant</li> <li>Address/Contact details</li> <li>Complaint details</li> <li>Type of complaint – e.g. Service, Financial, Marketing, Advertising</li> <li>Date the complaint was received</li> <li>Acknowledgement date</li> <li>Date of response to the customer with the resolution details.</li> </ul> </li> <li>The Customer Advocate is responsible of reviewing the complaints on a weekly basis and submits a monthly customer complaint report to management.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
266	A retailer must keep a record of the details of each complaint referred to in clause 13.3(1). <i>Compendium Clause 13.3(2)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition			Findings
267	A retailer must keep a record of the call centre performance indicators specified in clause 13.5(a)-(e). <i>Compendium Clause 13.5</i>			<p>Through discussion with the Customer Service Team Leader and walkthrough of the sales support centre, we determined that Kleenheat has applied the following processes and systems designed to maintain records and produce monthly reports as specified within clause 13.5(a) – (e):</p> <ul style="list-style-type: none"> <li>• Total number of telephone calls</li> <li>• Number of telephone calls answered within 30 seconds</li> <li>• Percentage of telephone calls answered within 30 seconds, average wait time before a call is answered</li> <li>• Percentage of calls that are unanswered.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
268	A retailer must keep a record of the total number of residential accounts held by customers and business customer accounts held by customers. A retailer must keep a record of the total number of residential and business accounts specified. <i>Compendium Clause 13.6</i>			<p>Through discussion with the Customer Service Team Leader and examination of Kleenheat's reporting systems we determined that Kleenheat has applied the following processes to:</p> <ul style="list-style-type: none"> <li>• Extract relevant information from Oracle and produce in a reporting format (able to be filtered by residential/non-residential customers).</li> <li>• Generate the report weekly and circulate through the Customer Service Team.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
278	A report is published for the purposes of clause 13.17(1) if copies of it are available to the public, without cost, at places where the retailer or distributor transacts business with the public, and a copy of it is posted on a website maintained by the retailer or distributor. <i>Compendium Clause 13.17(2)</i>			<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity and examination of Kleenheat's annual performance reports, we determined that Kleenheat has prepared annual performance reports, as required by Part 13 of the Code and:</p> <ul style="list-style-type: none"> <li>• Published the reports on its website</li> <li>• Maintained electronic copies of the reports, which can be sent to customers via email</li> <li>• Made copies of the reports available at its designated customer service premises, for inspection if requested and at no charge.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
279	A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published. <i>Compendium Clause 13.17(3)</i>			<p>Through discussion with the Regulatory Specialist Natural Gas &amp; Electricity, we determined that Kleenheat maintains an internal compliance calendar which lists compliance reporting deadlines. The Regulatory Specialist Natural Gas &amp; Electricity confirmed that copies of each report under Clause 13.17(3) are provided to the Minister and the Authority not less than 7 days before it is published.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

# 5 Previous audit non-compliances and recommendations

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
<b>A. Resolved before end of previous audit period</b>						
There were no recommendations made by the previous audit that were resolved before the end of the previous audit period.						
<b>B. Resolved during current audit period</b>						
<b>NG</b>						
01/2014	<p><b>Obligation #39</b>  <i>Energy Coordination (Customer Contracts) Reg 12 (5)(e)</i>            A licensee must reconnect supply to a customer within 20 business days after disconnection in an emergency situation or for health, safety or maintenance reasons if the situation or problem giving rise to the need for disconnection has been rectified and if the customer has paid any applicable reconnection fee.</p>	<p>Inadequate controls – significant improvement required (C)             Not Rated (NR)</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that no instances of NG reconnections after an emergency disconnection have yet occurred. As a result, no procedures have yet been developed that detail the action to be taken in these circumstances, however reconnection would generally commence as soon as payment has been made along with any reconnection fee.</p>	<p>Kleenheat is currently finalising a procedural document to be followed for reconnections occurring after a disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of reconnections in these scenarios.   <b>Responsible Person:</b>            Customer Service Operations Manager   <b>Target Date:</b>            March 2015</p>	March 2015	No further action required
02/2014	<p><b>Obligation #42</b>  <i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.2.1 &amp; 5.1.2.2 AGA Code</i>            A licensee must not disconnect supply to a customer who denies access to a meter until: the customer has refused access on at least 3 concurrent billing cycles, the customer is given the option to offer alternative access arrangements, the customer is provided written advice on each</p>	<p>Inadequate controls – significant improvement required (C)             Not Rated (NR)</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor the licensee has not yet issued a disconnection notice as a result of being denied access to a meter. As a result, no procedures have yet been developed that detail the action to be taken in these circumstances, however the distributor would generally contact the licensee to arrange a special read.</p>	<p>Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter.   <b>Responsible Person:</b>            Customer Service Operations Manager   <b>Target Date:</b>            March 2015</p>	March 2015	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
	occasion access was denied, the licensee has used its best endeavours to contact the customer and the licensee has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date.					
03/2014	<p><b>Obligation #43</b>  <i>Energy Coordination (Customer Contracts) Reg 12 (6), Clause 5.1.1.3 AGA Code</i></p> <p>A licensee who disconnects in the event of an emergency must provide a 24 hour information service, estimate the time when gas supply will be restored and use best endeavours to restore supply when the emergency is over.</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Not Rated (NR)</p>	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that no disconnections in the event of an emergency have yet occurred. As a result, no procedures have yet been developed that cover off the obligations. The licensee has advised that if an emergency disconnection were to occur, appropriate action would be taken as necessary.	<p>Kleenheat is currently finalising a procedural document to be followed for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>	March 2015	No further action required
04/2014	<p><b>Obligation #44</b>  <i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.4.1 &amp; 5.1.4.2 AGA Code</i></p> <p>A licensee who disconnects supply for health and safety reasons must provide the customer written notice of the reason, allow the customer 5 business days to remove the reason where the customer is able to and after the 5 business days issue a notice to the customer of its intention to disconnect supply at least 5 business days' notice prior to the disconnection date.</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Not Rated (NR)</p>	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that no supply disconnections for health and safety reasons have yet occurred. As a result, no procedures have yet been developed that cover off the obligations. The licensee has advised that if a disconnection for health and safety reasons were to occur, appropriate action would be taken as necessary.	<p>Kleenheat is currently finalising a procedural document to be followed for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>	March 2015	No further action required
05/2014	<p><b>Obligation #45</b></p>	Inadequate controls –	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was	Kleenheat is currently finalising a procedural document to be followed	March 2015	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
	<p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.5.1 &amp; 5.1.5.2 AGA Code</i></p> <p>A licensee who disconnects supply for planned maintenance must provide the customer 4 days written notice and have endeavoured to minimise disruption and restore supply.</p>	<p>significant improvement required (C)</p> <p>Not Rated (NR)</p>	<p>noted that no supply disconnections for planned maintenance have yet occurred. As a result, no procedures have yet been developed that cover off the obligations. The licensee has advised if a disconnection for planned maintenance were to occur, appropriate action would be taken as necessary.</p>	<p>for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>		
06/2014	<p><b>Obligation #52</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clause 5.2.2.2 AGA Code</i></p> <p>If a licensee is under an obligation to reconnect supply and the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day.</p>	<p>Generally adequate controls – improvement required (B)</p> <p>1 - Compliant</p>	<p>Through inquiry with the Credit Team Leader, it was noted that as the licensee is not the distributor, reconnection requests received by customers are forwarded to the distributor for reconnection of supply of gas. Where the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day. A copy of the NG Reconnection Procedure was provided for review. it was noted that the specification to reconnect the customer the same business day as the request is received if received before 3pm or as soon as possible the next business day if the request is received after 3pm was included in the document. There have been 106 reconnections during the audit period.</p> <p>20 samples of reconnection requests were tested and the following were noted:</p> <ul style="list-style-type: none"> <li>-12 instances where a reconnection request was made before 3pm, however, the reconnection only occurred the next business day. It is acknowledged that the licensee has used best endeavours to communicate the need for a reconnection to the distributor.</li> <li>-One instance where the customer requested a reconnection after 3pm, however, the reconnection was completed 2 business days following the initial request. We acknowledge that whilst the licensee is not the distributor, the licensee did not forward the reconnection request</li> </ul>	<p>A full review of the process undertaken between operational teams has been carried out and improvements identified. Refresher training has been carried out with all staff and system improvements are being developed.</p> <p><b>Responsible Person:</b> Credit Manager</p> <p><b>Target Date:</b> April 2015</p>	March 2015	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
			to the distributor until 2 business days later, thus the reconnection was not completed until then. This represents a breach.			
07/2014	<p><b>Obligation #116</b> <i>Energy Coordination Act section 11ZPP Code of Conduct clause 2.1</i> A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.</p>	<p>Inadequate controls – significant improvement required (C)  Non-Compliant (2)</p>	<p>Through discussion with the Customer Service Team Leader and Supervisor, it was noted that all new employees/agents are required to complete the licensee's induction training (along with the Gas Marketing Code of Conduct module) prior to being issued with a marketing ID number. In addition, as the licensee has two third party marketing agents, it was noted that all third party agents are required to complete the online Gas Marketing Code of Conduct module before a marketing ID is issued to them. The online training covers all aspects of the Gas Marketing Code of Conduct.</p> <p>Through testing of a sample of twenty new starters, results indicated that three employees were not listed on the Gas Marketing Code of Conduct training register, however, upon inquiry, it was noted that two of the employees attended the training module (however, the training register not being updated) and that the remaining employee did not complete training and, as a result, did not take phone calls.</p> <p>Due to a minor breach in the previous year (2013) and two further breaches in the current year (2014) whereby two representatives working for one of the licensee's gas marketing agents did not follow the requirements of the Code when setting up two customer accounts, it was concluded that the licensee did not comply with this obligation during the audit period. We acknowledge, however, that the licensee has implemented a control in that all new starters are required to complete the Gas Marketing Code of Conduct training module.</p> <p>It was further noted that as the training register was not completed accurately, the control has been deemed inadequate, requiring significant improvement.</p>	<p>Quarterly review of its training records for completeness will commence quarter ending December 2014. A quarterly reminder has been set in the training calendar to ensure the review occurs quarterly.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> December 2014</p>	December 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
08/2014	<p><b>Obligation #134</b> <i>Energy Coordination Act section 11M</i></p> <p>If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Non-Compliant (2)</p>	<p>Service requests for new connections are raised by the Licensee through Oracle, in accordance with the New Connection Service Request Oracle Procedure. The raising of a service request automatically notifies the distributor through a system interface with the marketplace, Flowtalk.</p> <p>Testing of 20 customer requests was performed to test compliance, and seven breaches were identified, all of which were processed prior to April 2014.</p> <p>It was noted through inquiry that four of the breaches were attributable to there being no control in place to check whether upload to Flowtalk had been successful, as there is no automatic system notification currently in place to alert the licensee to any unsuccessful lodgement attempts. The remaining three breaches are due to non-timely raising of service requests in Flowtalk.</p> <p>The New Connection Procedure Service Request Oracle procedure highlights the requirement for the request to be completed that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday, however does not include a step to check that upload to Flowtalk was successful.</p> <p>Based on the above, it was the Licensee was found to be non-compliant, with inadequate controls in place to ensure compliance.</p>	<p>Procedural documentation has been updated to include the requirement for the status of service requests to be checked. System improvements have been implemented to ensure unsuccessful service requests are recognised in a timely manner. A review of reporting has been conducted and improvements implemented to ensure service requested are processed within the required timeframes.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2015</p>	July 2016	No further action required
09/2014	<p><b>Obligation #135</b></p> <p>A request has been logged with IT to implement an automatic notification when the upload of the service requests is not successful. Prior to the implementation of the above, a step should be added to Procedural documentation to check the status of the service requests. This will ensure that the request is uploaded</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Non-compliant (3)</p>	<p>Service requests for new connections are raised by the Licensee through Oracle, in accordance with the New Connection Service Request Oracle Procedure. The raising of a service request automatically notifies the distributor through a system interface with the marketplace, Flowtalk.</p> <p>Testing of 20 customer requests was performed to test compliance, and seven breaches were identified, all of which were processed prior to April 2014.</p>	<p>Procedural documentation has been updated to include the requirement for the status of service requests to be checked. System improvements have been implemented to ensure unsuccessful service requests are recognised in a timely manner. A review of reporting has been conducted and improvements implemented to ensure service requested are processed within the required timeframes.</p> <p><b>Responsible Person:</b></p>	July 2016	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
	successfully within the recommended time.		<p>It was noted through inquiry that four of the breaches were attributable to there being no control in place to check whether upload to Flowtalk had been successful, as there is no automatic system notification currently in place to alert the licensee to any unsuccessful lodgement attempts. The remaining three breaches are due to non-timely raising of service requests in Flowtalk.</p> <p>The New Connection Procedure Service Request Oracle procedure highlights the requirement for the request to be completed that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday, however does not include a step to check that upload to Flowtalk was successful.</p> <p>Based on the above, it was the Licensee was found to be non-compliant, with inadequate controls in place to ensure compliance.</p>	<p>Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2015</p>		
10/2014	<p><b>Obligation #149</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p>	<p>No control evident – Moderate impact on customers or third parties (C)</p> <p>Non-compliant (3)</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that there is currently no procedure in place with regards to billing for historical debt. However, this control gap has been identified and the Customer Service and Credit teams are currently collaborating to develop a solution. Based on the above observations, it was concluded that sufficient processes are not currently in place and compliance with the obligation has not been met.</p>	<p>Kleenheat will document a procedure for billing for historical debt and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager/ Credit Manager</p> <p><b>Target Date:</b> April 2015</p>	April 2015	No further action required
12/2014	<p><b>Obligation #168</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer is satisfied after conducting a review of a bill that the bill is incorrect, the retailer must adjust the bill in</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Not Rated</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that incorrect bills have been a rare occurrence. As a result, no procedures have yet been developed that detail the action to be taken in these circumstances, however the invoice would generally be adjusted appropriately by the licensee's IT team within the system with credits or debits then raised to correct the invoice. Based</p>	<p>Kleenheat will document a procedure when adjustments to billing amounts are required and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations</p>	April 2015	No further action required



Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
	accordance with clauses 4.17 and 4.18	(NR)	on the above observations, it was concluded that while sufficient processes are currently in place to ensure compliance, these procedures should be appropriately documented. Compliance has been met as no bill adjustments have been made during the audit period.	Manager / Credit Manager <b>Target Date:</b> April 2015		
13/2014	<b>Obligation #176</b> <i>Energy Coordination Act section 11M</i> If a retailer proposes to recover an amount of an adjustment which does not arise due to any act or omission of the customer, the retailer must follow the procedure specified in subclause 4.19(1) (a)-(d).	Inadequate controls – significant improvement required (C)  Compliant (1)	Through inquiry with the Credit Team Leader, it was noted that the licensee has not undercharged a customer during the audit period. Despite that, the Credit team is responsible for: (a) Limiting the amount of the adjustment for the 12 months from the date the Credit team member contacts the customer (b) Including the adjustment on the next bill (c) Not charging interest of late fees on the adjustment (d) Offering the customer time to pay by way of instalment plans covering a period at least equal to the period over which the adjustment occurred. Through observation of the licensee's payment arrangement guidelines, it was noted that "in the event where a customer has been undercharged as a result of an error, defect or default for which the licensee or the network operator is responsible, the customer can choose to pay the correcting payment by instalments. The licensee cannot charge interest or late fees on the instalment. The Credit team must offer the customer time to pay by instalment plan covering a period at least equal to the period over which the undercharging occurred". It was noted, however, that the licensee currently does not have a consolidated procedure document for the adjustment process for NG.	Kleenheat will document a procedure when adjustments to billing amounts are required and ensure all relevant personnel are aware of the requirements outlined in the procedure. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> April 2015	April 2015	No further action required
14/2014	<b>Obligation #181</b> <i>Energy Coordination Act section 11M</i> The due date on the bill must be at least 12 business days from the date of that bill. Unless a retailer specifies a later date, the	Inadequate controls – significant improvement required (C)	Through discussion with the Credit Team Leader it was noted that the licensee has an automated process in their Oracle system whereby terms of payment are set within the system for 21 days from the invoice date. This configuration in the system will create invoices that will list a due date 21 days from the invoice date. A previous breach	Necessary system changes have been made. Protocols set within the system have been reviewed and the necessary system changes have been implemented.	September 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
	date of dispatch is the date of the bill.	Non – compliant (3)	occurred where 12 non-residential customers were identified as having payment terms of 14 days. This has identified a system set up issue as payment terms are being automatically driven by plan type entered into Oracle. The problem was identified during the audit period by the licensee, since then these customers have been set up on a more favourable price plan, normally only offered to large use customers. Testing was conducted on a sample of 20 customers, and 2 of these customers had less than 12 days between billing date and due date.	<b>Responsible Person:</b> Credit Manager <b>Target Date:</b> September 2014		
15/2014	<b>Obligation #225</b> <i>Energy Coordination Act section 11M</i> A retailer must not arrange for disconnection of a customer's supply address for denying access to the meter unless the conditions specified in subclause 7.4(1) are satisfied. A retailer may arrange for a distributor to carry out 1 or more of the requirements referred to in subclause 7.4(1) on behalf of the retailer.	Inadequate controls – significant improvement required (C)  Not Rated (NR)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that the licensee has not issued any disconnection notices under these circumstances. As a result, no procedures have yet been developed that detail the action to be taken in these circumstances, however the distributor would generally contact the licensee to arrange a special read. Based on the above observations, it was concluded that while sufficient processes are not currently in place, compliance has been met because no disconnections as a result of being denied access to a meter have yet occurred. However, there was no activity during the audit period to test compliance.	Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> March 2015	April 2015	No further action required
16/2014	<b>Obligation #229</b> <i>Energy Coordination Act section 11M</i> A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday	Generally adequate controls – improvement required (b)  Non – Compliant (3)	A sample of 20 reconnection requests was selected for testing and it was noted that two reconnection requests were delayed resulting in the requests not being forwarded to the distributor within the required time guidelines. Based on the above observation, it was concluded that there is not sufficient processes in place to ensure compliance.  Through inquiry with the Credit Team Leader, it was noted that the licensee aims to forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday. The Credit Team Leader also	Workshops have been carried out will all teams involved, process reviewed and improvements identified. System improvements are currently being developed.  A full review of the process undertaken between operational teams has been carried out and improvements identified. Refresher training has been carried out with all relevant personnel. A number of system improvements are been finalised with further system and process improvements being considered. <b>Responsible Person:</b>	April 2015	<i>Refer to Issue 1/2016 for superseding description.</i>

