

# **Alinta Sales Pty Ltd**

Gas Trading Licence (GTL9)

2016 Performance Audit

(Independent Assurance)

February 2017

Ms Catherine Rousch  
Manager Regulatory Compliance  
Alinta Sales Pty Ltd, trading as Alinta Energy  
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PERTH WA 6000

17 February 2017

Dear Catherine

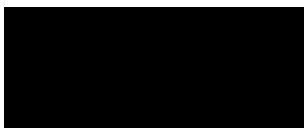
**Re: Alinta Sales Pty Ltd Gas Trading Licence (GTL9) - 2016 Performance audit report**

We have completed the Gas Trading Licence Performance audit for Alinta Sales Pty Ltd for the period 1 October 2013 to 30 September 2016 and are pleased to submit our final 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 Michael Wood on 9365 7920 or me on 9365 7256.

Yours sincerely



**Kobus Beukes**  
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**) Alinta Sales Pty Ltd (**Alinta**) engaged Deloitte Risk Advisory Pty Ltd (**Deloitte**) to conduct a performance audit of Alinta's compliance with the conditions of its Gas Trading Licence (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**).

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

Alinta 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 Alinta'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, Alinta has complied, in all material respects with the conditions of the Licence as outlined in the approved Audit Plan (dated October 2016) for the period 1 October 2013 to 30 September 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 Alinta 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 Alinta, 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, liability or responsibility to any party, other than Alinta, 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, Alinta has complied, in all material respects, with the conditions of the Licence as outlined in the approved Audit Plan (dated October 2016) for the period 1 October 2013 to 30 September 2016.

### Basis for qualified conclusion

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

Reporting Manual number and Licence condition		Issue
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>	Alinta did not pay its 2014 gas trading licence fee until 15 August 2014, which did not comply with the requirement of the Act for the fee to be paid by 1 August 2014 (within one month after the date of renewal of the licence).
59	A licensee must issue a bill to a customer at least once every 110 days, unless agreed otherwise. <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code</i>	Alinta has continued to experience a small number of instances where a customer has not been billed within the 110 day requirement. Alinta provides late billing statistics to the Authority on a quarterly basis and included the non-compliance in its 2016 Annual Compliance Report.
137	A retailer must issue a bill at least every 110 days unless the conditions specified are met. <i>Compendium clause 4.1</i>	
64	A licensee must base a customer's bill on a meter reading and meters must be read at least once per year. <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.4.1 AGA Code</i>	Alinta has experienced ongoing non-compliance with the obligation to obtain actual metering data and bill accordingly at least once every 12 months for a small number of customers where the distributor (ATCO Gas) has not been able to access a customer's property to perform a meter reading.
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>	
136	A retailer must issue a bill no more than once a month unless the conditions specified are met. <i>Compendium Clause 4.1(a)</i>	Alinta has not fully complied with the obligation to issue a bill no more than once a month unless sufficient verifiable consent is obtained, owing to the performance of its routine re-billing and final billing activity.

The licence conditions in the table below are also rated as non-compliant (rating 2). As the relevant clause 2.3(3) of the Gas Marketing Code of Conduct was removed on 1 January 2014, these non-compliances carried forward from the previous period were limited to the period 1 October to 31 December 2013.

#	Licence condition
114	A licensee must comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act section 11ZPP</i>
115	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act section 11ZPP and 11M</i>
116	A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct. <i>Code of Conduct clause 2.1</i>

DELOITTE RISK ADVISORY PTY LTD



**Kobus Beukes**  
Partner, Risk Advisory  
Deloitte Risk Advisory Pty Ltd  
Perth, February 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 Alinta Sales Pty Ltd (**Alinta**) a Gas Trading Licence GTL9 (the **Licence**).

Alinta is a gas retailer in the Western Australian market licensed to sell gas transported through gas distribution systems (operated by a separate company under a third party distribution system licence)<sup>1</sup> to residential and commercial customers in the Coastal, Great Southern and Goldfields – Esperance supply areas as shown in Plan ERA-Gas-007 (Schedule 4 of the Licence).

As at 30 June 2016, Alinta's customer base consisted of 619,461<sup>2</sup> residential and non-residential small use customers (customers consuming less than 1TJ of gas per annum), being approximately 99.8% of all small use customers in Alinta's trading licence areas<sup>3</sup>.

Section 11ZA of the Act requires Alinta to provide the Authority with a performance audit (the **audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or any longer period that the Authority allows). With the Authority's approval, Deloitte Risk Advisory Pty Ltd (**Deloitte**) was appointed to conduct the audit for the period 1 October 2013 to 30 September 2016.

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

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 Alinta'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 Alinta:

- Continues to maintain a mature compliance process and control framework driven by experienced staff members
- Has established policies and procedures in place, but has the opportunity to develop its processes for reviewing policies across the relevant functions (e.g. billing) and system procedure documents (e.g. guidance on Accounts Query 'AQ' reporting). Updating the suite of policies and procedures will serve to mitigate risk arising from key person reliance. In the absence of system reporting capabilities on timeframes (especially as set out in the Compendium obligations), Alinta would benefit from the explicit alignment of obligations in its policy and procedural documentation
- In response to previous audit recommendations, has strengthened its controls and document management in relation to licence reporting obligations and correspondence with the Authority
- Has further developed its exception reporting mechanisms to identify irregularities and failed requests in its CIS-OV and ARMA systems
- Has the opportunity to expand its Issues Register to include the completion status of recommended actions plans of compliant obligations

<sup>1</sup> Clause 30 of Alinta's Standard Form Contract

<sup>2</sup> 611,142 Residential Customer Accounts and 8,319 Business Customer Accounts

<sup>3</sup> 2015/16 Alinta Sales Pty Ltd Gas Annual Performance Report.



- Requires improvement across its internal compliance reporting to accurately reflect non-compliances and appropriate commentary in its annual compliance reporting (e.g. meeting billing data requirements as discussed in the point below)
- Has an opportunity to improve its approach for obligations where its level of compliance (e.g. in relation to disconnections and meter reading) may be influenced by the frequency of meter reading by the Distributor (**ATCO Gas**). We understand that the previous reporting mechanisms provided by ATCO Gas ceased in December 2013 owing to the difficulties in distinguishing between Alinta and competitor-owned meters. We acknowledge that this is an industry-wide, rather than an Alinta-specific issue.

## 2.3 Findings

The following tables summarise the assessments made during the audit on Alinta's compliance and the adequacy of controls in place for Alinta 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, Alinta 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	1	-	-	-	-	1
Priority 2	3	4	-	-	-	7
Priority 3	5	2	-	-	-	7
Priority 4	124	1	-	-	32	157
Priority 5	52	2	-	-	29	83
<b>Total:</b>	<b>185</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>255</b>

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

Audit Priority	Control adequacy rating				NP <sup>4</sup>	Total
	A	B	C	D		
Priority 1	-	1	-	-	-	1
Priority 2	6	1	-	-	-	7
Priority 3	4	3	-	-	-	7
Priority 4	-	1	-	-	156	157
Priority 5	-	2	-	-	81	83
<b>Total:</b>	<b>10</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>255</b>

Note that, in accordance with the current Audit Guidelines, obligations assessed as being 'not applicable' to Alinta'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'.

## 2.4 Alinta's response to previous audit recommendations

This audit considered Alinta's progress in completing the action plans detailed in the 2013 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 Alinta has either completed or closed out all nine action plans detailed in the 2013 performance audit report. Of the previously actioned audit plans:

- One was resolved prior the conclusion of the previous audit period
- Four were actioned during this audit period and do not require additional actions
- Four have been actioned during this audit period, however this audit makes additional recommendations in relation to the relevant Licence obligations (as detailed in section 2.5 below).

Refer to section 5 'Previous audit non-compliances and recommendations' for further detail.

<sup>4</sup> Refers to the obligations for which a control assessment was not required to be performed (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 1</b> A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 &amp; 5) <i>Energy Coordination Act section 11Q(1-2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p>	<p>Alinta did not pay its 2014 gas trading licence fee until 15 August 2014, which did not comply with the requirement of the Act for the fee to be paid by 1 August 2014 (within one month after the date of renewal of the licence).</p>
	<p><b>Compliance rating</b> Non-compliant (2)</p>	<p>The invoice was dated 17 July 2014 and was received by Alinta received on 5 August 2014. It appears that Alinta has not developed a priority payment process for licence fees where invoices are received close to the payment deadline. Our examination of the 2015 and 2016 licence payments confirmed that Alinta paid the annual licence fee prior to the 1 August deadline.</p>
<p><b>Actions taken</b> Alinta:</p> <ul style="list-style-type: none"> <li>a) Has assigned responsibility for monitoring payment to the regulatory advisor (Manager Regulatory Compliance)</li> <li>b) Maintains a register for monitoring its licence fee payments</li> <li>c) Manages its payment deadlines through its internal regulatory calendar.</li> </ul> <p><b>Date Resolved:</b> August 2015</p>		<p><b>Auditor's comments</b> No further action required.</p>