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
			provided a copy of the NG Reconnection Procedure, it was noted this clause requirement was included in the procedure.	Credit Manager <b>Target Date:</b> April 2015		
<b>LPG</b>						
17/2014	<b>Obligation #42</b> <i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.2.1 &amp; 5.1.2.2 AGA Code</i> A licensee must not disconnect supply to a customer who denies access to a meter until: the customer has refused access on at least 3 concurrent billing cycles, the customer is given the option to offer alternative access arrangements, the customer is provided written advice on each occasion access was denied, the licensee has used its best endeavours to contact the customer and the licensee has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date.	Inadequate controls – significant improvement required (C)  Not Rated (NR)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that the licensee does not currently disconnect LPG customers who deny access to a meter, therefore no disconnections have occurred. The licensee has noted that a procedure is to be written as this policy may change. There has been no activity during the audit period to test compliance.	Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> April 2015	May 2015	No further action required
18/2014	<b>Obligation #116 –</b> Energy Coordination Act section 11ZPP Code of Conduct clause 2.1 A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.	Inadequate controls – significant improvement required (C)  Non – Compliant (2)	Through discussion with the Customer Service Team Leader and Supervisor, it was noted that all new employees/agents are required to complete the licensee's induction training (along with the Gas Marketing Code of Conduct module) prior to being issued with a marketing ID number. In addition, as the licensee has two third party marketing agents, it was noted that all third party agents are required to complete the online Gas Marketing Code of Conduct module before a marketing ID is issued to them. The online training covers all aspects of the Gas Marketing Code of Conduct.	Quarterly review of its training records for completeness will commence quarter ending December 2014. A quarterly reminder has been set in the training calendar to ensure the review occurs. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> December 2014 <b>Completion Date:</b> December 2014	December 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
			<p>Through testing of a sample of twenty new starters, results indicated that three employees were not listed on the Gas Marketing Code of Conduct training register, however, upon inquiry, it was noted that two of the employees attended the training module (however, the training register not being updated) and that the remaining employee did not complete training and, as a result, did not take phone calls.</p> <p>Due to a minor breach in the previous year and two further breaches in the current year whereby two representatives working for one of the licensee's gas marketing agents did not follow the requirements of the Code when setting up two customer accounts, it was concluded that the licensee did not comply with this obligation during the audit period. We acknowledge, however, that the licensee has implemented a control in that all new starters are required to complete the Gas Marketing Code of Conduct training module.</p> <p>It was further noted that as the training register was not completed accurately, the control has been deemed inadequate, requiring significant improvement.</p>			
19/2014	<p><b>Obligation #134</b> <i>Energy Coordination Act section 11M</i></p> <p>If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.</p>	<p>Inadequate controls – significant improvement required (C)</p> <p>Compliant (1)</p>	<p>Through inquiry it was noted that, following receipt of the customer's request, email notification for new connections is sent to distributors via email. It was noted through consideration of procedural documents that this step is not clearly documented within the Create Retic Customer procedure. As a result, whilst no breaches were noted during the audit period with regards to LPG, it was concluded that controls are currently inadequate to ensure ongoing compliance.</p> <p><i>Note: Testing was unable to be completed for LPG, as requests for new connections are emailed to the distributor, and the Retic email account did not save sent items at the time fieldwork was completed. At the time of fieldwork, it was noted that this issue has been logged with</i></p>	<p>Procedure has been updated to clearly outline the requirements when forwarding customer requests to the distributor.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> November 2014</p> <p><b>Completion Date:</b> November 2014</p>	November 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
			<i>IT, however, since completion of fieldwork, it was advised that this issue was resolved in October 2014.</i>			
20/2014	<p><b>Obligation #135</b>  <i>Energy Coordination Act section 11M</i>            Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p>	<p>No evident controls – minor impact on customers or third parties (D)             Compliant (2)</p>	<p>Through inquiry it was noted that, following receipt of the customer's request, email notification for new connections is sent to distributors via email. It was noted through consideration of procedural documents that this step is not clearly documented within the Create Retic Customer procedure. As a result, whilst no breaches were noted during the audit period with regards to LPG, it was concluded that controls are currently inadequate to ensure ongoing compliance.</p> <p><i>Note: Testing was unable to be completed for LPG, as requests for new connections are emailed to the distributor, and the Retic email account did not save sent items at the time fieldwork was completed. At the time of fieldwork, it was noted that this issue has been logged with IT, however, since completion of fieldwork, it was advised that this issue was resolved in October 2014.</i></p>	<p>Procedure has been updated and emails sent to Distributor are now being captured and archived. Regular reviews of email records are being conducted to ensure completeness.</p> <p><b>Responsible Person:</b>            Customer Service Operations Manager</p> <p><b>Target Date:</b>            November 2014</p> <p><b>Completion Date:</b>            November 2014</p>	November 2014	No further action required
21/2014	<p><b>Obligation #149</b>  <i>Energy Coordination Act section 11M</i>            If a retailer identifies and wishes to bill a customer for a historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p>	<p>No evident controls – minor impact on customers or third parties (D)             Non-Compliant (3)</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that there is currently no procedure in place with regards to billing for historical debt. However, this control gap has been identified and the Customer Service and Credit teams are currently collaborating to develop a solution. Based on the above observations, it was concluded that sufficient processes are not currently in place and compliance with the obligation has not been met.</p>	<p>Kleenheat will document a procedure for billing for historical debt and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b>            Customer Service Operations Manager/ Credit Manager</p> <p><b>Target Date:</b>            April 2015</p>	April 2015	No further action required
22/2014	<p><b>Obligation #154</b>  <i>Energy Coordination Act section 11M</i>            A retailer must give the customer an estimated bill in the manner</p>	<p>Inadequate controls – significant improvement required</p>	<p>Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that where actual meter reads cannot be obtained, estimated invoices are based on the average usage over the preceding 12 months. This is calculated using an excel model. Based on the</p>	<p>Procedure has been developed to provide guidance on how to calculate estimated usage. All relevant personnel have been</p>	November 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
	specified, if the retailer is unable to reasonably base a bill on a reading of the meter.	(C)  Compliant (1)	above observations it was concluded that while sufficient processes are currently in place to ensure compliance, these procedures should be appropriately documented.	notified of the requirements outlined in the procedure. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> March 2015		
23/2014	<b>Obligation #155</b> <i>Energy Coordination Act section 11M</i>  In circumstances where the customer's bill is estimated, a retailer must specify in a visible and legible manner the information specified in subclause 4.8(2)(a)-(c) The customer may request a verification of a meter reading and a meter reading.	Generally adequate controls – improvement needed (B)  Non -compliant (2)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that where estimated readings are used as a basis for invoices, this is clearly noted on the invoice as stated in subclause 4.8(2)(a). The licensee's customer service number is included for further information regarding the estimate, such as if the customer wishes to request a meter reading or request the reason for the estimation as stated in subclause 4.8(2)(b)-(c). Due to a breach reported to the Authority, sample testing was performed, which noted nine breaches. Eight of the breaches occurred prior to September 2013 and were reported by the licensee to the regulator. Since then, a process has been implemented to manually review all estimated read invoices to ensure they include information specified in subclause 4.8(2)(a)-(c). However, the ninth breach occurred in November 2013, subsequent to the implementation of the licensee's process intended to detect potential compliance breaches. Based on the above observations, it was concluded that the licensee's controls require improvement and that compliance has not been met.	Procedure has been developed to provide guidance on how to calculate estimated usage. All relevant personnel have been notified of the requirements outlined in the procedure. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> March 2015	April 2015	No further action required
24/2014	<b>Obligation #158</b> <i>Energy Coordination Act section 11M</i>  If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and	Inadequate controls – significant improvement required (C)  Compliant (1)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that the licensee allows the customer to send through a meter read in the circumstances outlined within the obligation. The customer's invoice would then be corrected accordingly. Based on the above observations, it was concluded that while sufficient processes are currently in place to ensure compliance, these procedures should be appropriately documented.	Existing procedure is in the process of being updated to document the procedures to be followed subsequent to receiving a LPG customer meter read. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b>	April 2015	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report - March 2015)	Auditors' recommendation or action taken	Date resolved	Further action required
	provides access to the meter, and pays the retailer's reasonable charge for reading the meter (if any), the retailer must do so.			March 2015		
25/2014	<b>Obligation #159</b> <i>Energy Coordination Act section 11M</i> If a customer requests the meter to be tested and pays a retailer's reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.	Inadequate controls – significant improvement required (C)  Compliant (1)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that the procedure followed when LPG customers request a meter to be tested is still to be documented, but staff are informed of the process to be followed. A fee is not charged to the customer in these circumstances. We noted that there were 15 requests during the audit period. Based on the above observations, it was concluded that while sufficient processes are currently in place to ensure compliance, these procedures should be appropriately documented.	Kleenheat will document a meter test procedure and ensure all relevant personnel are aware of the requirements outlined in the procedure. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> April 2015	April 2015	No further action required
26/2014	<b>Obligation #160</b> <i>Energy Coordination Act section 11M</i> If the meter is tested and found to be defective, the retailer's reasonable charge for testing the meter (if any) is to be refunded to the customer.	Inadequate controls – significant improvement required (C)  Compliant (1)	Through inquiry with the Customer Service Team Leader and Customer Service Supervisor it was noted that the procedure followed when LPG customers request a meter to be tested is still to be documented, but staff are informed of the process to be followed. A fee is not charged to the customer in these circumstances. We noted that there were 15 requests during the audit period. Based on the above observations, it was concluded that while sufficient processes are currently in place to ensure compliance, these procedures should be appropriately documented.	Kleenheat will document a meter test procedure and ensure all relevant personnel are aware of the requirements outlined in the procedure. <b>Responsible Person:</b> Customer Service Operations Manager <b>Target Date:</b> April 2015	April 2015	No further action required
27/2014	<b>Obligation #181</b> <i>Energy Coordination Act section 11M</i> The due date on the bill must be at least 12 business days from the date of that bill. Unless a retailer specifies a later date, the date of dispatch is the date of the bill.	Inadequate controls – significant improvement required (C)  Non-compliant (3)	Through discussion with the Credit Team Leader it was noted that the licensee has an automated process in their Oracle system whereby terms of payment are set within the system for 21 days from the invoice date. This configuration in the system will create invoices that will list a due date 21 days from the invoice date. A previous breach occurred where 12 non-residential customers were identified as having payment terms of 14 days. This has identified a system set up issue as payment terms are being automatically driven by plan type entered into Oracle. The problem was identified during the audit period by the licensee, since then these customers have been set up on a more favourable price plan, normally only offered	Necessary system changes have been made. Protocols set within the system have been reviewed and the necessary system changes have been implemented. <b>Responsible Person:</b> Credit Manager <b>Target Date:</b> September 2014 <b>Completion Date:</b> September 2014	September 2014	No further action required

Reference (no./year)	Legislative obligation	Rating	Details of the issue ( <i>taken from the GTL10 Performance Audit Report - March 2015</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
			to large use customers. Given that the processes are the same  for NG and LPG, testing was conducted on a sample of 20 NG and LPG customers, and 2 of these customers had less than 12 days between billing date and due date.			
<b>C. Unresolved at end of current audit period</b>						
11/2014	<p><b>Obligation #153</b> <i>Energy Coordination Act section 11M</i></p> <p>A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).</p>	<p>Inadequate controls – significant improvement required (C) Compliant (1)</p>	<p>Compendium clause 4.7(2) states that a customer's meter data must be obtained at least once every 12 months. Through inquiry with the Credit Team Leader, it was noted that the licensee is reliant on the distributor to provide information on meter reads. Once the distributor performs a read, an invoice is automatically generated. The licensee aims to bill customers no more than once a month and no less than once in three months. However it was noted that the requirement for the distributor is at a minimum they must conduct a read once every 100 days. As such there is a misalignment between the licensee billing requirements and the distributor requirements. It should be noted that, regardless of this, the licensee still meets the requirements of the clause as it is the licensee's standard procedure to raise a bill for all customers – actual invoice based on meter read data or estimated bill in the event of not receiving meter read data.</p> <p>The licensee advised that there have been instances where they have not received an actual meter read at least annually. This is generally due to denial of access to a meter. The licensee does generate a report to monitor these instances.</p> <p>Sample of 15 items noted that the licensee was complaint with the obligations.</p>	<p>A monthly report has been developed to monitor meter reads received from Distributor.</p> <p>A report has been developed and reviewed monthly to monitor meter reads received from the Distributor. Kleenheat is currently documenting a procedure to be followed when meter reads are not received in a timely manner to comply with the required timeframes.</p> <p><b>Responsible Person:</b> Credit Manager</p> <p><b>Target Date:</b> April 2015</p>		<i>Refer to Issue 3/2016</i>



# Appendix A – Audit Plan

**Wesfarmers Kleenheat  
Gas Pty Ltd**

**Gas Trading Licence (GTL10)**

**2016 Performance Audit**

**Audit Plan**

**September 2016**

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# 1 Introduction

## Overview

The Economic Regulation Authority (**the Authority**) has, under the provisions of the *Energy Coordination Act 1994 (Energy Coordination Act)*, issued to Wesfarmers Kleenheat Gas Pty Ltd (**Kleenheat**) a Gas Trading Licence GTL10 (**the Licence**).

Section 11ZA of the Energy Coordination Act requires Kleenheat to provide to the Authority a performance audit (**the audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period. With the Authority's approval, Deloitte Risk Advisory Pty Ltd (**Deloitte**) has been appointed to conduct the audit for the period 1 September 2014 to 31 August 2016.

The Licence relates to Kleenheat's operations as a gas retailer in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt gas supply areas. Kleenheat's gas retail operations relate to the supply of:

- Natural Gas (**NG**) to small use customers via the Mid-West/South West Gas Distribution System
- Liquefied Petroleum Gas (**LPG**) to small use customers via Kleenheat's LPG distribution systems in Albany and Margaret River.

This audit will accommodate the core differences in the processes and controls relevant to each of Kleenheat's NG and LPG gas trading businesses where applicable.

The audit will be conducted in accordance with the April 2014 issue of the *Audit Guidelines: Electricity and Gas Licences (Audit Guidelines)*. In accordance with the Audit Guidelines, this document represents the Audit Plan (**the Plan**) that is to be agreed upon by Deloitte and Kleenheat and presented to the Authority for approval.

## Objective

The performance audit is defined as an examination of the measures taken by Kleenheat to meet the performance criteria specified in the Licence.

The audit is designed to provide reasonable assurance regarding the assessment of appropriateness, effectiveness and efficiency associated with Kleenheat's compliance with the Licence.

The audit will specifically consider the following:

- Process compliance - the effectiveness of systems and procedures in place throughout the audit period, including assessing the adequacy of internal controls
- Outcome compliance - the actual performance against standards prescribed in the Licence throughout the audit period
- Output compliance - the existence of the output from systems and procedures throughout the audit period (i.e. proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained)
- Integrity of performance - the completeness and accuracy of the performance reporting to the Authority
- Compliance with any individual licence conditions - the requirements imposed on Kleenheat by the Authority or specific issues for follow-up that are advised by the Authority.

## Scope

The Authority provides guidance on aspects of the Licence and Kleenheat's performance criteria, which it expects to be reported upon and included in the scope of the audit in its *Gas Compliance Reporting Manual (Reporting Manual)*.

The audit applies the singular audit priority assessment approach to identify all applicable licence obligations. Each of the compliance requirements identified in the Reporting Manual have been evaluated for applicability to Kleenheat and used as the basis for determining the performance criteria to be considered for the audit.

The audit period is 1 September 2014 to 31 August 2016.

Since Kleenheat's previous GTL performance audit in 2014, the Reporting Manual has undergone four revisions. The five versions of the Reporting Manual applicable to the period are outlined in the table below:

Reporting Manual	Relevance of revision to Licence
May 2014	n/a – this version of the Reporting Manual was current at the commencement of the audit period.
February 2015	Amendments to Sections 1, 4, 5, 6 and 7 to align the text and nomenclature with the equivalent sections in the Electricity Compliance Reporting Manual – September 2014. Amendments to Section 15 to incorporate the changes to the Gas Compendium, following the publication of the new version of the Compendium effective from 1 January 2015. For ease of reference, and to improve consistency, section 15 was also amended to use the term “clause” to refer to any clause, or subclause in the Compendium.
March 2015	Amendments to Section 14 to replace the 2012 Gas Marketing Code of Conduct (GMCC) references with the 2014 GMCC references. Although the Reporting Manual did not reflect these amendments until March 2015, the 2014 GMCC was applicable from 1 January 2014. Because of the extensive differences in the structure of the 2012 and 2014 versions of the GMCC, many of the obligations were renumbered in the March 2015 Reporting Manual.
July 2015	Amendments to Section 14 to incorporate the 2015 revision to the GMCC, which were applicable from 1 July 2015.
August 2015	Correction of minor editorial errors. The current version of the Reporting Manual is the primary reference for this audit, particularly for the obligation numbering.