Reporting manual no. and Licence condition reference	Control adequacy	Issue
<p><b>Obligation 114</b> A licensee must comply with the Gas Marketing Code of Conduct.</p> <p><b>Obligation 115</b> A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act section 11ZPP and 11M</i></p> <p><b>Obligation 116</b> A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct. <i>Code of Conduct clause 2.1</i></p>	<p>Adequate controls – no improvement needed (A)</p> <hr/> <p>Compliance rating</p> <hr/> <p>Non-compliant (2)</p>	<p><u>Applicable up to 31 December 2013 only</u></p> <p>Under clause 2.3(3) of the 2012 edition of the Gas Marketing Code of Conduct (the Code), "For a Standard Form Contract that is an unsolicited consumer agreement or a non-standard contract other than in accordance with clause 2.2(2) of the Code of Conduct, the gas marketing agent must obtain the customer's written acknowledgement that the specified information was given". The requirement for 'written acknowledgement' under Clause 2.3(3), was applicable up to 31 December 2013 only and was removed in the 1 January 2014 amendment of the Code.</p> <p>Alinta's common practice has been to not obtain the customer's written acknowledgement that the specified information was given. Instead, the customer's verbal acknowledgement is obtained at the time Alinta staff have made the relevant arrangements with the customer via telephone.</p> <p>That acknowledgement is retained through voice recordings of all telephone contacts with customers.</p> <p><i>Note: Clause 2.3 (3) requirements were outlined in the March 2013 version of obligation 120 which was subsequently updated in the re-alignment of the Compliance Reporting Manual (March 2015). For clarity, obligation 120 has not been separately identified in this report.</i></p>
<p>Action taken</p> <p>No further action required – Code amended as of 1 January 2014.</p> <p><b>Date Resolved:</b> January 2014</p>		<p>Auditor's comments</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 59</b> A licensee must issue a bill to a customer at least once every 110 days, unless agreed otherwise. <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code</i></p> <p><b>Obligation 137</b> A retailer must issue a bill at least every 110 days unless the conditions specified are met. <i>Compendium clause 4.1</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p>Compliance rating</p> <hr/> <p>Non-compliant (2)</p>	<p>Through discussion with the Team Leader – Billing Services and Retail Services Officer – Billing, examination of Alinta’s late billing reports provided to the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>During the period 1 October 2013 to 30 September 2016 Alinta reported that it did not bill, on average per quarter ~0.3% (expressed as a percentage of invoices processed during the quarter) of customers at least once in 110 days. Alinta did not report the non-compliance in its 2014 and 2015 compliance reports, but has since included the non-compliance in its 2016 compliance report</li> <li>Alinta has daily reporting processes in place designed to minimise the number of customers being billed in intervals in excess of 110 days</li> </ul>
<p><b>Recommendation 1/2016</b></p> <p>Alinta:</p> <ol style="list-style-type: none"> <li>Update its policy on Billing to identify the billing procedure considered within the interpretation of its contractual terms</li> <li>Develop a review and escalation process based on the timing bracket beyond 110 days</li> <li>If non-compliances occur, differentiate between non-compliances considered to be beyond and within its control as a retailer.</li> </ol>	<p><b>Action Plan 1/2016</b></p> <p>Alinta will update its billing procedure to:</p> <ol style="list-style-type: none"> <li>Ensure its billing practices are aligned with contractual terms;</li> <li>Include a process to manage bills identified as being issued outside the required billing timeframe. Alinta notes amendments to the Compendium clause 4.1 will require a retailer to issue a bill at least once every 105 days from 1 Jan 2017;</li> <li>Differentiate non-compliances beyond Alinta’s control.</li> </ol> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager</p> <p><b>Target Date:</b> 30 June 2017</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue 2/2016
<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. <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.4.1AGA 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). <i>Compendium Clause 4.7(2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p>Compliance rating</p> <hr/> <p>Non-compliant (2)</p>	<p>Alinta has experienced ongoing non-compliance with its obligation to obtain actual metering data and bill accordingly at least once a year for a small number of customers. The non-compliance is driven by the inability of the distributor to access a customer's property to perform a meter reading. While Alinta monitors when customers have had three consecutive estimated meter reads (and initiates a communication process to obtain a priority actual read), in the interest of customer service, Alinta allows for four estimated reads before initiating the disconnection process for 'denied access' to a meter. From our discussions with the Team Leader – Billing Services we determined that between July 2013 and March 2016 ATCO Gas ceased its reporting on 'Four in a row' meter readings.</p>
<p><b>Recommendation 2/2016</b> Alinta:</p> <ul style="list-style-type: none"> <li>a) Reconfirm its reporting requirements of ATCO Gas</li> <li>b) Recognise the technical non-compliance in its Annual Compliance Report (similar to late billing) and provides context for the non-compliance and statistics on the number of customers affected.</li> </ul>	<p><b>Action Plan 2/2016</b> Alinta will:</p> <ul style="list-style-type: none"> <li>(a) Confirm reporting obligations with ATCO Gas, including "four-in-a-row" meter reading reporting requirements;</li> <li>(b) Report technical non-compliances in the Annual Compliance Report.</li> </ul> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager for (a) &amp; Manager Regulatory Compliance for (b)</p> <p><b>Target Date:</b> 30 June 2017</p>	

Reporting manual no. and Licence condition reference	Control adequacy	Issue 3/2016
<p><b>Obligation 51</b></p> <p>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.</p> <p><i>Customer Contracts Regulation 12(6)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p>Compliance rating</p> <hr/> <p>Compliant (1)</p>	<p>Through discussion with the Credit Manager we determined that owing to system constraints, Alinta has implemented the following manual process:</p> <ul style="list-style-type: none"> <li>• SSL (independent meter reading contractor) and ATCO Gas are required to document the time disconnection is effected on a completed service order, which is then returned to Alinta</li> <li>• Alinta performs on-going 'spot checks' of disconnection service orders to determine whether disconnection times are being recorded. Any service orders without documented times are raised at monthly management meetings.</li> </ul> <p>Alinta previously received monthly reports from the distributor and its contractors confirming compliance with the 3pm requirements. From December 2013, the reporting process ceased and was not enforced by Alinta.</p> <p>Of the sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection [clause 7.6(d)]</li> <li>• No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday [clause 7.6(f)].</li> </ul> <p>Note: Upon performing sample testing we identified that Alinta does not maintain the actual time of disconnections within CIS-OV. CIS-OV logs the time when a user has logged into the system to update disconnection status. Where a user has updated the status beyond 3pm, the actual service order was sighted to support that the disconnection had been performed before 3pm.</p> <p>Alinta maintains completed service orders in physical form in archived boxes. In the event Alinta could not locate the physical service order, it would not be able to demonstrate that the disconnection occurred before 3pm.</p>
<p><b>Recommendation 3/2016</b></p> <p>Alinta:</p> <ol style="list-style-type: none"> <li>Reconfirm its reporting requirements of ATCO Gas and its independent contractors</li> <li>Consider recording the actual disconnection time within its systems</li> </ol>		<p><b>Action Plan 3/2016</b></p> <p>Alinta will:</p> <ol style="list-style-type: none"> <li>Reconfirm its reporting requirements of ATCO Gas and its independent contractors;</li> <li>Consider a methodology to record actual disconnection times within its systems;</li> </ol>