Table 1 below outlines the compliance requirements that apply to Kleenheat's operations during the period subject to audit. The total number of Kleenheat's licence obligations subject to audit has increased from 252 to 264 since the 2014 audit (including all obligations applicable at any point during the current audit period).

Note that:

- Some obligations are applicable for part of the audit period only, where the obligation was added or removed from the relevant Licence Condition during the period to reflect the relevant changes referred to in the Reporting Manual and underlying legislative obligations detailed above
- For those Gas Marketing Code of Conduct and Gas Compendium obligations that are marginally different (e.g. due to wording restructures or clarification) to those reflected in the May 2014 Reporting Manual, the audit will ensure that the intent of the superseded obligations are also addressed.

Refer to Appendix 2 for further detail on obligations introduced and superseded through relevant revisions to Codes and licences.

**Table 1: Application of legislative elements to Kleenheat's operations**

Legislative element	Application to Kleenheat's operations
Type 1 reporting obligations for all licence types	<p>Of the two Type 1 obligations relating to the operations of a gas trader:</p> <ul style="list-style-type: none"> <li>• The obligation (number 25) for Kleenheat to comply with the applicable standards of the Gas Standards Act 1972 <b>is not applicable</b> to Kleenheat's operations (further explained below and addressed in the risk assessment)</li> <li>• The obligation (number 227) requiring Kleenheat not to arrange disconnections of a customer's supply address (in circumstances specified at clause 7.6 of the Gas Customer Code) <b>is applicable</b>.</li> </ul>
Energy Coordination Act 1994	Each of the 19 relevant Energy Coordination Act obligations are applicable to Kleenheat's operations as a gas trader for the full audit period.
Gas Standards Act 1972	<p>The relevant requirements of the Gas Standards Act do not apply to Kleenheat's operations as a gas trader as:</p> <ul style="list-style-type: none"> <li>• The requirements on the undertaker, for the purposes of the Act (relating to the quality, pressure, purity and safety standards of gas supplied), are applicable to the distributor, not Kleenheat as a trader. This interpretation means sections 8 to 11 are not applicable to Kleenheat's gas trading operations</li> <li>• Section 13 of the Act relates to consumers' installations. Kleenheat is not licensed under its Gas Trading Licence to install appliances or fit gas installations</li> <li>• Sections 14 to 16 are also not applicable as they relate to the other sections of the Act, which are not applicable to Kleenheat's gas trading operations.</li> </ul>
Energy Coordination (Gas Tariffs) Regulations 2000	Each of the three Gas Tariff obligations are applicable to Kleenheat's operations as a gas trader for the full audit period.
Energy Coordination (Customer Contracts) Regulations 2000	57 of the 60 Customer Contracts obligations are applicable to Kleenheat's operations as a gas trader for the full audit period. As many of these obligations (relating to disconnection, reconnection, payments, billing and information & communication) are also directly addressed in the Gas Customer Code, this audit will consider each of these relevant obligations as part of the work performed in relation to the Gas Customer Code.
Licence Conditions	Each of the 16 Gas Trading Licence Conditions reflected in the Reporting Manual are applicable to Kleenheat's operations as a gas trader for the full audit period.
Gas Marketing Code of Conduct	<p>A total of 20 Gas Marketing Code of Conduct obligations are applicable to Kleenheat's operations as a gas trader for at least a portion of the audit period.</p> <p>Note that the 2014 review of the Gas Marketing Code of Conduct (effective from 1 January 2014) resulted in a number of obligations being revised, enhanced (with additional requirements) and extensively re-ordered within the Reporting Manual.</p>
Gas Compendium (previously Gas Customer Code of Conduct)	<p>A total of 150 Gas Compendium obligations (including number 227: type 1 obligation) are applicable to Kleenheat's operations as a gas trader for at least a portion of the audit period.</p> <p>Note that the most recent review of the Gas Compendium resulted in a number of obligations being:</p> <ul style="list-style-type: none"> <li>• Revised and enhanced (with additional requirements)</li> <li>• Added</li> <li>• Removed.</li> </ul>

## Responsibility

### Kleenheat's responsibility for compliance with the conditions of the Licence

Kleenheat is responsible for:

- Ensuring that it has complied in all material respects with the requirements of the Licence as specified by the Audit Guidelines
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements and the Audit Guidelines
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority
- Implementing corrective actions for instances of non-compliance.

### Deloitte's responsibility

Our responsibility is to express a conclusion on Kleenheat's compliance with the conditions of the Licence, based on our procedures. The reasonable assurance audit will be performed in accordance with the Audit Guidelines and the Australian Standard on Assurance Engagements (ASAE) 3100 *Compliance Engagements* issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, Kleenheat has complied, in all material respects with the conditions of its Licence as specified in the Audit Guidelines for the period 1 September 2014 to 31 August 2016.

### Limitations of use

The resulting report is intended solely for the information and internal use of Kleenheat, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report. We do not accept or assume responsibility to anyone other than Kleenheat for our work, for this report, or for any reliance which may be placed on this report by any party other than Kleenheat.

We understand that a copy of the report will be provided to the Authority for the purpose of reporting on the performance audit for Kleenheat's Licence. We agree that a copy of the report may be provided to the Authority for its information in connection with this purpose but, as will be made clear in the report, only on the basis that we accept no duty, liability or responsibility to the Authority in relation to the report. We accept no duty, responsibility or liability to any party, other than Kleenheat, in connection with the report or this engagement.

### Inherent limitations

Our engagement will provide reasonable assurance as defined in ASAE 3100. Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following:

- The use of selective testing and testing as at a point of time
- The inherent limitations of internal control
- The fact that much of the evidence available to us is persuasive rather than conclusive
- The use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our report should not rely on the report to identify all potential instances of non-compliance which may occur. Our report will contain a statement of responsibility that will draw attention to management's responsibility for establishing and maintaining an effective control structure.

Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

### Independence

In conducting our engagement, we will comply with the independence requirements of the Australian professional accounting bodies.

## 2 Approach

The audit will be conducted in three distinct phases, being a risk assessment, system analysis/walkthrough, and testing and review. From the audit results, a report will be produced to outline findings, overall compliance assessments, and recommendations for improvement in line with the Audit Guidelines. Each step of the audit is discussed in detail below.

### Risk assessment

The audit will focus on identifying or assessing those activities and management control systems to be examined and the matters subject to audit. Where applicable, this risk assessment process will accommodate the core differences in the processes and controls relevant to each of Kleenheat's NG and LPG gas trading businesses. Therefore, the purpose of conducting the risk assessment as a preliminary phase enables the auditor to focus on pertinent/high risk areas of Kleenheat's licence obligations. The risk assessment gives specific consideration to the status of post audit action plans devised in response to previous audit recommendations, changes to Kleenheat's systems and processes, and any matters of significance raised by the Authority and/or Kleenheat. The level of risk and materiality of the process determines the level of audit required i.e. the greater the materiality and the higher the risk, the more audit effort to be applied.

The first step of the risk assessment is the rating of the potential consequences of Kleenheat not complying with the licence obligations, in the absence of mitigating controls. As the Reporting Manual is prescriptive in its criteria for classifying the consequences of non-compliance (refer to **Appendix 1-1**) the risk assessment applies the Reporting Manual's classifications for each obligation subject to audit. Reference is also made to the consequence rating descriptions listed at Table 15 of the Audit Guidelines (refer to **Appendix 1-2**), providing the risk assessment with context to ensure the appropriate consequence rating is applied to each obligation subject to audit.

Once the consequence has been determined, the likelihood of Kleenheat not complying with its obligations is assessed using the likelihood rating listed at Table 16 of the Audit Guidelines (refer to **Appendix 1-3**). The assessment of likelihood is based on the expected frequency of Kleenheat's non-compliance with the relevant licence obligation over a period of time.

Table 2 below (sourced from Table 17 of the Audit Guidelines) outlines the combination of consequence and likelihood ratings to determine the level of inherent risk associated with each individual obligation.

**Table 2: Inherent risk rating**

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Once the level of inherent risk has been determined, the adequacy of existing controls is assessed in order to determine the level of control risk. Controls are assessed and prioritised as weak, moderate or strong dependant on their suitability to mitigate the risks identified. The control adequacy ratings used by this risk assessment are aligned to the ratings listed at Table 19 of the Audit Guidelines (refer to **Appendix 1-3**).

Once inherent risks and control risks are established, the audit priority can then be determined using the matrix listed at Table 20 of the Audit Guidelines (refer to **Table 3** below). Essentially, the higher the level of risk the more substantive testing is required.

**Table 3: Assessment of Audit Priority**

Inherent Risk	Adequacy of existing controls		
	Weak	Moderate	Strong
High	Audit priority 1	Audit priority 2	
Medium	Audit priority 3	Audit priority 4	
Low	Audit priority 5		



The following table outlines the audit requirement for each level of audit priority. Testing can range from extensive substantive testing around the controls and activities of particular processes to confirming the existence of controls through discussions with relevant staff.

**Table 4: Audit Priority Table**

Priority rating and resulting audit procedures	
Rating	Audit requirement
Audit Priority 1	<ul style="list-style-type: none"> <li>• Controls testing and extensive substantive testing of activities and/or transactions</li> <li>• Follow-up and if necessary, re-test matters previously reported.</li> </ul>
Audit Priority 2	<ul style="list-style-type: none"> <li>• Controls testing and moderate substantive testing of activities and/or transactions</li> <li>• Follow-up and if necessary, re-test matters previously reported.</li> </ul>
Audit Priority 3	<ul style="list-style-type: none"> <li>• Limited controls testing (moderate sample size). Only substantively test transactions if further control weakness found</li> <li>• Follow-up of matters previously reported.</li> </ul>
Audit Priority 4	<ul style="list-style-type: none"> <li>• Confirmation of existing controls via observation and walk through testing</li> <li>• Follow-up of matters previously reported.</li> </ul>
Audit Priority 5	<ul style="list-style-type: none"> <li>• Confirmation of existing controls via observation, discussions with key staff and/or reliance on key references (“desktop review”).</li> </ul>

The risk assessment has been discussed with stakeholders to gain their input as to the appropriateness and factual accuracy of risk and control ratings and associated explanations. The key sources considered in reaching our preliminary assessment of the risk and control ratings were based on:

- Consideration of:
  - Previous findings published in Kleenheat’s 2014 GTL Performance Audit report (refer to Appendix 3 for further detail), including reported non-compliances and corrective action plans
  - Kleenheat’s Annual compliance reports
- Our understanding of Kleenheat’s operations, the WA gas retail industry and related regulatory environment
- Any other factors that may have an effect on the level of risk or strength of controls.

At this stage, the risk assessment can only be a preliminary assessment based on reading of documentation and our understanding of Kleenheat’s control environment. It is possible that the ratings and risk assessment comments may be revised as we conduct our work and new evidence comes to light. Such revisions will be detailed in the final report in accordance with section 10.2 of the Audit Guidelines. Accordingly, the risk assessment for the performance audit is a preliminary draft, not a final report, and no reliance should be placed on its findings. It is however an invaluable tool for focussing the audit effort. The performance audit risk assessment is attached at **Appendix 2**.

## Systems analysis/walkthrough

The systems analysis required will be determined utilising the audit priority scale outlined above. Once the priority level has been defined the testing component will take place by way of interviewing key operational and administrative staff who will outline information that displays compliance with the Licence requirements. Note that for obligations assessed as having an audit priority of three or lower, a specific assessment on the adequacy of Kleenheat’s controls will be performed.

In performing our analysis/walkthrough of Kleenheat’s systems and processes, we will consider the following:

- **The control environment:** Kleenheat’s management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of key staff members
- **Information systems:** the appropriateness of Kleenheat’s information systems (in particular, those relating to customer service and marketing activities) to record the information needed to comply with

the licence, the accuracy of data, the security of data and documentation describing the information system

- **Control procedures:** the presence of systems and procedures to ensure compliance with the licence, effectiveness of Kleenheat's internal control structure to detect and correct non-compliance. Specific consideration will be given to and significant changes in relevant systems and procedures implemented during the period subject to audit
- **Compliance attitude:** action taken by Kleenheat in response to any previous audit recommendations. Consideration will be given to the timing of action taken during the period subject to audit and whether the action has a permanent impact on Kleenheat's level of compliance
- **Outcome compliance:** actual performance against standards prescribed in the licence throughout the audit period.

Where required, an observation of processes, procedures and operations, and review of key documents will occur to assist in the determination of Kleenheat's compliance with Licence obligations. Key documents, which may be subject to audit, are not specifically disclosed in this plan. A list of documents examined will be included in the audit report.

## Testing/review

Using the results of the risk assessment and systems analysis, detailed testing and review will be performed to compare the standards maintained by Kleenheat with the relevant sections and schedules of the Licence.

Controls testing is performed for the elements with an audit priority 3 and above (refer to table 4), and where there is relevant activity (e.g. number of connections, disconnections, reconnections). This method of testing will involve:

- Understanding the population of transactions
- Selecting a sample of transactions to examine compliance with relevant sections of applicable Codes/Regulations
- Comparing the sample selected to expected requirements as mandated by relevant sections of applicable Codes/Regulations.

In instances where a non-compliance has occurred, the audit will specifically assess the adequacy of related controls.

A full work program will be completed to record the specific aspects of our testing and analyses for each licence obligation. This work program will be based on:

- The audit priority determined by the risk assessment to be applicable to each licence obligation
- The results of the systems analysis performed, as described above
- Deloitte's pre-determined sampling methodology, which takes account of the volume and frequency (e.g. daily, weekly, monthly, annual) of relevant transactions. Sample sizes typically range from 1 to 30, increasing with the volume and frequency of transactions
- The location of personnel and transactions to be tested.

## Reporting

In accordance with the Audit Guidelines, all aspects of compliance with the Licence will be assessed according to the rating scale based on the work performed. Refer to **Table 5** for the compliance levels that will be used for the performance audit.

**Table 5: Compliance and control adequacy rating scale**

Performance audit compliance and 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 required.	3	Non-compliant – moderate impact on customers or third parties.
D	No controls evident.	4	Non-compliant – major impact on customers or third parties.

The performance audit report will also be structured to address all key components expected by the Audit Guidelines, including:

- Response to previous audit recommendations (refer to **Appendix 3**)
- Performance/compliance summary and rating for each licence condition – in tabular form
- Audit observations
- Where appropriate, recommendations on actions required to address areas of non-compliance.

Where appropriate, Kleenheat will provide a post audit implementation plan for incorporation into the report.

# 3 General information

All aspects of the audit will undergo quality assurance and review procedures as outlined in our previous communications. Before delivery of a final report, full quality procedures will be applied, including second partner review.

## Key Kleenheat contacts

The key contacts for this audit are:

- Rebecca Banks      Commercial Manager, Natural Gas and Electricity
- Alex Penter          Regulatory Specialist, Natural Gas & Electricity
- Mel Gordon          Credit Manager
- Nicole Harris        Customer Service Operations Manager
- Bernadette Hall     Customer Advocate
- Emma Cheeseman   Territory Manager
- Laurence Torpy     Credit Operations Team Leader
- Paul Abbott          Credit Team Leader.

The audit also expects to receive assistance from the following Kleenheat functions/teams:

- Customer Service Centre
- Sales and Marketing
- Finance.

All work is expected to be completed at Kleenheat's Perth office, located at Murdoch University.

## Deloitte staff

Deloitte staff who will be involved with this assignment are:

- Richard Thomas     Partner
- Andrew Baldwin     Account Director
- David Herbert        Senior Analyst
- Esther Ong            Analyst
- Kobus Beukes        QA Partner.

Resumes for key Deloitte staff are outlined in the proposal accepted by Kleenheat and subsequently presented to the Authority.

## Timing

The initial risk assessment phase was completed on 12 August 2016, after which the draft audit plan and risk assessment were presented to Kleenheat for comment prior to submission to the Authority for review and approval.

The remainder of the fieldwork phase is scheduled to be performed from September to October 2016, enabling a report to be submitted to the Authority by the due date of 30 November 2016.