<p>c) Update its document management processes to require all completed service orders to be scanned and maintained online</p> <p>d) Explore a digital reporting solution to capture and report disconnection times.</p>	<p>(c) Update its document management processes to require all completed service orders are scanned and maintained online;</p> <p>(d) Explore a digital reporting solution to capture and report disconnection times.</p> <p><b>Responsible Person:</b> Credit Manager</p> <p><b>Target Date:</b> 30 June 2017</p>
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Reporting manual no. and Licence condition reference	Control adequacy	Issue 4/2016
<p><b>Obligation 135</b></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><i>Compendium Clause 3.1(2)</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <hr/> <p>Compliance rating</p> <hr/> <p>Compliant (1)</p>	<p>From discussions with the Retail Service Officer – New Connections, examination of Alinta's new connection monitoring spreadsheets and walkthrough of the new connections process we determined that:</p> <ul style="list-style-type: none"> <li>Alinta continues to lack clear processes for ensuring those Requests for Gas (RFGs), which are held pending the provision of additional information, are addressed and actioned in a timely manner. We recognise that the majority of requests for gas connection are made during the construction of new premises with the customer not actually requiring the supply of gas for a number of weeks or months later. However, Alinta should strengthen its capability to demonstrate that it has not unduly delayed the processing of completed/validated RFGs.</li> <li>Alinta runs daily exception reports to identify failed service requests in the system, however as the system could not produce an audit history of closed out reports we were unable to identify whether failed requests had been actioned in a timely manner.</li> </ul> <p>From our testing of 15 new connection requests and the data listing of customer complaints we did not identify any instances where a new connection was not processed in the timeframe required.</p>



<p><b>Recommendation 4/2016</b></p> <p>Alinta develops an internal reporting mechanism to identify the time taken to resolve failed and pending requests (and whether it falls within obligation requirements).</p> <p><i>Also refer to recommendation 5/2016.</i></p>	<p><b>Action Plan 4/2016</b></p> <p>Alinta will develop an internal reporting mechanism to identify whether failed and pending RFG service requests are actioned in a timely manner.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 June 2017</p>
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<b>Issue 5/2016</b>		
Reporting manual no. and Licence condition reference	Control adequacy	Compliance Rating
<b>Compendium of Gas Customer Licence Obligations</b>		
<b>Obligation 135</b> – Clause 3.1(2)	Generally adequate controls – improvement needed (B)	Compliant (1)
<b>Gas Compendium</b>		
<b>Obligation 165</b> – Clause 4.14(2)	Not performed – (NP)	Compliant (1)
<b>Obligation 170</b> – Clause 4.16(3)		
<b>Obligation 172</b> – Clause 4.18(2) and 4.18(5)		
<b>Obligation 173</b> – Clause 4.18(5)		
<b>Obligation 174</b> – Clause 4.18(6)		
<b>Obligation 176</b> – Clause 4.19(1)		
<b>Obligation 178</b> – Clause 4.19(3)		
<b>Obligation 179</b> – Clause 4.19(4)		
<b>Obligation 198</b> – Clause 6.1(1)		
<b>Obligation 222</b> – Clause 7.1		
<b>Obligation 229</b> – Clause 8.1(2)		
<b>Obligation 255A</b> – Clause 12.1(4)		
<i>Refer overleaf for Issue 5/2016 Observation, Recommendation and Action Plan</i>		

**Observation:**

Alinta has a number of obligations under the Gas Compendium (listed above), which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Alinta is exposed to breaching its obligations in the event that its standard business processes are not upheld.

Previous performance audit reports recommended Alinta investigate the feasibility of implementing an exception reporting and monitoring regime. During the current fieldwork period, the Manager Customer Services advised that Alinta is reviewing options to replace its existing customer information system CIS-OV within the next twelve months and has decided not to further update or change its existing systems whilst this review is underway.

We acknowledge that Alinta's standard business processes and existing system protocols minimise the risk of compliance breaches relevant to these obligations. Alinta has also not recognised any specific complaints by customers in relation to possible breaches of the obligations.

While Alinta benefits from long-serving management, there remains an underlying risk of key person reliance. In the event of management turnover, Alinta may have increased exposure to non-compliance.

In the absence of immediate system improvement, Alinta is in a position where it can enhance its training materials and an update of its suite of policies and procedures to provide explicit alignment with its compliance obligations.

**Recommendation 5/2016**

Alinta:

- a) Continue to examine its system reporting capabilities
- b) Update its staff training modules to provide focus on timeframe requirements
- c) Update its suite of policies and procedures to include explicit alignment to timeframes as detailed by the obligations.

**Action Plan 5/2016**

Alinta will:

- (a) Examine further its system reporting capabilities;
- (b) Review training modules to include timeframe requirements;
- (c) Update policies and procedures to include timeframes requirements.

**Responsible Person:**

Manager Customer Services

**Target Date:**

30 June 2017

Reporting manual no. and Licence condition reference	Control adequacy	Issue 6/2016
<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> <hr/> <p>Compliance rating</p> <hr/> <p>Non - compliant (2)</p>	<p>Section 4.1(a) of the Compendium requires Alinta 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>From discussions with the Team Leader – Billing Services and examination of Alinta’s Standard Form Contract, if a customer has agreed to the terms and conditions of the Standard Form Contract, Alinta can bill the customer more frequently as required.</p> <p>Under the Compendium definition, verifiable consent requires “the gas marketing agent or retailer (whichever is relevant) has in plain language appropriate to that customer disclosed all matters materially relevant to the giving of the consent, including each specific purpose for which the consent will be used”</p> <p>The Standard Form Contract does not explicitly detail instances where a customer may be billed more than once a month (e.g. for re-bills or final bills).</p> <p>As there have been instances during the period subject to audit where Alinta has issued re-bills or final bills within a one month period of the previous bill, Alinta has not fully complied with the requirements to issue a bill no more than once a month.</p>
<p><b>Recommendation 6/2016</b> Alinta reviews and where necessary, amends its practices to ensure customers provide verifiable consent to be billed more than once a month in specific circumstances such as re-bills of final bills.</p>		<p><b>Action Plan 6/2016</b></p> <p>Alinta will review its practices to ensure, where practical, a customer’s verifiable consent is obtained in circumstances where a bill is to be issued inside a one month period.</p> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager &amp; Manager Customer Services</p> <p><b>Target Date: 30 June 2017</b></p>

## 2.6 Scope and objectives

As described in our engagement letter dated 29 August 2016, we have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, Alinta has complied, in all material respects, with the conditions of the Licence as outlined in the approved Audit Plan (dated October 2016) during the period 1 October 2013 to 30 September 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 Alinta's operations.

### 2.6.1 Risk assessment revisions

During the audit, we determined that the following obligations required an amended audit priority rating based on the nature of the obligation and revised risk assessment. The 'likelihood' and 'inherent risk' ratings for both obligations have been amended from 'Probable' to 'Likely' and from 'High' to 'Medium' respectively to reflect Alinta's:

- **123:** Established customer service framework and previous positive compliance record. The amendment to the risk assessment has resulted in a revision from 'Audit Priority 2' to 'Audit Priority 4'
- **126:** Longstanding processes and controls in relation to its marketing agents and distribution of material. Alinta was rated as compliant for the equivalent obligation in the 2013 Performance Audit. The amendment to the risk assessment has resulted in a revision from 'Audit Priority 2' to 'Audit Priority 4'.

## 2.7 Approach

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

- Utilising the Audit Guidelines and Reporting Manuals (June 2013, 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 Alinta 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 Alinta 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, Alinta 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**).

The risk assessment results are included in this summary to give context to the ratings that have been determined.

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
- 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 30 September 2016
- Obligations marked with a (\*\*) were first recognised in the March 2015 Reporting Manual to reflect the updated Gas Marketing Code of Conduct and are relevant only for the period from 3 March 2015 to 30 September 2016
- Obligations 123 and 126 (marked with a #) contain a revised preliminary assessment of Consequence, Likelihood, Inherent risk rating and Control Assessment, which has resulted in an updated Audit Priority. For the original ratings please refer to Appendix A – Audit Plan.

Table 4: Summary of findings

No	Obligation reference (condition/clause)	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	Major	Probable	High	Moderate	✓					Priority 2	✓				
<b>9 Licence Compliance Requirements – Energy Coordination Act 1994</b>																
1	11Q(1-2)	Moderate	Likely	High	Moderate		✓				Priority 2		✓			
2	11WG(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
3	11WG(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4	✓				
4	11WK(1-2)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
5	11WK(3)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
6	11X(3)	Minor	Probable	Low	Strong					✓	Priority 5					✓
10	11ZA(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
11	11ZAF(a)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
12	11ZAF(b)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
13	11ZAF(c)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
14	11ZAH(2)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
15	11ZAJ	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
16	11ZAJ	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
17	11ZK(3)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
19	11ZOR(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
20	11ZOV(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
21	11ZOV(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
22	11ZOZ(3)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4	✓				
24	11ZQH	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
<b>11 Licence Compliance Requirements – Energy Coordination (Gas Tariffs) Regulations 2000</b>																
29	5(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