Deloitte's time and staff commitment to the completion of the audit is outlined in the proposal accepted by Kleenheat and subsequently presented to the Authority. In summary, the estimated time allocated to each activity is as follows:

- |                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| • Planning (including risk assessment):                                 | 70 hours         |
| • Fieldwork (including system analysis/walkthrough and testing/review): | 375 hours        |
| • Reporting:                                                            | 110 hours        |
| <b>Total</b>                                                            | <b>555 hours</b> |

# Appendix 1 – Risk assessment key

## 1-1 Criteria for classification

Source: Gas Compliance Reporting Manual August 2015

Rating (type)	Classification of Non-Compliance	Criteria for classification
1	Major	<p>Classified on the basis that:</p> <ul style="list-style-type: none"> <li>• The consequences of non-compliance would cause major damage, loss or disruption to customers; or</li> <li>• The consequences of non-compliance would endanger or threaten to endanger the safety or health of a person.</li> </ul>
2	Moderate	<p>Classified on the basis that:</p> <ul style="list-style-type: none"> <li>• The consequences of non-compliance impact the efficiency and effectiveness of the licensee's operations or service provision but do not cause major damage, loss or disruption to customers; or</li> <li>• The regulatory obligation is not otherwise classified as a Type 1 or a Type NR non-compliance.</li> </ul> <p>Reclassification of Type 2 as a Type 1 may occur in circumstances of systematic non-compliance.</p>
NR	Minor	<p>Classified on the basis that:</p> <ul style="list-style-type: none"> <li>• The consequences of non-compliance are relatively minor – i.e. non-compliance will have minimal impact on the licensee's operations or service provision and do not cause damage, loss or disruption to customers; or</li> <li>• Compliance with the obligation is immeasurable; or</li> <li>• The non-compliance is required to be reported to the Regulator under another instrument, guideline or code 6; or</li> <li>• The non-compliance is identified by a party other than the licensee ; or</li> <li>• The licensee only needs to use its reasonable endeavours or best endeavours to achieve compliance or where the obligation does not otherwise impose a firm obligation on the licensee.</li> </ul> <p>Reclassification of Type NR as a Type 2 may occur in circumstances of:</p> <ul style="list-style-type: none"> <li>• Systemic non-compliance; or</li> <li>• A failure to resolve non-compliance promptly.</li> </ul>

## 1-2 Consequence ratings

Source: Audit Guidelines – Electricity and Gas Licences April 2014

	Rating	Consumer protection	Supply quality and reliability	Breaches of legislation or other licence conditions
1	Minor	Breaches of supply quality or reliability standards affecting small number of customers. Delays in providing a small proportion of new connections.	Customer complaints procedures not followed in a few instances. Small percentage of disconnections or reconnections not completed on time. Small percentage of bills not issued on time.	Legislative obligations or licence conditions not fully complied with, minor impact on customers or third parties. Compliance framework generally fit for purpose and operating effectively.
2	Moderate	Supply quality breach events that significantly impact customers; large number of customers affected and/or extended duration and/or damage to customer equipment. Supply interruptions affecting significant proportion of customers on the network for up to one day. Significant number of customers experiencing excessive number of interruptions per annum. Significant percentage of new connections not provided on time/ some customers experiencing extended delays.	Significant percentage of complaints not being correctly handled. Customers not receiving correct advice regarding financial hardship. Significant percentage of bills not issued on time. Ongoing instances of disconnections and reconnections not completed on time, remedial actions not being taken or proving ineffective. Instances of wrongful disconnection.	More widespread breaches of legislative obligations or licence conditions over time. Compliance framework requires improvement to meet minimum standards.
3	Major	Supply interruptions affecting significant proportion of customers on the network for more than one day. Majority of new connections not completed on time/ large number of customers experiencing extended delays.	Significant failure of one or more customer protection processes leading to ongoing breaches of standards. Ongoing instances of wrongful disconnection.	Wilful breach of legislative obligation or licence condition. Widespread and/or ongoing breaches of legislative obligations or licence conditions. Compliance framework not fit for purpose, requires significant improvement.

## 1-3 Likelihood ratings

Source: Audit Guidelines – Electricity and Gas Licences April 2014

	Level	Criteria
A	Likely	Non-compliance is expected to occur at least once or twice a year
B	Probable	Non-compliance is expected to occur every three years
C	Unlikely	Non-compliance is expected to occur at least once every 10 years or longer

## 1-4 Adequacy ratings for existing controls

Source: Audit Guidelines – Electricity and Gas Licences April 2014

Rating	Description
Strong	Strong controls that are sufficient for the identified risks
Moderate	Moderate controls that cover significant risks; improvement possible
Weak	Controls are weak or non-existent and have minimal impact on the risks

# Appendix 2 – Risk assessment

Note that:

- Obligation numbers and the descriptions referred to below are sourced from the August 2015 Reporting Manual
- Any applicable obligations, which are sourced from previous versions of the Reporting Manual (and which are applicable for part of the audit period only) are separately referenced in the last section of the risk assessment table below
- Where there are differences in the control environments relating to Kleenheat’s NG and LPG activities, the risk assessment is separated to address the two control environments for each relevant obligation
- Obligations marked with a (\*) were first recognised in the February 2015 Reporting Manual and are relevant only for the period from 1 January 2015 to 31 August 2016.

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>8 Type 1 Reporting Obligations</b>									
25	Energy Coordination Act section 11Z	NG & LPG	A licensee must comply with the applicable standards of the Gas Standards Act 1972.	1	The requirements of the Gas Standards Act do not apply to Kleenheat’s operations as a gas trader.				
227	Energy Coordination Act section 11M	NG	A retailer or a distributor must not arrange for disconnection or disconnect a customer’s supply address in the circumstances specified in clause 7.6.	1	Major	Probable	High	Moderate	Audit Priority 2
		LPG		1	Major	Probable	High	Moderate	Audit Priority 2
<b>9 Licence Compliance Requirements - Energy Coordination Act 1994</b>									
1	section 11Q(1-2)	NG & LPG	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5)	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
2	section 11WG(1)	NG	A licensee must, subject to the regulations, not supply gas to a customer other than under a standard form or non-standard contract.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
3	section 11WG(2)	NG & LPG	A licensee must comply with a direction given to the licensee under section 11WI.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
4	section 11WK(1-2)	NG & LPG	Gas is deemed to be supplied under the standard form contract if a customer commences to take a supply of gas at premises without entering into a contract with the holder of a trading licence.	NR	Minor	Probable	Low	Strong	Audit Priority 5
5	section 11WK(3)	NG & LPG	A standard form contract continues in force until it is terminated or supply becomes subject to a non-standard contract with the supplier.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
6	section 11X(3)	NG & LPG	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
10	section 11ZA(1)	NG & LPG	A licensee must provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows).	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
11	section 11ZAF(a)	NG & LPG	A licensee must submit a draft last resort supply plan to the Authority within 3 months (or longer if the Authority allows) of being designated with that role.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
12	section 11ZAF(b)	NG & LPG	A licensee must consult with the Authority with a view to obtaining approval of its draft last resort supply plan.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
13	section 11ZAF(c)	NG & LPG	A licensee must carry out the arrangements and other provisions in the approved last resort supply plan if it comes into operation.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
14	section 11ZAH(2)	NG & LPG	A licensee must submit any proposed amendment to its last resort supply plan to the Authority for approval.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
15	section 11ZAJ	NG & LPG	A licensee, who is designated as a supplier of last resort, must perform the functions of the supplier of last resort and carry out the arrangements and provisions of the last resort supply plan if it comes into operation.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
16	section 11ZAJ	NG & LPG	A licensee, (supplier of last resort) must supply a transferred customer for at least 3 months after the date of transfer unless the transferred customer terminates the contract.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
17	section 11ZK(3)	NG & LPG	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
19	section 11ZOR(2)	NG & LPG	A licensee that sells gas that is transported through a distribution system must be a member of an approved retail market scheme if a scheme is in force.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
20	section 11ZOV(1)	NG & LPG	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
21	section 11ZOV(2)	NG & LPG	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
22	section 11ZOZ(3)	NG & LPG	A licensee, as a member of a retail scheme, must comply with a direction given to it by the Authority to amend the scheme, and to do so within a specified time.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
24	section 11ZQH	NG & LPG	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4



No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>10 Licence Compliance Requirements - Gas Standards Act 1972</b>									
25	Energy Coordination Act section 11Z	NG & LPG	A licensee must comply with the applicable standards of the Gas Standards Act 1972.	1	The requirements of the Gas Standards Act do not apply to Kleenheat's operations as a gas trader.				
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>									
29	reg. 5(1)	NG & LPG	A licensee supplying gas in an area referred to in Regulation 3(a), (b), or (c) is required to have at least one capped tariff for any supply of gas in that area.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
30	reg. 6(2)	NG & LPG	A licensee is required to offer to supply gas to each of its existing standard contract customers under the terms of the customer's existing contract but at a capped tariff unless the existing contract already entitles the customer to be supplied at a capped tariff.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
31	reg. 6(4)	NG & LPG	When offering to supply gas to a new customer under a standard form contract, a licensee is to offer to supply gas at a capped tariff.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004</b>									
32	Reg 12 (2)	NG & LPG	Except in prescribed circumstances, a licensee must not disconnect or cause disconnection to occur if: (a) a customer has provided to the licensee a written statement from a medical practitioner to the effect that supply is necessary in order to protect the health of a person who lives at the customer's supply address; and (b) the customer has entered into arrangements acceptable to the licensee in relation to payment for gas supplied.	NR	Minor	Probable	Low	Strong	Audit Priority 5
33	Reg 12 (4)(a)	NG	Before disconnecting supply for non-payment of a bill, a licensee must give a written reminder notice to a customer not less than 14 business days after the day on which a bill was issued advising the customer that payment is overdue and requiring payment to be made on or before the day specified in the reminder notice (being a day not less than 20 business days after the billing day).	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
34	Reg 12 (4)(b)	NG	Before disconnecting supply for non-payment of a bill, a licensee must give a disconnection warning to a customer not less than 22 business days after the billing day advising the customer that disconnection will occur unless payment is made on or before the day specified in the disconnection warning (being a day not less than 10 business days after the day on which the disconnection warning is given).	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
35	Reg 12 (5)(a)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for non-payment of a bill if the customer	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
		LPG	pays the overdue amount or makes an arrangement for its payment and the customer has paid any applicable reconnection fee.		Minor	Probable	Low	Strong	Audit Priority 5
36	Reg 12 (5)(b)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for denial of access to a meter, if the customer provides access to the meter and the customer has paid any applicable reconnection fee.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
37	Reg 12 (5)(c)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for unlawful consumption of gas, if the customer pays for the gas consumed and the customer has paid any applicable reconnection fee.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
38	Reg 12 (5)(d)	NG & LPG	A licensee must reconnect supply to a customer within 10 business days after disconnection for refusal to pay a refundable advance, if the customer pays the refundable advance and the customer has paid any applicable reconnection fee.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
39	Reg 12 (5)(e)	NG	A licensee must reconnect supply to a customer within 20 business days after disconnection in an emergency situation or for health, safety or maintenance reasons, if the situation or problem giving rise to the need for disconnection has been rectified, and if the customer has paid any applicable reconnection fee.	NR	Minor	Probable	Low	Weak	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
40	Reg 12 (6), Clause 5.1.1.2 AGA Code	NG	A licensee must not disconnect supply to a customer who is unable to pay until: alternative payment options have been offered to the customer; the customer is given information on government funded concessions; it has used its best endeavours to contact the customer; and it has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date, and the customer has refused to accept the alternative payment option or failed to make payments under it.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
41	Reg 12 (6), Clause 5.1.1.3 AGA Code	NG	A licensee must not disconnect supply to a business customer until: it has used its best endeavours to contact the customer; it has offered the customer an extension of time to pay the bill; and it has provided the customer a written notice of its intention to disconnect at least 5 business days notice prior to the disconnection date, and the customer has refused to accept the alternative payment option or failed to make payments under it.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
42	Reg 12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code	NG	A licensee must not disconnect supply to a customer who denies access to a meter until: the customer has refused access on at least 3 concurrent billing cycles, the customer is given the option to offer alternative access arrangements; the customer is provided written advice on each occasion access was denied; it has used its best endeavours to contact the customer; and it has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date.	NR	Minor	Probable	Low	Weak	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Weak	Audit Priority 5
43	Reg 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	NG	A licensee who disconnects in the event of an emergency must provide a 24 hour information service, estimate the time when gas supply will be restored and use best endeavours to restore supply when the emergency is over.	NR	Minor	Probable	Low	Weak	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
44	Reg 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	NG	A licensee who disconnects supply for health and safety reasons must provide the customer written notice of the reason; allow the customer 5 business days to remove the reason where the customer is able to; and after the 5 business days issued a notice to the customer of its intention to disconnect supply at least 5 business days notice prior to the disconnection date.	NR	Minor	Probable	Low	Weak	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
45	Reg 12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	NG	A licensee who disconnects supply for planned maintenance must provide the customer 4 days written notice; and used best endeavours to minimise disruption and restore supply.	NR	Minor	Probable	Low	Weak	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
46	Reg 12 (6), Clause 5.1.7.2 AGA Code	NG & LPG	A licensee must not disconnect supply for failure by a customer to pay a refundable advance without giving a written notice to the customer of its intention to disconnect at least 5 business days prior to the disconnection date.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
47	Reg 12 (6), Clause 5.1.8.1(a) AGA Code	NG	A licensee must not disconnect supply where the bill owing is less than the average bill over the past 12 months and the customer has agreed to pay.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
48	Reg 12 (6), Clause 5.1.8.1(b) AGA Code	NG	A licensee must not disconnect supply where the issue is the subject of complaint by the customer and is being reviewed externally and is not resolved.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
49	Reg 12 (6), Clause 5.1.8.1(c) AGA Code	NG & LPG	A licensee must not disconnect supply where an application for a government concession has not been decided.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
50	Reg 12 (6), Clause 5.1.8.1(d) AGA Code	NG	A licensee must not disconnect supply where a customer has failed to pay a debt that is not a direct service charge.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
51	Reg 12 (6), Clause 5.1.8.1(e) and (f) AGA Code	NG	A licensee must not disconnect supply after 3pm on any day; and not on a Friday, weekend or public holiday or on a day before a public holiday unless it is a planned interruption.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
52	Reg 12 (6), Clause 5.2.2.2 AGA Code	NG	If a licensee is under an obligation to reconnect supply and the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day.	NR	Minor	Likely	Medium	Weak	Audit Priority 3
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
53	Reg 13 (1), Clause 4.4.6.2 AGA Code	NG & LPG	If a licensee uses a refundable advance to offset an amount owed, it must provide to the customer an account of its use and pay any balance within 10 business days to the customer.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
54	Reg 13 (3)	NG & LPG	A licensee must place refundable advances in separate trust accounts and separately identify the amounts in its accounting records.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
55	Reg 13 (4)	NG & LPG	A licensee must return interest earned on refundable advances accounts to customers.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
56	Reg 14 (2)	NG & LPG	A licensee must inform customers that the supply charge is either for residential or non residential supply; includes a specified fixed component and specified usage component; and describes the circumstances a customer needs to meet to qualify for residential tariffs.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
57	Reg 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	NG & LPG	A licensee must give notice of the tariffs charged and provide these notices to customers without charge upon request.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
58	Reg 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	NG & LPG	A licensee must give notice of a variation in tariffs charged and provide these notices to customers affected by the change no later than the next bill.	NR	Minor	Probable	Low	Strong	Audit Priority 5
59	Reg 15 (1), Clause 4.2.1 AGA Code	NG	A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise.	NR	Minor	Likely	Medium	Moderate	Audit Priority 4
		LPG		NR	Minor	Likely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
60	Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	NG	A licensee must prepare a bill in accordance with the terms specified in the AGA code, including the inclusion of any refundable advance.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
61	Reg 15 (1), Clause 4.2.3.2 AGA Code	NG & LPG	A licensee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services).	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
62	Reg 15 (1) and (2)	NG & LPG	If a customer does not direct how a payment is to be allocated, a licensee must apply the payment — (i) to charges for the supply of gas before applying any portion of it to such goods or services; or (ii) if such goods or services include electricity, to the charges for gas and the charges for electricity in equal proportion before applying any portion of it to any other such goods or services.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
63	Reg 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	NG & LPG	A licensee must provide available bill data to customers upon request free of charge subject to clause 47 (2) and (4) of the Energy Coordination (Customer Contracts) Regulations 2004.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
64	Reg 15 (1), Clause 4.2.4.1 AGA Code	NG	A licensee must base a customer’s bill on a meter reading and meters must be read at least once per year.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
65	Reg 15 (1), Clause 4.2.4.2 AGA Code	NG	A licensee, who accepts a customer reading of the meter, must not adjust the bill in favour of the licensee if the licensee subsequently discovers the reading was incorrect in favour of the customer.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
66	Reg 15 (1), Clause 4.2.4.4 AGA Code	NG	A licensee, who provides a customer with an estimated bill and is subsequently able to read the meter, must adjust the estimated bill in accordance with the meter reading.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
67	Reg 15 (1), Clause 4.2.4.5 AGA Code	NG	A licensee must read a customer’s meter upon request and may impose a fee for doing so.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
68	Reg 15 (1), Clause 4.3.2.1 AGA Code	NG & LPG	A licensee must offer payment in person and payment by mail.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
69	Reg 15 (1), Clause 4.3.2.2 AGA Code	NG & LPG	A licensee must offer customers who are absent for a long period, payment in advance facilities and the option of redirecting the bill.	NR	Minor	Probable	Low	Strong	Audit Priority 5
70	Reg 16 (3)	NG & LPG	A licensee must not terminate a contract if a customer commits a breach of the contract (other than a substantial breach) unless: (a) the licensee has a right to disconnect supply under the contract, a written law or a relevant code; and (b) the licensee has disconnected supply at all supply addresses of the customer covered by the contract.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
71	Reg 19	NG & LPG	A licensee must provide a customer (a) a copy of their customer service charter; (b) copies of regulations or any relevant code; (c) information about fees and charges payable under the contract; (d) with information on energy efficiency; (e) billing data; and (f) with information on Government Assistance Programs and Financial Counselling Services if requested by the customer.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
72	Reg 20 (2) Clause 4.3.5.1 AGA Code	NG & LPG	A licensee must offer a customer who is experiencing payment difficulties: instalment plan options; right to have bill redirected to third person; information or referral on government assistance programs; and information on independent financial counselling services.	NR	Minor	Probable	Low	Strong	Audit Priority 5
73	Reg 27 (4) and 40 (3)	n/a	A licensee must not supply gas to the customer under a door to door contract during the cooling-off period unless the customer requests supply.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
74	Reg 20 (3) and 48	NG	A licensee must not commence legal action in relation to a customer debt if the customer has entered into arrangements to pay and is maintaining this arrangement.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
75	Reg 22 and 49 (2)	NG & LPG	A licensee must only provide a credit reporting agency with default information relevant to one of their bills.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
76	Reg 49 (3)	NG & LPG	A licensee must notify a credit reporting agency immediately if a customer has cleared their debt.	NR	Minor	Probable	Low	Strong	Audit Priority 5
77	Reg 49 (4)	NG & LPG	If a customer remedies a default and demonstrates extenuating circumstances, a licensee must request the credit reporting agency to remove the default record.	NR	Minor	Probable	Low	Strong	Audit Priority 5
78	Reg 49 (5)	NG & LPG	A licensee must not refer a default to a credit reporting agency that is the subject of a complaint or matter of review.	NR	Minor	Probable	Low	Strong	Audit Priority 5
79	Reg 50	NG & LPG	A licensee must include information about its complaint handling process and contact details of the energy ombudsman on any disconnection warning given to a customer.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
80	Reg 44	NG & LPG	When a non-standard contract is due to expire, a licensee must issue a notice in writing to a customer not more than 2 months and not less than one month before the day on which the contract is due to expire (or at the commencement of the contract if the contract is less than 1 month) with information about: the expiry date; alternative supply options, and the terms and conditions for continued supply post contract expiry.	NR	Minor	Probable	Low	Strong	Audit Priority 5
81	Reg 45 (1)	NG	Upon request, a licensee must provide a customer free of charge with a copy of its customer service charter within 2 business days of the request.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
82	Reg 45 (2)	NG & LPG	A licensee must from time to time provide the customer with advice with their bill that a customer service charter is available free of charge.	NR	Minor	Probable	Low	Strong	Audit Priority 5
83	Reg 46 (1) & (2)	NG & LPG	Upon request, a licensee must provide a customer with a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
84	Reg 46 (4)	NG & LPG	A licensee must ensure that a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code is available for inspection at its offices at no charge.	NR	Minor	Probable	Low	Strong	Audit Priority 5
85	Reg 28, clause 3.1.1(a) AGA Code	NG & LPG	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain equipment for the supply of gas up to the point of supply.	NR	Minor	Probable	Low	Strong	Audit Priority 5
86	Reg 28, clause 3.1.1(b) AGA Code	NG & LPG	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain metering and necessary equipment at the supply address.	NR	Minor	Probable	Low	Strong	Audit Priority 5
90	Reg 33 (3), clause 3.5.2.2 AGA Code	NG & LPG	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification.	NR	Minor	Probable	Low	Strong	Audit Priority 5
91	Reg 42	NG & LPG	A licensee must notify a customer of any amendment to a non-standard contract.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
<b>13 Licence Compliance Requirements - Licence Conditions</b>									
96	clause 16.2	NG & LPG	A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the performance audit.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
97	clause 16.4	NG & LPG	A licensee's independent auditor must be approved by the Authority prior to the audit.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
98	clause 17	NG & LPG	A licensee may be subject to individual performance standards.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
99	clause 20	NG & LPG	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters.	NR	Minor	Probable	Low	Strong	Audit Priority 5
100	clause 21.1	NG & LPG	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
101	clause 22.1	NG & LPG	A licensee must report to the Authority if the licensee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
102	clause 23.1	NG & LPG	A licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the Authority.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
103	clause 24	NG & LPG	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
106	clause 12.2	NG & LPG	A licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
107	clause 12.3	NG & LPG	A licensee must comply with any direction given by the Authority in relation to the scope, process and methodology of the standard form contract review.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
108	clause 13.1	NG & LPG	A licensee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
109	clause 15.1 and 15.2	NG & LPG	A licensee must maintain supply to a customer if it supplies, or within the last 12 months supplied, gas to that customer's premises unless another supplier starts supplying the customer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
110	Schedule 3 clause 1.5	NG & LPG	A licensee must provide the Authority within 3 business days of a request by the Authority with reasons for refusing to commence supply to a customer if requested by the Authority.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
111	Schedule 3 clause 1.7	NG & LPG	A licensee must comply with a direction from the Authority to supply a customer, subject to specified conditions.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
112	Schedule 3 clause 2.1 to 2.2	NG & LPG	A licensee must provide reasonable information relating to its activities under the licence as requested by the holder of a distribution licence to enable for the safe and efficient operation of the relevant distribution system, provided such disclosure does not prejudice the commercial interests of the licensee.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
113	Schedule 3 clause 3.1	NG & LPG	A licensee must notify the Minister at least one month before a change to any price, price structure, fee or interest rate under the standard form contract is to come into effect.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4



No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct</b>									
114	Energy Coordination Act section 11ZPP	NG & LPG	A licensee must comply with the Gas Marketing Code of Conduct.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
115	Energy Coordination Act sections 11ZPP and 11M	NG & LPG	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
116	Code of Conduct clause 2.1	NG & LPG	A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.	2	Moderate	Likely	High	Moderate	Audit Priority 2
117	Code of Conduct clause 2.2(1)	NG & LPG	A retailer or gas marketing agent must ensure that standard form contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
118	Code of Conduct clause 2.2(2) and clause 2.2(3)	NG	A retailer or gas marketing agent must ensure that the information specified in clause 2.2(2) is given to the customer no later than on or with the customer's first bill, unless the retailer or gas marketing agent has provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer has requested to receive the information).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
119	Code of Conduct clause 2.3(1)	NG	A retailer or gas marketing agent must ensure that nonstandard contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG			Moderate	Unlikely	Medium	Moderate	Audit Priority 4
120	Code of Conduct clause 2.3(2)	NG	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
121	Code of Conduct clause 2.3(3) and clause 2.3(4)	NG	A retailer or gas marketing agent must obtain a customer's verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information).	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
122	Code of Conduct clause 2.4(1)	NG	A retailer or gas marketing agent must ensure that the inclusion of concessions is made clear to residential customers and any prices that exclude concessions are disclosed.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
123	Code of Conduct clause 2.4(2)	NG	A retailer or gas marketing agent must ensure that a customer is able to contact the retailer or gas marketing agent on the retailer's or gas marketing agent's telephone number during the normal business hours of the retailer or gas marketing agent for the purposes of enquiries, verifications and complaints.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
124	Code of Conduct clause 2.5(1)	NG	A retailer or gas marketing agent who contacts a customer for the purposes of marketing must, on request, provide the customer with the retailer's complaints telephone number, the gas ombudsman's telephone number and, for contact by a gas marketing agent, the gas marketing agent's marketing identification number.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
125	Code of Conduct clause 2.5(2)	NG	A retailer or gas marketing agent who meets with a customer face to face for the purposes of marketing must: - wear a clearly visible and legible identity card showing the information specified; and - as soon as practicable provide the customer, in writing, the information specified.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
126	Code of Conduct clause 2.6	NG	A retailer or gas marketing agent who visits a person's premises for the purposes of marketing, must comply with any clearly visible signs at the premises indicating that canvassing is not permitted or no advertising material is to be left at the premises.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
127	Code of Conduct clause 2.8	NG	A person who carries out any marketing activity in the name of or for the benefit of a retailer or a gas marketing agent is to be taken to have been employed or authorised by the retailer or gas marketing agent to carry out that activity, unless the contrary is proved.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
128	Code of Conduct clause 2.9	NG	A gas marketing agent must: - keep a record of each complaint made by a customer, or person contacted for the purposes of marketing, about the marketing carried out by or on behalf of the gas marketing agent; and - on request by the gas ombudsman in relation to a particular complaint, give to the gas ombudsman all information that the gas marketing agent has relating to the complaint within 28 days of receiving the request.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
129	Code of Conduct clause 2.10	NG	Any record that a gas marketing agent is required to keep by the Code of Conduct, must be kept for at least 2 years after the last time the person to whom the information relates was contacted by or on behalf of the gas marketing agent.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Note: Obligations 130-133 are listed as 'not used' since the 3 March 2015 Reporting Manual update.</b>									
<b>15 Licence Compliance Requirements - Compendium of as Customer Licence Obligations</b>									
<b>Part 3 Connection</b>									
134	clause 3.1(1)	NG	If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
135	clause 3.1(2)	NG	Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
<b>Part 4 Billing</b>									
136	clause 4.1	NG	A retailer must issue a bill no more than once a month unless the conditions specified are met.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
137	clause 4.1(b)	NG	A retailer must issue a bill at least every 3 months unless the conditions specified are met.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
138	clause 4.2(1)	NG & LPG	Prior to placing the customer on a shortened billing cycle, a retailer is considered to have given a customer notice if the retailer has advised the customer of the information specified in clauses 4.2(1)(a)-(d).	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
139	clause 4.2(2)	NG & LPG	Notwithstanding clause 4.1(a)(ii), a retailer must not place a residential customer on a shortened billing cycle without the customer's verifiable consent in circumstances specified in clauses 4.2(2)(a)-(b)	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
140	clause 4.2(3)	NG & LPG	A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
141	clause 4.2(4)	NG & LPG	A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
142	clause 4.2(5)	NG & LPG	Upon request, a retailer must return a customer, who is subject to a shortened billing cycle and has paid 3 consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
143	clause 4.2(6)	NG & LPG	At least once every 3 months, a retailer must inform a customer, who is subject to a shortened billing cycle, of the conditions upon which a customer can be returned to its previous billing cycle.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
144	clause 4.3(1)	NG & LPG	In respect of any 12 month period, on receipt of a request by a customer, a retailer may provide a customer with estimated bills under a bill smoothing arrangement.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
145	clause 4.3(2)	NG & LPG	If a retailer provides a customer with a bill under a bill-smoothing arrangement, pursuant to clause 4.3(1), the retailer must ensure that the conditions specified in clauses 4.3(2)(a)-(e) are met.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
146	clause 4.4	NG & LPG	A retailer must issue a bill to a customer at the customer's supply address, unless the customer has nominated another address or an electronic address.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
147	clause 4.5(1)	NG	Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
148	clause 4.5(2)	NG	Notwithstanding clause 4.5(1)(bb), a retailer is not obliged to include a graph or bar chart on the bill, if the bill meets the criteria specified in clauses 4.5(2)(a)-(c).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
149	clause 4.5(3)	NG	If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
150	clause 4.6(1)	NG	A retailer must base a customer's bill on the distributor's or metering agent's reading of the meter at the customer's supply address, or the customer's reading of the meter provided the retailer and the customer agreed that the customer will read the meter.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<b>Note: Obligation 151 is listed as 'not used' since the February 2015 Reporting Manual update.</b>									
152	clause 4.7 (1)	NG	A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
153	clause 4.7(2)	NG	A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
154	clause 4.8(1)	NG	A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
155	clause 4.8(2)	NG	In circumstances where the customer’s bill is estimated, a retailer must specify in a visible and legible manner the information specified in clauses 4.8(2)(a)-(c).The customer may request a verification of a meter reading and a meter reading.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
156	clause 4.8(3)	NG	Upon request, a retailer must inform a customer of the basis and the reason for the estimation.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
157	clause 4.9	NG & LPG	Where the retailer gives a customer an estimated bill and the meter is subsequently read the retailer must include an adjustment on the next bill to take account of the actual meter reading.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
158	clause 4.10	NG	If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and provides access to the meter, and pays the retailer’s reasonable charge for reading the meter (if any), the retailer must do so.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
159	clause 4.11(1)	NG	If a customer requests the meter to be tested and pays a retailer’s reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
160	clause 4.11(2)	NG	If the meter is tested and found to be defective, the retailer’s reasonable charge for testing the meter (if any) is to be refunded to the customer.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
161	clause 4.12(1)	NG & LPG	If a retailer offers alternative tariffs and a customer applies to receive an alternate tariff (and demonstrates to the retailer that they satisfy the conditions of eligibility), a retailer must change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.	2	Moderate	Likely	High	Moderate	Audit Priority 2
162	clause 4.12(2)	NG & LPG	For the purpose of clause 4.12(1), the effective date of change in the tariff will be the date on which the last meter reading at the previous tariff was obtained; or, if the change requires an adjustment to the meter at the customer's supply address, the date the meter adjustment is completed.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
163	clause 4.13	NG & LPG	If a customer's gas use changes and the customer is no longer eligible to continue to receive an existing, more beneficial tariff, a retailer must give the customer written notice prior to changing the customer to an alternative tariff.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
164	clause 4.14(1)	NG	If a customer requests a retailer to issue a final bill at the customer's supply address, a retailer must use reasonable endeavours to arrange for that final bill in accordance with the customer's request.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
165	clause 4.14(2)	NG	If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer, for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
165 A*	Compendium clause 4.14(3)	NG	If the customer's account is in credit at the time of account closure and the customer owes a debt to the retailer, the retailer may, with written notice to the customer, use that credit to set off the debt. If after the set off, there remains an amount of credit, the retailer must ask the customer for instructions in accordance with clause 4.14(2).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
166	clause 4.15	NG & LPG	A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months, and paying any future bills that are properly due.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
167	clause 4.16(1)(a)	NG	If a retailer is satisfied after conducting a review of a bill that the bill is correct, the retailer <ul style="list-style-type: none"> <li>• may require a customer to pay the unpaid amount;</li> <li>• must advise the customer that the customer may request the retailer to arrange a meter test in accordance with applicable law; and</li> </ul>	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
168	clause 4.16(1)(b)	NG	If a retailer is satisfied after conducting a review of a bill that the bill is incorrect, the retailer must adjust the bill in accordance with clauses 4.17 and 4.18.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
169	clause 4.16(2)	NG	The retailer must inform a customer of the outcome of the review (of the bill) as soon as practicable.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
170	clause 4.16(3)	NG	If the retailer has not informed a customer of the outcome of the review within 20 business days from the date of receipt of the request for review under clause 4.15, the retailer must provide the customer with notification of the status of the review as soon as practicable.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
171	clause 4.17(2)	NG	If a retailer proposes to recover an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must follow the procedure specified in clauses 4.17.(2)(a)-(e).	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
172	clause 4.18(2) and 4.18(5)	NG	If a customer (including a customer who has vacated the supply address) has been overcharged as a result of an error, defect or default for which a retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must use its best endeavours to inform the customer accordingly within 10 business days of the retailer becoming aware of the error, defect or default and, subject to clauses 4.18(6) and (7) ask the customer for instructions as to whether the amount should be credited to the customer's account; or repaid to the customer. No interest shall accrue to a credit or refund referred to in this clause.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
173	clause 4.18(3)	NG	If a retailer receives instructions under clause 4.18(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
174	clause 4.18(4)	NG	If a retailer does not receive instructions under clause 4.18(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount overcharged to the customer's account.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
175	clause 4.18(6)	NG & LPG	Where the overcharged amount is less than \$75 the retailer may, notwithstanding clause 4.18(2), notify the customer of the overcharge by no later than the next bill after the retailer became aware of the error, and ask the customer for instructions in accordance with clause 4.18(2), or credit the amount to the customer's account.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
175 A*	clause 4.18(7)	NG & LPG	Where the customer has been overcharged by the retailer, and the customer owes a debt to the retailer, then provided the customer is not a residential customer experiencing payment difficulties, financial hardship or object to an alternative payment arrangement, the retailer may, with written notice to the customer, use the amount of the overcharge to set off the debt owed to the retailer. If, after the set off, there remains an amount of credit the retailer must deal with that amount of credit in accordance with clause 4.18(2) or 4.18(6) where the amount is less than \$75.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
176	clause 4.19(1)	NG	If a retailer proposes to recover an amount of an adjustment which does not arise due to any act or omission of the customer, the retailer must follow the procedure specified in clause 4.19(1)(a)-(d).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
177	clause 4.19(2) and 4.19(6)	NG	If after the meter reading a retailer becomes aware of an amount owing to the customer, the retailer must use its best endeavours to inform the customer accordingly within 10 business days of the retailer becoming aware of the adjustment and, subject to subclause (5), ask the customer for instructions as to whether the amount should be <ul style="list-style-type: none"> <li>• credited to the customer's account;</li> <li>• repaid to the customer; or</li> <li>• included as a part of the new bill smoothing arrangement where the adjustment arises under clause 4.3(2)(a)-(b).</li> </ul> No interest shall accrue to a credit or refund referred to in this clause.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
178	clause 4.19(3)	NG	If a retailer received instructions under clause 4.19(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
179	clause 4.19(4)	NG & LPG	If a retailer does not receive instructions under clause 4.19(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount of the adjustment to the customer's account.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5