No	Obligation reference (condition/ clause)	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
30	6(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
31	6(4)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
<b>12 Licence Compliance Requirements – Energy Coordination (Customer Contracts) Regulations 2004</b>																
32	12 (2)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
33	12 (4)(a)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
34	12 (4)(b)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
35	12 (5)(a)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
36	12 (5)(b)	Minor	Probable	Low	Moderate					✓	Priority 5					✓
37	12 (5)(c)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
38	12 (5)(d)	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
39	12 (5)(e)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
40	12 (6), Clause 5.1.1.2 AGA Code	Minor	Likely	Medium	Weak	✓					Priority 3	✓				
41	12 (6), Clause 5.1.1.3 AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
42	12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5					✓
43	12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5					✓
44	12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5					✓
45	12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5					✓
46	12 (6), Clause 5.1.7.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5					✓
47	12 (6), Clause 5.1.8.1(a) AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
48	12 (6), Clause 5.1.8.1(b) AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				

No	Obligation reference (condition/clause)	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
49	12 (6), Clause 5.1.8.1(c) AGA Code	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
50	12 (6), Clause 5.1.8.1(d) AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
51	12 (6), Clause 5.1.8.1(e) and (f) AGA Code	Minor	Likely	Medium	Weak		✓				Priority 3	✓				
52	12 (6), Clause 5.2.2.2 AGA Code	Minor	Likely	Low	Moderate					✓	Priority 5					✓
53	13 (1), Clause 4.4.6.2 AGA Code	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
54	13 (3)	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
55	13 (4)	Minor	Unlikely	Low	Strong					✓	Priority 5					✓
56	14 (2)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
57	14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
58	14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
59	15 (1), Clause 4.2.1 AGA Code	Minor	Likely	Medium	Weak		✓				Priority 3		✓			
60	15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
61	15 (1), Clause 4.2.3.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5					✓
62	15 (1) and (2)	Minor	Probable	Low	Strong					✓	Priority 5					✓
63	15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
64	15 (1), Clause 4.2.4.1 AGA Code	Minor	Probable	Low	Moderate		✓				Priority 5		✓			
65	15 (1), Clause 4.2.4.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5					✓
66	15 (1), Clause 4.2.4.4 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				



No	Obligation reference (condition/clause)	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
67	15 (1), Clause 4.2.4.5 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
68	15 (1), Clause 4.3.2.1 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
69	15 (1), Clause 4.3.2.2 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
70	16 (3)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
71	19	Minor	Probable	Low	Strong					✓	Priority 5	✓				
72	20 (2) Clause 4.3.5.1 AGA Code	Minor	Probable	Low	Strong					✓	Priority 5	✓				
73	27 (4) and 40 (3)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
74	20 (3) and 48	Minor	Probable	Low	Strong					✓	Priority 5					✓
75	22 and 49 (2)	Minor	Probable	Low	Moderate					✓	Priority 5					✓
76	49 (3)	Minor	Probable	Low	Moderate					✓	Priority 5					✓
77	49 (4)	Minor	Probable	Low	Moderate					✓	Priority 5					✓
78	49 (5)	Minor	Probable	Low	Moderate					✓	Priority 5					✓
79	50	Minor	Probable	Low	Strong					✓	Priority 5	✓				
80	44	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
81	45 (1)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
82	45 (2)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
83	46 (1) & (2)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
84	46 (4)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
85	28, clause 3.1.1(a) AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
86	28, clause 3.1.1(b) AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
90	33 (3), clause 3.5.2.2 AGA Code	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
91	42	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
<b>13 Licence Compliance Requirements – Licence Conditions</b>																
96	16.2	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				