No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
180	clause 4.19(5)	NG & LPG	Where the adjustment amount owing to the customer is less than \$75, the retailer may notify the customer of the adjustment by no later than the next bill after the meter is read, and <ul style="list-style-type: none"> <li>ask the customer for instructions in accordance with subclause 4.19(2); or</li> <li>credit the amount to the customer's account.</li> </ul>	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
180 A*	clause 4.19(7)	NG & LPG	Where the amount of the adjustment is an amount owing to the customer and the customer owes a debt to the retailer, then provided the customer is not a residential customer experiencing payment difficulties, financial hardship or subject to an alternative payment arrangement, the retailer may, with written notice to the customer, use the amount of the adjustment to set off the debt owed to the retailer. If, after the set off, there remains an amount of credit the retailer must deal with that amount of credit in accordance with clauses (4.19(2) or 4.19(5) where the amount is less than \$75.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<b>Part 5 Payment</b>									
181	clause 5.1	NG & LPG	The due date on the bill must be at least 12 business days from the date of the bill. Unless a retailer specifies a later date, the date of dispatch deemed to be the date of the bill.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
182	clause 5.2	NG & LPG	A retailer must offer a customer at least the following payment methods: <ul style="list-style-type: none"> <li>in person at 1 or more payment outlets located within the Local Government District of the customer's supply address;</li> <li>by mail;</li> <li>for residential customers, by Centrepay; and</li> <li>electronically by means of BPay or credit card; and by telephone by means of a credit card or debit card.</li> </ul>	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
183	clause 5.3	NG	Prior to a direct debit facility commencing, a retailer must obtain the customer's verifiable consent and agree with the customer the date of commencement of the direct debit facility and the frequency of the direct debits.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
184	clause 5.4	NG & LPG	A retailer must accept payment in advance from a customer on request. Acceptance of an advance payment will not require a retailer to credit any interest to the amounts paid in advance. The minimum amount for which a retailer will accept an advance payment is \$20.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
185	clause 5.5	NG & LPG	If a customer is unable to pay by way of the methods described in clause 5.2, due to illness or absence, a retailer must offer a residential customer a redirection of the customer's bill to a third person, at no charge.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
186	clause 5.6(1)	NG	A retailer must not charge a residential customer a late payment fee in the circumstances specified in subclause 5.6(1)(a)-(d).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
186 A*	clause 5.6(2)	NG	Where the retailer has charged a late payment fee in the circumstances set out in clause 5.6(1)(c) because the retailer was not aware of the complaint, the retailer must refund the late payment fee on the customer's next bill.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
187	clause 5.6(3)	NG	If a retailer has charged a residential customer a late fee, a retailer must not charge a residential customer an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
188	clause 5.6(4)	NG	A retailer must not charge a residential customer more than three late payment fees in relation to the same bill, or more than 12 late payment fees in a year.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Weak	Audit Priority 3
189	clause 5.6(5)	NG & LPG	If a residential customer has been assessed as being in financial hardship, a retailer must retrospectively waive any late payment fee charged to the residential customer's last bill prior to the assessment being made.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
190	clause 5.7(1)	NG	A retailer must not require a customer who has vacated a supply address, and who has given the retailer notice, to pay for gas consumed at the customer's supply address in the circumstances specified in clause 5.7(1).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
191	clause 5.7(2)	NG	If a customer reasonably demonstrates to a retailer that the customer was evicted or otherwise required to vacate a supply address, a retailer must not require a customer to pay for gas consumed at the customer's supply address from the date the customer gave the retailer notice.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
192	clause 5.7(3)	NG & LPG	Notice is given if a customer informs a retailer of the date on which the customer intends to vacate, or has vacated the supply address, and gives the retailer a forwarding address to which a final bill may be sent.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
193	clause 5.7(4)	NG	Notwithstanding clauses 5.7(1) and 5.7(2), a retailer must not require a customer to pay for gas consumed at the customer's supply address in the circumstances specified in subclause 5.7(4)(a)-(c).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
195	clause 5.8(1)	NG	A retailer must not commence proceedings for recovery of a debt from a residential customer who has informed a retailer that the customer is experiencing payment difficulties or financial hardship; or while a residential customer continues to make payments under an alternative payment arrangement.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
196	clause 5.8(2)	NG & LPG	A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of gas to that supply address.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
197	clause 5.9	NG & LPG	Where a retailer and residential customer have entered into a dual fuel contract, or separate contracts for the supply of electricity and gas, the retailer must apply a payment received from a residential customer for charges for the supply of electricity or gas in the circumstances specified in clause 5.9.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
<b>Part 6 Payment Difficulties and Financial Hardship</b>									
198	clause 6.1(1)	NG & LPG	A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within three business days from when the residential customer informs a retailer that the customer is experiencing payment problems. If the retailer cannot make the assessment within 3 business days, they must refer the customer to an independent financial counsellor or consumer representative organisation to make the assessment.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
198 A*	clause 6.1(2)	NG & LPG	If the residential customer provides the retailer with an assessment from an independent financial counsellor or relevant consumer representative organisation, the retailer may adopt that assessment as its own assessment for the purposes of clause 6.1(1)(a).	NR	Minor	Probable	Low	Moderate	Audit Priority 5
199	clause 6.1(3)	NG & LPG	When undertaking an assessment regarding payment difficulties or financial hardship, a retailer must, unless a retailer adopts an assessment from an independent financial counsellor or consumer representative organisation, give reasonable consideration to the information given by the residential customer and requested or held by the retailer; or advice given by an independent financial counsellor or relevant consumer representative organisation.	NR	Minor	Probable	Low	Strong	Audit Priority 5
200	clause 6.1(4)	NG & LPG	A retailer must advise a residential customer on request of the details of an assessment.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
200 A*	clause 6.2(1)	NG & LPG	If a retailer refers a residential customer to an independent financial counsellor or relevant consumer representative organisation under clause 6.1(1)(b) then the retailer must grant the residential customer a temporary suspension of actions.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
201	clause 6.2(2)	NG	If a residential customer informs a retailer that the customer is experiencing payment problems, the retailer must not unreasonably deny a residential customer's request for a temporary suspension of actions, if the customer demonstrates to the retailer that the customer has an appointment with a relevant consumer representative organisation to assess the customer's capacity to pay or provides the retailer with an assessment from an independent financial counsellor or consumer representative organisation.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
202	clause 6.2(3)	NG & LPG	A retailer must allow a temporary suspension of actions for a period of at least 15 business days.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
203	clause 6.2(4)	NG	A retailer must give reasonable consideration to a request by a residential customer or relevant consumer representative organisation in the manner specified to allow a relevant consumer representative organisation additional time to assess a residential customer's capacity to pay.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
204	clause 6.3(1)	NG & LPG	If the assessment carried out under clause 6.1 indicates to the retailer that the residential customer is experiencing payment difficulties or financial hardship, the retailer must follow the procedure specified in clause 6.3(1).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
205	clause 6.4(1)	NG & LPG	A retailer must offer a residential customer who is experiencing payment difficulties or financial hardship at least the payment arrangements that are specified in clauses 6.4(1)(a) and (b).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
206	clause 6.4(2)	NG & LPG	When offering an instalment plan to a residential customer experiencing payment difficulties or financial hardship, a retailer must take into account the information and take the specified actions detailed in subclause 6.4(3).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
206 A*	clause 6.4(3)	NG & LPG	If the residential customer accepts an instalment plan offered by the retailer, the retailer must provide the information specified in clauses 6.4(3)(a)(i)-(iii) within 5 business days of the customer accepting the plan and notify the customer of any amendments to the instalment plan at least 5 business days before they come into effect (unless agreed otherwise with the customer) and provide the customer with information explaining the changes.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
207	clause 6.4(4)	NG & LPG	If a residential customer has in the previous 12 months had 2 instalment plans cancelled due to non-payment, a retailer does not have to offer that residential customer another instalment plan, unless the retailer is satisfied that the residential customer will comply with the proposed plan.	2	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
208	clause 6.6(1)	NG & LPG	A retailer must give reasonable consideration to a request by a customer, or a relevant consumer representative organisation, for a reduction of the customer's fees, charges, or debt.	NR	Minor	Probable	Low	Strong	Audit Priority 5
209*	clause 6.6(2)	NG & LPG	In giving reasonable consideration under clause 6.6(1), a retailer should refer to the hardship procedures referred to in clause 6.10(3).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
210	clause 6.7	NG & LPG	Where it is reasonably demonstrated to the retailer that the customer, experiencing financial hardship, is unable to meet the customer's obligations under the previously elected payment arrangement, a retailer must give reasonable consideration to offering the customer an instalment plan or offering to revise an existing instalment plan.	NR	Minor	Probable	Low	Strong	Audit Priority 5
211	clause 6.8	NG & LPG	A retailer must advise a customer experiencing financial hardship of the options specified in clause 6.8.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
212	clause 6.9(1)	NG & LPG	A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representative organisations.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
213	clause 6.9(2)	NG & LPG	A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers.	NR	Minor	Probable	Low	Strong	Audit Priority 5
214*	clause 6.10(1)	NG & LPG	A retailer must develop a hardship policy and hardship procedures to assist customers in meeting their financial obligations and responsibilities to the retailer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
215	clause 6.10(2)	NG & LPG	A retailer must ensure that its hardship policy complies with the criteria specified in clause 6.10(2).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
215 A*	clause 6.10(3)	NG & LPG	A retailer must ensure that its hardship procedures comply with the criteria specified in clause 6.10(3).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
216	clause 6.10(4)	NG & LPG	If requested, a retailer must give residential customers, financial counsellors and relevant consumer representative organisations, a copy of the hardship policy, including by post, at no charge.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
217*	clause 6.10(5)	NG & LPG	A retailer must keep a record of the following: the relevant consumer representative organisations consulted on the contents of its hardship policy and hardship procedures; the date the hardship policy and hardship procedures were established; the dates the hardship policy and hardship procedures were reviewed; and the dates the hardship policy and hardship procedures were amended.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
219*	clause 6.10(6)	NG & LPG	The retailer may, at any time, or must if directed by the Authority, review its hardship policy and hardship procedures and submit to the Authority the results of that review within 5 business days after it is completed.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
220	clause 6.10(7)	NG & LPG	The retailer must comply with the Authority's Financial Hardship Policy Guidelines.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
220 A*	clause 6.10(8)	NG & LPG	if the retailer amends their hardship policy, the retailer must submit a copy of the amended policy to the Authority within 5 business days of the amendment.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
221	clause 6.11	NG & LPG	A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
<b>Part 7 Disconnection</b>									
222	clause 7.1	NG	A retailer must follow the procedures specified in clause 7.1(1) prior to arranging for disconnection of a customer's supply address for failure to pay a bill. A customer has failed to pay a bill in the circumstances specified in clause 7.1(2).	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
223	clause 7.2(1)	NG	A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances specified in clause 7.2(1).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
224 *	clause 7.3	NG & LPG	In relation to dual fuel contracts or separate contracts for the supply of electricity and gas (under which a single bill for energy, or separate simultaneous bills for electricity and gas are issued to the customer), if a retailer is permitted to and wishes to arrange for disconnection of the supply of electricity and gas to the residential customer's supply address for failure to pay a bill, the retailer must arrange for disconnection of the supply of gas in priority to the disconnection of the supply of electricity.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
225	clause 7.4	NG	A retailer must not arrange for the disconnection of a customer's supply address for denying access to the meter unless the conditions specified in clause 7.4(1) are satisfied. A retailer may arrange for a distributor to carry out 1 or more of the requirements referred to in clause 7.4(1) on behalf of the retailer.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
227	Compendium clause 7.6	NG	A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.	1	Major	Probable	High	Moderate	Audit Priority 2
		LPG		1	Major	Probable	High	Moderate	Audit Priority 2

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Part 8 Reconnection</b>									
228	clause 8.1(1)	NG	In the circumstances specified in clause 8.1(1)(a)-(c), a retailer must arrange for reconnection of the customer's supply address if the customer makes a request for reconnection, and pays the retailer's reasonable charges for reconnection (if any) or accepts an offer of an instalment plan for the retailer's reasonable charges for reconnection.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
229	clause 8.1(2)	NG	A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
230	clauses 8.2 (1)-(3)	NG	A distributor must reconnect the customer's supply address upon the request of a retailer and subject to the retailer complying with the retail market rules, within 2 business days of receipt of the request, or where the retailer has notified the distributor of a later date for reconnection, within 2 business days of that later date. In the event of an emergency or where access to the customer's supply address has been restricted or where it is unsafe to reconnect the customer's supply address, the distributor must reconnect the customer's supply address within 2 business days from becoming aware that the relevant issue has been resolved. Where reconnection requires excavation, the distributor must reconnect the customer's supply address within 10 business days of receipt of the request to reconnect.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<b>Part 10 Information and Communication</b>									
231	clause 10.1(1)	NG	A retailer must give notice to each of its customers affected by a variation in its tariffs as soon as practicable after the variation is published and no later than the next bill in the customer's billing cycle.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
232	clause 10.1(2)	NG	A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including any alternative tariffs that may be available to the customer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
233	clause 10.1(3)	NG	A retailer must give a customer the information requested on tariffs within 8 business days of the date of receipt of the request and, if requested, a retailer must provide the information in writing.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
234	clause 10.2(1)	NG & LPG	A retailer must, on request, give a customer their billing data.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
235	clause 10.2(2)	NG & LPG	A retailer must give the requested billing data at no charge if a customer requests their billing data for a period less than the previous 2 years and no more than once a year, or in relation to a dispute with the retailer.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
236	clause 10.2(3)	NG	A retailer must give the requested billing data within 10 business days of the date of receipt of either the request, or payment of the retailer's reasonable charge for providing the billing data.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
237	clause 10.2(4)	NG & LPG	A retailer must keep a customer's billing data for (7) years.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
238	clause 10.3	NG & LPG	A retailer must give a residential customer on request, at no charge, information on the types of concessions available to the customer, and the names and contact details of the organisation responsible for administering those concessions (if not the retailer).	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
239*	clause 10.4	NG & LPG	A retailer must give a customer on request, at no charge, general information on: cost-effective and efficient ways to utilise gas (including referring a customer to a relevant information source and the typical running costs of major domestic appliances).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
240	clause 10.5	NG & LPG	If a customer asks for information relating to the distribution of gas, a retailer must give the information to the customer or refer the customer to the relevant distributor for a response.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
241	clause 10.5A(1)	NG & LPG	A retailer must, within 3 months of being subject to the Compendium, lodge with the Authority, a gas customer safety awareness programme.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
242	clause 10.5A(2)	NG & LPG	A retailer must consult with the Authority when preparing the gas customer safety awareness programme.	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
243	clause 10.5A(3)	NG & LPG	A gas customer safety awareness programme is to communicate information to customers regarding safety in the use of gas and must address, at a minimum, the information referred to in clause 10.5A(3)(a)-(e).	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
245	clause 10.9	NG & LPG	A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.	NR	Minor	Probable	Low	Strong	Audit Priority 5
246	clause 10.10(1)	NG & LPG	A retailer must advise a customer on request how the customer can obtain a copy of the Gas Marketing Code and the Compendium and make a copy of the Gas Marketing Code and the Compendium available on the retailer's website, and the offices of the retailer at no charge.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
249	clause 10.11(1)	NG & LPG	A retailer and distributor must make available to a residential customer on request, at no charge, services that assist the residential customer in interpreting information provided by the retailer or distributor (including independent multi-lingual and TTY services, and large print copies).	2	Moderate	Probable	Medium	Strong	Audit Priority 4



No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
250	clause 10.11(2)	NG & LPG	A retailer and, where appropriate, a distributor, must include on a residential customer's bill and bill related information, reminder notice and disconnection warning: the telephone number for its TTY services; the telephone number for independent multi-lingual services; the National Interpreter Symbol, with the words "Interpreter Services".	2	Moderate	Probable	Medium	Strong	Audit Priority 4
<b>Part 12 Complaints and Dispute Resolution</b>									
251	clause 12.1(1)	NG & LPG	A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
252	clause 12.1(2)(a),(b) and (d)	NG & LPG	The complaints handling process under clause 12.1(1) must comply with AS ISO 10002 – 2006 and address, at the least, the criteria specified in clause 10.2(b). The complaints handling process must be available at no cost to customers.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
253	clause 12.1(2)(c)	NG & LPG	The complaints handling process must detail how the retailer will handle complaints about a retailer, gas marketing agents or marketing, and be available at no cost to customers.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
254	clause 12.1(3)(a)	NG & LPG	When responding to a customer complaint a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
255	clause 12.1(3)(b)	NG & LPG	When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the gas ombudsman.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
255 A*	clause 12.1(4)	NG & LPG	A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
256	clause 12.2	NG & LPG	A retailer must comply with any guideline developed by the Authority relating to distinguishing customer queries from customer complaints.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
257	clause 12.3	NG & LPG	A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
258	clause 12.4	NG & LPG	When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
<b>Part 13 Record Keeping and Reporting</b>									
281 *	clause 13.1	NG & LPG	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the Authority.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
282*	clause 13.2	NG & LPG	A report referred to in clause 13.1 must be provided to the Authority by the date, and in the manner and form, specified by the Authority.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
283*	clause 13.3	NG & LPG	A report referred to in clause 13.1 must be published by the date specified by the Authority.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<b>Customer Licence Obligations (Compendium) applicable for the period for the period 1 September 2014 to 31 December 2014 (in accordance with the May 2014 Reporting Manual) which, were subsequently removed</b>									
<b>Part 4 Billing</b>									
151	clause 4.6(2)	NG	Prior to a customer reading a meter, a retailer must give the customer information that explains how to read a meter correctly in clear, simple and concise language.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
<b>Part 5 Payment</b>									
194	clause 5.8(1)	NG & LPG	A retailer must comply with the Conduct Principles set out in the debt collection guideline issued by the Australian Competition and Consumer Commission concerning section 50 of the Australian Consumer Law (WA).	2	Moderate	Unlikely	Medium	Strong	Audit Priority 4
<b>Part 13 Record Keeping and Reporting</b>									
259	clause 13.1(1)	NG & LPG	Unless expressly provided otherwise, a retailer, distributor or gas marketing agent must keep a record or other information as required to be kept by the Code of Conduct and the Compendium for at least 2 years from the last date on which the information was recorded.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
260	clause 13.1(2)	NG & LPG	For the purposes of clause 13.1(1), a retailer must keep records or other information specified in clause 13.1(2)(a)-(g).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
262	clause 13.2(a)(i)-(xv)	NG & LPG	A retailer must keep a record of the total number and percentage of its residential customer accounts under the affordability and access indicators specified in clause 13.2(a)(i)-(xv).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
263	clause 13.2(b)(i)-(ix)	NG & LPG	A retailer must keep a record of the total number and percentage of its business customer accounts under the affordability and access indicators specified in clause 13.2(b)(i)-(ix).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
264	clause 13.2(c)	NG	A retailer must keep a record of the actions it undertook, and the responses from the distributor to those actions, to obtain metering data where the retailer has issued a bill outside of the time frame set out in clause 4.1(b).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
265	clause 13.3(1)	NG & LPG	A retailer must keep a record of the total number of complaints received from residential and business customers, as well as keeping a record of the complaint indicators specified in clause 13.3(1)(b)-(f).	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
266	clause 13.3(2)	NG & LPG	A retailer must keep a record of the details of each complaint referred to in clause 13.3(1).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
267	clause 13.5	NG & LPG	A retailer must keep a record of the call centre performance indicators specified in clause 13.5(a)-(e).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
268	clause 13.6	NG & LPG	A retailer must keep a record of the total number of residential accounts held by customers and business customer accounts held by customers. A retailer must keep a record of the total number of residential and business accounts specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
278	clause 13.17(2)	NG & LPG	A report is published for the purposes of clause 13.17(1) if copies of it are available to the public, without cost, at places where the retailer or distributor transacts business with the public, and a copy of it is posted on a website maintained by the retailer or distributor.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
279	clause 13.17(3)	NG & LPG	A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4

# Appendix 3 – Previous audit recommendations

The following previous audit recommendations are drawn from the Kleenheat 2014 Gas Trading Licence Performance Audit Report dated March 2015 (**March 2015 report**). Note: All obligation references and control ratings are relevant to the March 2015 report format and audit period. Previous audit findings have been broken down into findings relating to:

- Natural Gas processes and controls
- Liquefied Petroleum Gas processes and controls
- Matters outstanding from the 2012 Performance Audit Report.

Action Plans have been extracted from the March 2015 Report and the “2014 Post Audit Implementation Plan GTL10 Wesfarmers Kleenheat Gas”.

## Natural Gas

<p><b>Issue 01/2014</b></p> <p><b>Obligation #39 – Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (5)(e)</i></p> <p>A licensee must reconnect supply to a customer within 20 business days after disconnection in an emergency situation or for health, safety or maintenance reasons if the situation or problem giving rise to the need for disconnection has been rectified and if the customer has paid any applicable reconnection fee.</p>	
<p><b>Recommendation 1/2014</b></p> <p>Licensee to document procedures to be followed for reconnections occurring after a disconnection in an emergency situation or for health, safety or maintenance reasons.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently finalising a procedural document to be followed for reconnections occurring after a disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of reconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 02/2014</b></p> <p><b>Obligation #42 – Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.2.1 &amp; 5.1.2.2 AGA Code</i></p> <p>A licensee must not disconnect supply to a customer who denies access to a meter until: the customer has refused access on at least 3 concurrent billing cycles, the customer is given the option to offer alternative access arrangements, the customer is provided written advice on each occasion access was denied, the licensee has used its best endeavours to contact the customer and the licensee has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date.</p>	
<p><b>Recommendation 02/2014</b></p> <p>Procedure for disconnecting supply to a customer who denies access to a meter needs to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>

<p><b>Issue 03/2014</b></p> <p><b>Obligation #43 – Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clause 5.1.1.3 AGA Code</i></p> <p>A licensee who disconnects in the event of an emergency must provide a 24 hour information service, estimate the time when gas supply will be restored and use best endeavours to restore supply when the emergency is over.</p>	
<p><b>Recommendation 3/2014</b></p> <p>Procedure for disconnecting in the event of an emergency needs to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently finalising a procedural document to be followed for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 04/2014</b></p> <p><b>Obligation #44 – Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.4.1 &amp; 5.1.4.2 AGA Code</i></p> <p>A licensee who disconnects supply for health and safety reasons must provide the customer written notice of the reason, allow the customer 5 business days to remove the reason where the customer is able to and after the 5 business days issue a notice to the customer of its intention to disconnect supply at least 5 business days' notice prior to the disconnection date.</p>	
<p><b>Recommendation 04/2014</b></p> <p>Procedures for disconnection of supply for health and safety reasons need to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently finalising a procedural document to be followed for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 05/2014</b></p> <p><b>Obligation #45 - Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.5.1 &amp; 5.1.5.2 AGA Code</i></p> <p>A licensee who disconnects supply for planned maintenance must provide the customer 4 days written notice and have endeavoured to minimise disruption and restore supply.</p>	
<p><b>Recommendation 05/2014</b></p> <p>Procedure detailing disconnection of supply for planned maintenance needs to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently finalising a procedural document to be followed for disconnection in an emergency situation or for health and safety or maintenance reasons and are working with the distributor on regular reporting to notify of disconnections in these scenarios.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 06/2014</b></p> <p><b>Obligation #52 - Rating B2</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clause 5.2.2.2 AGA Code</i></p> <p>If a licensee is under an obligation to reconnect supply and the customer makes a request for reconnection after 3pm on a business day, the licensee shall use best endeavours to reconnect the customer as soon as possible on the next business day.</p>	
<p><b>Recommendation 06/2014</b></p> <p>It is recommended that the licensee reinforces the requirement to forward reconnection requests to the distributor to ensure that supply of gas is reconnected within the specified timeframe. This can be done via automated reminders or notifications on the system.</p>	<p><b>Action Plan</b></p> <p>A full review of the process undertaken between operational teams has been carried out and improvements identified. Refresher training has been carried out with all staff and system improvements are being developed.</p> <p><b>Responsible Person:</b> National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>

<p><b>Issue 07/2014</b></p> <p><b>Obligation #116 – Rating C2</b></p> <p><i>Energy Coordination Act section 11ZPP Code of Conduct clause 2.1</i></p> <p>A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.</p>	
<p><b>Recommendation 07/2014</b></p> <p>Due to a minor breach in the previous year, and two further breaches in the current year whereby training records were not kept for two marketing agents engaged by the licensee it is recommended that the process for recording training records be reviewed to ensure completeness and accuracy. Regular compliance checks needs to be implemented.</p>	<p><b>Action Plan</b></p> <p>Quarterly review of its training records for completeness will commencing quarter ending December 2014. A quarterly reminder has been set in the training calendar to ensure the review occurs quarterly.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> December 2014</p> <p><b>Completion Date:</b> December 2014</p>
<p><b>Issue 08/2014</b></p> <p><b>Obligation #134 – Rating C2</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer agrees to sell gas to a customer or arrange for the connection of the customer’s supply address, the retailer must forward the customer’s request for the connection to the relevant distributor.</p>	
<p><b>Recommendation 08/2014</b></p> <p>A request has been logged with IT to implement an automatic notification when the upload of a service requests is not successful. Prior to the implementation of the above, a step should be added to Procedural documentation to check the status of the service requests. This will ensure that the request is uploaded successfully within the recommended time.</p>	<p><b>Action Plan</b></p> <p>Procedural documentation has been updated to include the requirement for the status of service requests to be checked. System improvements have been implemented to ensure unsuccessful service requests are recognised in a timely manner. A review of reporting has been conducted and improvements implemented to ensure service requested are processed within the required timeframes.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2015</p> <p><b>Completion Date:</b> February 2015</p>
<p><b>Issue 09/2014</b></p> <p><b>Obligation #135 – Rating C3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>Unless the customer agrees otherwise, a retailer must forward the customer’s request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p>	
<p><b>Recommendation 09/2014</b></p> <p>A request has been logged with IT to implement an automatic notification when the upload of the service requests is not successful. Prior to the implementation of the above, a step should be added to Procedural documentation to check the status of the service requests. This will ensure that the request is uploaded successfully within the recommended time.</p>	<p><b>Action Plan</b></p> <p>Procedural documentation has been updated to include the requirement for the status of service requests to be checked. System improvements have been implemented to ensure unsuccessful service requests are recognised in a timely manner. A review of reporting has been conducted and improvements implemented to ensure service requested are processed within the required timeframes.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2015</p> <p><b>Completion Date:</b> February 2015</p>

<p><b>Issue 10/2014</b></p> <p><b>Obligation #149 – Rating D3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p>	
<p><b>Recommendation 10/2014</b></p> <p>Procedural documentation needs to be developed with regards to billing for historical debt.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a procedure for billing for historical debt and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager/ National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 11/2014</b></p> <p><b>Obligation #153 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).</p>	
<p><b>Recommendation 11/2014</b></p> <p>It is recommended that the licensee implement a control around ensuring that metering data is obtained within a timely manner. This can be done through automated reminders being issued to ATCO.</p>	<p><b>Action Plan</b></p> <p>A monthly report has been developed to monitor meter reads received from Distributor.</p> <p>A report has been developed and reviewed monthly to monitor meter reads received from the Distributor. Kleenheat is currently documenting a procedure to be followed when meter reads are not received in a timely manner to comply with the required timeframes.</p> <p><b>Responsible Person:</b> National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 12/2014</b></p> <p><b>Obligation #168 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer is satisfied after conducting a review of a bill that the bill is incorrect, the retailer must adjust the bill in accordance with clauses 4.17 and 4.18</p>	
<p><b>Recommendation 12/2014</b></p> <p>Document procedures to be followed when adjustment for an incorrect bill is required.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a procedure when adjustments to billing amounts are required and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager / National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 13/2014</b></p> <p><b>Obligation #176 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer proposes to recover an amount of an adjustment which does not arise due to any act or omission of the customer, the retailer must follow the procedure specified in subclause 4.19(1) (a)-(d).</p>	
<p><b>Recommendation 13/2014</b></p> <p>Document procedure that needs to be followed when proposing to recover an adjustment amount not arising due to any act or omission of the customer.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a procedure when adjustments to billing amounts are required and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> April 2015</p>

<p><b>Issue 14/2014</b></p> <p><b>Obligation #181 – Rating C3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>The due date on the bill must be at least 12 business days from the date of that bill. Unless a retailer specifies a later date, the date of dispatch is the date of the bill.</p>	
<p><b>Recommendation 14/2014</b></p> <p>The licensee should review the protocol set within the system to ensure that due dates of bills are at least 12 business days from issue dates.</p>	<p><b>Action Plan</b></p> <p>Necessary system changes have been made.</p> <p>Protocols set within the system have been reviewed and the necessary system changes have been implemented.</p> <p><b>Responsible Person:</b> National Credit Manager</p> <p><b>Target Date:</b> September 2014</p> <p><b>Completion Date:</b> September 2014</p>
<p><b>Issue 15/2014</b></p> <p><b>Obligation #225 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>A retailer must not arrange for disconnection of a customer’s supply address for denying access to the meter unless the conditions specified in subclause 7.4(1) are satisfied. A retailer may arrange for a distributor to carry out 1 or more of the requirements referred to in subclause 7.4(1) on behalf of the retailer.</p>	
<p><b>Recommendation 15/2014</b></p> <p>Procedure for disconnecting supply to a customer who denies access to a meter to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 16/2014</b></p> <p><b>Obligation #229 – Rating B3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.</p>	
<p><b>Recommendation 16/2014</b></p> <p>It is recommended that the licensee reinforces the requirement to forward reconnection requests to the distributor to ensure that supply of gas is reconnected within the specified timeframe. This can be done via automated reminders or notifications on the system.</p>	<p><b>Action Plan</b></p> <p>Workshops have been carried out with all teams involved, process reviewed and improvements identified. System improvements are currently being developed.</p> <p>A full review of the process undertaken between operational teams has been carried out and improvements identified. Refresher training has been carried out with all relevant personnel. A number of system improvements are being finalised with further system and process improvements being considered.</p> <p><b>Responsible Person:</b> National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>



## LPG

<p><b>Issue 17/2014</b></p> <p><b>Obligation #42 – Rating C1</b></p> <p><i>Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.2.1 &amp; 5.1.2.2 AGA Code</i></p> <p>A licensee must not disconnect supply to a customer who denies access to a meter until: the customer has refused access on at least 3 concurrent billing cycles, the customer is given the option to offer alternative access arrangements, the customer is provided written advice on each occasion access was denied, the licensee has used its best endeavours to contact the customer and the licensee has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date.</p>	
<p><b>Recommendation 17/2014</b></p> <p>Procedure for disconnecting supply to a customer who denies access to a meter needs to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat is currently documenting a procedure to be followed for disconnecting supply to a customer who denies access to a meter.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 18/2014</b></p> <p><b>Obligation #116 – Rating C2</b></p> <p><i>Energy Coordination Act section 11ZPP Code of Conduct clause 2.1</i></p> <p>A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.</p>	
<p><b>Recommendation 18/2014</b></p> <p>Due to a minor breach in the previous year, and two further breaches in the current year whereby training records were not kept for two marketing agents engaged by the licensee it is recommended that the process for recording training records be reviewed to ensure completeness and accuracy. Regular compliance checks needs to be implemented.</p>	<p><b>Action Plan</b></p> <p>Quarterly review of its training records for completeness will commence quarter ending December 2014. A quarterly reminder has been set in the training calendar to ensure the review occurs.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> December 2014</p> <p><b>Completion Date:</b> December 2014</p>
<p><b>Issue 19/2014</b></p> <p><b>Obligation #134 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.</p>	
<p><b>Recommendation 19/2014</b></p> <p>The requirement to forward customer requests to the distributor be clearly documented in Procedural documentation.</p>	<p><b>Action Plan</b></p> <p>Procedure has been updated to clearly outline the requirements when forwarding customer requests to the distributor.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> November 2014</p> <p><b>Completion Date:</b> November 2014</p>
<p><b>Issue 20/2014</b></p> <p><b>Obligation #135 – Rating D2</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p>	
<p><b>Recommendation 20/2014</b></p> <p>The requirement to forward customer requests to the distributor be clearly documented in Procedural documentation, and for emails sent to the distributor to be captured within Outlook and retained.</p>	<p><b>Action Plan</b></p> <p>Procedure has been updated and emails sent to Distributor are now being captured and archived. Regular reviews of email records are being conducted to ensure completeness.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> November 2014</p> <p><b>Completion Date:</b> November 2014</p>

<p><b>Issue 21/2014</b></p> <p><b>Obligation #149 – Rating D3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p>	
<p><b>Recommendation 21/2014</b></p> <p>Procedural documentation needs to be developed with regards to billing for historical debt.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a procedure for billing for historical debt and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager/ National Credit Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 22/2014</b></p> <p><b>Obligation #154 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.</p>	
<p><b>Recommendation 22/2014</b></p> <p>A procedure needs to be developed and implemented to provide guidance regarding how to estimate usage.</p>	<p><b>Action Plan</b></p> <p>Procedure has been developed to provide guidance on how to calculate estimated usage. All relevant personnel have been notified of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>
<p><b>Issue 23/2014</b></p> <p><b>Obligation #155 – Rating B2</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>In circumstances where the customer's bill is estimated, a retailer must specify in a visible and legible manner the information specified in subclause 4.8(2)(a)-(c) The customer may request a verification of a meter reading and a meter reading.</p>	
<p><b>Recommendation 23/2014</b></p> <p>The licensee should make changes to the process implemented to detect instances of estimated bills that do not comply with the obligation. The licensee should consider automating this process.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will implement a review process for invoices with estimated reads prior to dispatch to ensure they are complaint and update the existing documented procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> April 2015</p>
<p><b>Issue 24/2014</b></p> <p><b>Obligation #158 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and provides access to the meter, and pays the retailer's reasonable charge for reading the meter (if any), the retailer must do so.</p>	
<p><b>Recommendation 24/2014</b></p> <p>Document the procedures to be followed subsequent to receiving a LPG customer meter read.</p>	<p><b>Action Plan</b></p> <p>Existing procedure is in the process of being updated to document the procedures to be followed subsequent to receiving a LPG customer meter read.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> March 2015</p>

<p><b>Issue 25/2014</b></p> <p><b>Obligation #159 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If a customer requests the meter to be tested and pays a retailer’s reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.</p>	
<p><b>Recommendation 1/2014</b></p> <p>Meter test procedures for LPG customers to be documented.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a meter test procedure and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> April 2015</p>

<p><b>Issue 26/2014</b></p> <p><b>Obligation #160 – Rating C1</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>If the meter is tested and found to be defective, the retailer’s reasonable charge for testing the meter (if any) is to be refunded to the customer.</p>	
<p><b>Recommendation 1/2014</b></p> <p>Meter test procedures for LPG customers to be documented, including process followed when the meter is found to be defective.</p>	<p><b>Action Plan</b></p> <p>Kleenheat will document a meter test procedure and ensure all relevant personnel are aware of the requirements outlined in the procedure.</p> <p><b>Responsible Person:</b> Customer Service Operations Manager</p> <p><b>Target Date:</b> April 2015</p>

<p><b>Issue 27/2014</b></p> <p><b>Obligation #181 – Rating C3</b></p> <p><i>Energy Coordination Act section 11M</i></p> <p>The due date on the bill must be at least 12 business days from the date of that bill. Unless a retailer specifies a later date, the date of dispatch is the date of the bill.</p>	
<p><b>Recommendation 27/2014</b></p> <p>The licensee should review the protocol set within the system to ensure that due dates of bills are at least 12 business days from issue dates.</p>	<p><b>Action Plan</b></p> <p>Necessary system changes have been made.</p> <p>Protocols set within the system have been reviewed and the necessary system changes have been implemented.</p> <p><b>Responsible Person:</b> National Credit Manager</p> <p><b>Target Date:</b> September 2014</p> <p><b>Completion Date:</b> September 2014</p>

## Outstanding from 2012 Performance Audit Report

<p><b>Issue 116</b></p> <p><b>Obligation #116 - Non-compliant 2</b></p> <p><i>Energy Coordination Act section 11ZPP Code of Conduct Clause 2.1</i></p> <p>A marketer must ensure that its marketing representatives comply with Part 2 of the Code of Conduct.</p>	
<p><b>Recommendation 116/12</b></p> <p>The newly appointed trainer to develop a training programme and undertake the training to ensure all customer service personnel are aware of their obligations under the code and comply with the Code were applicable. The training should reflect the outcome of any discussions that occur with the Authority on marketing.</p>	<p><b>Action Plan</b></p> <p>Refer to issues 07/2014 and 18/2014 above for the action plan relating to this recommendation.</p>

# Appendix B – References

## Kleenheat staff and representatives participating in the audit

- Rebecca Banks      Commercial Manager, Natural Gas & Electricity
- Alex Penter          Regulatory Specialist, Natural Gas & Electricity
- Mel Gordon          Credit & CCA Compliance Manager
- Laurence Torpy      Credit Operation Team Leader
- Paul Abbott          Credit Team Leader
- Nicole Harris        Customer Service Operations Manager
- Arana Banting        Customer Service Trainer
- Bernadette Hall     Customer Advocate
- Ged Reilly          Customer Service Team Leader – NG Admin Team
- Demi Holmes        Customer Service Officer
- Naomi Blade         Customer Service Team Leader – NG Admin Team
- Cherie Bilston      Senior Customer Service Officer
- Emma Cheeseman    LPG Territory Manager
- Benjamin Meakins   Channel Sales Manager
- Felicity Verdouw    Channel Sales Representative

## Deloitte staff participating in the audit

		<b>Hours</b>
• Richard Thomas	Partner	21
• Andrew Baldwin	Account Director	91
• David Herbert	Senior Analyst	281
• Esther Ong	Analyst	258.5
• Kobus Beukes	QA Partner	2

## Key documents and other information sources examined

*\* This list is not exhaustive*

- Annual Compliance Report for Wesfarmers Gas Pty Ltd
- Charts Master R12
- Collection of Information Statement
- Compliance Matrix as at July 2016
- Compliance Training Refresher notification
- Customer Charter
- Customer Complaints flyer
- Diary Notes for the period September 2015 to June 2016
- Disconnection & Reconnection Register for FY 2015 and 2016
- Economic Regulation Authority Acknowledgement Invoices
- Economic Regulation Authority Acknowledgement of Gas Standard Form Contract amendment
- Economic Regulation Authority Acknowledgement Reports
- Employee Details Form
- Exception Reporting
  - Kleenheat Natural Gas Customer Data Blank Account Status 06 September 2016
  - Kleenheat Natural Gas Customer Data Blank Account Status 12 July 2016
  - Kleenheat Natural Gas Customer Data Blank Account Status 17 August 2016
  - Kleenheat Natural Gas Customer Data Move Out Service Request Open 06 September 2016
  - Kleenheat Natural Gas Customer Data Move Out Service Request Open 15 August 2016
  - Kleenheat Natural Gas Customer Data Move Out Service Request Open 18 July 2016
  - Kleenheat Natural Gas Discount Payment Last 10 Days 2pm 13 July 2016

- Kleenheat Natural Gas Discount Payment Last 10 Days 2pm 15 September 2016
- Kleenheat Natural Gas Discount Payment Last 10 Days 2pm 18 August 2016
- Kleenheat Natural Gas Instalment Issues 05 September 2016
- Natural Gas Basic Meter Reading Exceptions 13 July 2016
- Natural Gas Basic Meter Reading Exceptions 20 September 2016
- Natural Gas Basic Meter Reading Exceptions 29 August 2016
- Natural Gas Billing Exceptions 06 July 2016
- Natural Gas Billing Exceptions 06 September 2016
- Natural Gas Billing Exceptions 08 August 2016
- Natural Gas Customer Administration Monthly Smart Saver No Instalments 03 September 2016
- Natural Gas Customer Administration Monthly Smart Saver No Instalments 11 July 2016
- Natural Gas Customer Administration Monthly Smart Saver No Instalments 16 August 2016
- Natural Gas Customer Administration Transfer Delayed 05 September 2016
- Natural Gas Customer Administration Transfer Delayed 09 July 2016
- Natural Gas Customer Administration Transfer Delayed 23 August 2016
- Natural Gas Failed Reconnections 04 August 2016
- Natural Gas Failed Reconnections 14 July 2016
- Natural Gas Monthly Smart Saver Manual Payment 05 August 2016
- Natural Gas Monthly Smart Saver Manual Payment 06 September 2016
- Natural Gas Monthly Smart Saver Manual Payment 10 July 2016
- Financial Hardship Policy
- Gasfitter Request for Gas form
- Guide to Completing Monthly Natural Gas Credit Compliance Reporting
- Historical debt for LPG Reticulation
- Kiosk Documents Links & Locations
- Kleenheat 2016 Gas Trading Licence Reporting Datasheet
- Kleenheat Natural Gas New Connections Service Request
- Kleenheat Organisational Structure as at 31 July 2016
- Kleenheat Trading and Distribution Licence Annual Report 2015/16
- Management of Natural Gas Supply and Transport Procedure
- Manual Sign-up Form
- Monthly Smart Saver Move-In Welcome Letter
- Monthly Smart Saver Switch Welcome Letter
- Natural Gas Complaint Template WE 11 September 16
- Natural Gas Induction Training Overview
- Natural Gas Oracle Diary Report WE 11 September 16
- Non-Standard Form Contract Terms and Conditions
- Outbound Sales Admin - Agreement Renewal Letter
- Plan Details - Monthly Smart Saver
- Policies and Procedures
  - Acknowledgement of Policies
  - Anti-bribery Policy
  - Business Renewal process
  - Create a NG Residential Account in Oracle
  - Create a NG SME Account in Oracle
  - Disconnection for Denying Access - Process Map - NG
  - Disconnection For Denying Access - Retic
  - Electronic Usage
  - Entering a promise in Advance Collections
  - Financial Hardship Assessment Procedure
  - Fraud Risk Management Policy
  - Kleenheat – CST
  - Kleenheat Complaints Handling Procedure
  - Kleenheat Complaints Handling Process
  - Kleenheat CST Customer Plan Change 2016
  - Kleenheat CST Customer Move Out via Oracle
  - Kleenheat CST Customer Request to Cancel an Application

- Kleenheat CST Customer request to disconnect supply
- Kleenheat CST Disconnection for Denying Access NG
- Kleenheat CST Emergency Health and Safety and Maintenance Disconnections
- Kleenheat CST Historical Billing and Adjustments
- Kleenheat CST Issuing a Disconnection
- Kleenheat CST LPG Retic Emergency Health and Safety and Maintenance Disconnections
- Kleenheat CST Meter Test Via Flow talk
- Kleenheat CST Meter Test Via Oracle
- Kleenheat CST NG Actioning Exception Reporting
- Kleenheat CST NG Historical Billing
- Kleenheat CST NG Residential Signup via the Website
- Kleenheat CST Process an NG Refund
- Kleenheat CST Processing a Disconnection
- Kleenheat CST Processing a Reconnection
- Kleenheat CST Producing an Estimated Invoice
- Kleenheat CST Reconnections Due to Non Payment
- Kleenheat CST Reticulated Gas Meter Test
- Kleenheat LPG Retic Meter Test Procedure
- Natural Gas \_Weekly\_ATB\_Detail\_04 September 2016
- Natural Gas ATB with Collection Strategy D
- Natural Gas Disconnection - Failure to Pay
- Natural Gas Monthly Smart Saver Process flow
- Natural Gas Occupier AR Process Flow
- Natural Gas Reconnection Procedure
- Natural Gas Removing Direct Debit details
- Natural Gas Standard Form Contract AR Process Flow
- Natural Gas Supply Procedure
- LPG Retic - Create Customer, Existing BT New ST
- LPG Retic - Create Customer, New BT to Existing ST
- LPG Retic - Disconnection for Non Payment
- Running an Austral Mercantile Report
- Taking a credit card payment (Advanced Collections)
- WesCEF Social Media Policy
- Wesfarmers Whistle-blower Policy
- Reconnection system screenshot
- Remittance Advice to The Energy & Water Ombudsman
- LPG Reticulated Gas advertising flyer
- Sample Letter and Invoices
  - REMCo Invoices
  - ERA Invoices
  - Disconnection Letter
  - Customer Invoices
- Small Use Non Standard Contract Terms and Conditions
- Small Use Verbal Consent contracts (with Plan Details)
- Standard Form Contract Move-In Welcome Letter
- Standard Form Contract Switch Welcome Letter
- Standard Form Contract Terms and Conditions
- Standard Gas Prices as at November 2015
- Training Modules
  - Module 01 - Natural Gas Fundamentals
  - Module 02 - The Role Of A Natural Gas Retailer
  - Module 03 - Natural Gas Safety
  - Module 04 - Compliance
  - Module 05 - Pricing Plans
  - Module 06 - Fees
  - Module 07 - Intro To Oracle For Natural Gas Accounts
  - Module 08 - Customers And New Accounts
  - Module 09 - Scripts

- Module 10 - Gas Marketing Code Of Conduct
- Module 11 - Gas Marketing Code Of Conduct (Marketing And Sign Up)
- Module 12 - Account Maintenance, Moving House & Changing Plans
- Module 13 - Invoices And Payments
- Module 14 - Disconnections
- Module 15 - Complaint Handling
- Module 16 - My Account
- Module 17 - Customers With Special Needs
- Module 18 - Energy Saving Tips
- Module 19 - Customer Service Standards
- Module 20 - Telephones
- Training- Natural Gas Collection Training Template
- Gas Marketing Code of Conduct Online Training
- Natural Gas Induction Training Overview
- Kiosk Training Manual – January 2016 Version
- WesCEF Code of Conduct

# Appendix C – Post audit implementation plan

## Issue 1/2016

**Obligation 52** - Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (6), Clause 5.2.2.2 AGA Code

**Obligation 229** - Energy Coordination Act section 11M, Compendium clause 8.1(2)

NG

To monitor reconnection timing requirements Kleenheat has developed exception reports designed to detect:

- Payments made to disconnected accounts (to identify instances where a customer may have paid an outstanding fee, has requested to be reconnected, but the request has failed in its submission to the distributor)
- Failed reconnection requests within the system.

During the fieldwork phase of the current audit, it was identified that these exception reports were run at 12pm and 2pm daily. In order to capture requests made between 2-3pm, Deloitte suggested that the second daily report was run at 3pm.

Upon performing a walkthrough of the monthly credit compliance reporting process, we identified one incident where a reconnection had not taken place within the prescribed timeframe. The incident was identified as part of Kleenheat's FY16 annual compliance (citing user error) and remedied accordingly.

One further instances of non-compliance was identified in our testing of 15 reconnection samples and reconnection exception reporting where a reconnection order was processed for 29 July 2016 (Friday) and failed in the Flowtalk system. The reconnection was re-raised for 2 August 2016 (Tuesday).

## Recommendation 1/2016

Kleenheat:

- (a) Update the exception reporting procedure to include the new timing (3pm) for review of the exception reports
- (b) Continue to remind staff of the importance of timing in relation to its obligation requirements
- (c) Emphasise the importance of priority reconnection for detected failed reconnection requests via Flowtalk and identifying any recurring systemic issues.

## Action plan 1/2016

(a) Kleenheat has already implemented the suggested improvement raised by Deloitte in shifting the exception report timing to 3 PM. This was implemented during the fieldwork testing stage in late September 2016.

(b) and (c)

Kleenheat will continue to communicate to staff about our obligations requirements and provide refresher training to all CST and Credit staff, to further enhance the importance of meeting the obligation requirements. Any recurring systemic issues will continue to be captured in the Compliance Tracker and acted upon by Kleenheat.

**Responsible Person:** Customer Service Operations Manager

**Target Date:** (a) Complete  
(b) and (c) February 2017



<p><b>Issue 2/2016</b></p> <p><b>Obligation 59 - Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</b></p> <p><b>Obligation 137 - Compendium Clause 4.1(b)</b></p> <p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and samples of the monthly compliance matrix we determined that:</p> <ul style="list-style-type: none"> <li>• A total of 11 customers in July 2016 and August 2016 had not been issued a bill in a 3 month period</li> <li>• The compliance reporting parameters are designed to detect billing outside of ‘90 days’, which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring.</li> <li>• Kleenheat is in the process of refining its reporting arrangements with its distributor (ATCO Gas).</li> </ul>	
<p><b>Recommendation 2/2016</b></p> <p>Kleenheat:</p> <p>(a) Include a preventative reporting mechanism, which identifies unbilled accounts prior to the three month deadline</p> <p>(b) Update its billing procedures to include a priority billing process for customers approaching the three month deadline</p> <p>(c) Document its process for storing and following up on outstanding reports from ATCO Gas.</p>	<p><b>Action plan 2/2016</b></p> <p>(a) and (b)</p> <p>Kleenheat will maintain a 90 day exception reporting mechanism with the change to its Gas Trading Licence of the amended requirement to issue a bill at least once every 105 days to be implemented imminently.</p> <p>(c) Kleenheat will:</p> <ul style="list-style-type: none"> <li>• Continue to work collaboratively with the distributor (ATCO Gas) to ensure actual meter reads are being sent to Kleenheat in a timely fashion</li> <li>• Document a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas.</li> </ul> <p><b>Responsible Person:</b> Regulatory Specialist and Credit Manager</p> <p><b>Target Date:</b> January 2017</p>

<p><b>Issue 3/2016</b></p> <p><b>Obligation 64 - Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code</b></p> <p><b>Obligation 153 - Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)</b></p> <p><u>NG</u></p> <p>Through discussion with the Credit Operations Team Leader, and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and the August 2016 compliance matrix, we determined that:</p> <ul style="list-style-type: none"> <li>• A total of 37 customers had not had a bill based on an actual meter reading within a twelve month period</li> <li>• The compliance reporting parameters are designed to detect billing outside of ‘12 months’ which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring</li> </ul> <p>In August 2016, ATCO Gas reintroduced a monthly report of meters which have had four or more consecutive estimated meter reads.</p>	
<p><b>Recommendation 3/2016</b></p> <p>Kleenheat update its ‘Guide to Completing Monthly NG Credit Compliance Reporting’ to include a preventative control reporting on customers approaching the twelve month deadline.</p>	<p><b>Action plan 3/2016</b></p> <p>Kleenheat will continue the implementation of the automation project for identifying customers with three consecutive estimate reads, which was witnessed by Deloitte during the fieldwork stage. This project should eliminate any future non-compliance with obligations 42, 64 and 153.</p> <p><b>Responsible Person:</b> Credit Manager and Customer Service Operations Manager</p> <p><b>Target Date:</b> February 2017</p>

**Issue 4/2016****Obligation 136** - Energy Coordination Act section 11M, Compendium clause 4.1NG

Through discussion with the Credit Operations Team Leader, and examination of the ‘Guide to Completing Monthly NG Credit Compliance Reporting’ policy and compliance matrix, we identified 33 Small/Medium Entities (SME) and 40 residential customers, who in July 2016 and August 2016 had been issued a bill more than once in a 30 day period.

Upon performing a walkthrough of the exception reporting process with the ‘NG Admin’ team, we identified an instance where an exception report had identified multiple meter reads performed by ATCO Gas (one estimated and one actual) within a 30 day period, with a bill being issued for both periods (29 July 2016 and 12 August 2016). This error was detected during the credit compliance reporting process, rectified and resolved with ATCO Gas.

**Recommendation 4/2016**

Kleenheat tailor its training on exception reporting to include a review of the customer records to determine if multiple meter reads are listed as ‘billed’ within a 30 day period in the account history.

**Action plan 4/2016**

Kleenheat will review its staff training and exception reporting procedure to explore the Auditor’s recommendation.

**Responsible Person:** Regulatory Specialist**Target Date:** January 2017**Issue 5/2016****Obligation 187** - Energy Coordination Act section 11M, Compendium clause 5.6(3)**Obligation 188** - Energy Coordination Act section 11M, Compendium clause 5.6(4)NG

Through discussion with the Credit Team Leader and examination of the overdue fee billing reports, we determined that Kleenheat was experiencing recurring issues where multiple overdue fees were attributed to bills within a five day period. The same systemic issue resulted in the issuing of overdue fees on bills to customers more than three times in a twelve month period.

The overdue fee billing report provided visibility over the error and enabled the Credit Department to credit the excess fees charged.

The updated exception reporting format has identified no further instances of non-compliance since May 2016.

We note that Kleenheat had assessed this matter and concluded that as the fees were reversed, it did not represent a non-compliance with obligations 187 and 188 and therefore did not include the matter in its FY16 Annual Compliance report.

**Recommendation 5/2016**

Kleenheat examine the systemic issue which resulted in the higher frequency of billing overdue fees to establish adequate preventative controls (in addition to the detective mitigating controls currently in place).

**Action plan 5/2016**

Kleenheat has already resolved the systemic issue that caused the failure of the exception reporting to stop multiple late fees being issued to customers’ accounts. There was no impact to customers as the late fees were credited to the affected accounts. The issue was resolved in May 2016.

**Responsible Person:** Credit Operations Team Leader and Credit Team Leader**Target Date:** Completed May 2016