No	Obligation reference (condition/ clause)	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
97	16.4	Minor	Unlikely	Low	Strong					✓	Priority 5	✓				
98	17	Minor	Unlikely	Low	Strong					✓	Priority 5	✓				
99	20	Minor	Probable	Low	Strong					✓	Priority 5	✓				
100	21.1	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
101	22.1	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
102	23.1	Moderate	Probable	Medium	Weak	✓					Priority 3	✓				
103	24	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
106	12.2	Minor	Probable	Low	Moderate					✓	Priority 5					✓
107	12.3	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
108	13.1	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
109	15.1 and 15.2	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
110	Schedule 3 clause 1.5	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
111	Schedule 3 clause 1.7	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
112	Schedule 3 clause 2.1 to 2.2	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
113	Schedule 3 clause 3.1	Moderate	Probable	Medium	Weak	✓					Priority 3	✓				
<b>14 Licence Compliance Requirements – Gas Marketing Code of Conduct</b>																
114	Energy Coordination Act section 11ZPP	Moderate	Likely	High	Moderate	✓					Priority 2		✓			
115	Energy Coordination Act section 11ZPP and 11M	Moderate	Likely	High	Moderate	✓					Priority 2		✓			
116	2.1	Moderate	Likely	High	Moderate	✓					Priority 2		✓			
117	2.2(1)	Moderate	Likely	High	Moderate	✓					Priority 2	✓				
118*	2.2(1),(2) 2.2(2), 2.2(3)	Moderate	Likely	High	Moderate	✓					Priority 2	✓				
119*	2.3(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
120*	2.3(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4	✓				

No	Obligation reference (condition/clause)	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
121* *	2.3(3),(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
122* *	2.4(1)	Moderate	Probable	Medium	Strong					✓	Priority 4					✓
123* *#	2.4(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
124* *	2.5(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
125* *	2.5(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4	✓				
126* *#	2.6	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
127* *	2.8	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
128* *	2.9	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
129* *	2.10	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
<b>15 Licence Compliance Requirements – Compendium of Gas Customer Licence Obligations</b>																
Part 3 Connection																
134	3.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
135	3.1(2)	Moderate	Likely	High	Weak		✓				Priority 1	✓				
Part 4 Billing																
136	4.1	Moderate	Probable	Medium	Moderate		✓				Priority 4		✓			
137	4.1(b)	Moderate	Probable	Medium	Weak		✓				Priority 3		✓			
138	4.2(1)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
139	4.2(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
140	4.2(3)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
141	4.2(4)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
142	4.2(5)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
143	4.2(6)	Moderate	Probable	Medium	Strong					✓	Priority 4					✓
144	4.3(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

No	Obligation reference (condition/clause)	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
145	4.3(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
146	4.4	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
147	4.5(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
148	4.5(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
149	4.5(3)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
150	4.6(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
152	4.7 (1)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
153	4.7(2)	Minor	Probable	Low	Moderate		✓				Priority 5		✓			
154	4.8(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
155	4.8(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
156	4.8(3)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
157	4.9	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
158	4.10	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
159	4.11(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
160	4.11(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
161	4.12(1)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
162	4.12(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
163	4.13	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
164	4.14(1)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
165	4.14(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
165A *	4.14(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
166	4.15	Minor	Probable	Low	Strong					✓	Priority 5	✓				
167	4.16(1)(a)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
168	4.16(1)(b)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
169	4.16(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
170	4.16(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				

No	Obligation reference (condition/clause)	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
171	4.17(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
172	4.18(2) and 4.18(5)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
173	4.18(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
174	4.18(4)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
175	4.18(6)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
175A *	4.18(7)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
176	4.19(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
177	4.19(2) and 4.19(6)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
178	4.19(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
179	4.19(4)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
180	4.19(5)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
180A *	4.19(7)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
Part 5 Payment																
181	5.1	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
182	5.2	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
183	5.3	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
184	5.4	Moderate	Probable	Medium	Strong					✓	Priority 4					✓
185	5.5	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
186	5.6(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
186A *	5.6(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
187	5.6(3)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
188	5.6(4)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
189	5.6(5)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
190	5.7(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
191	5.7(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				

No	Obligation reference (condition/clause)	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
192	5.7(3)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
193	5.7(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
195	5.8(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
196	5.8(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
197	5.9	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
Part 6 Payment Difficulties and Financial Hardship																
198	6.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
198A *	6.1(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
199	6.1(3)	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
200	6.1(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
200A *	6.2(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
201	6.2(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
202	6.2(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
203	6.2(4)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
204	6.3(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
205	6.4(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
206	6.4(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
206A *	6.4(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
207	6.4(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
208	6.6(1)	Minor	Probable	Low	Strong					✓	Priority 5	✓				
209*	6.6(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
210	6.7	Minor	Probable	Low	Strong					✓	Priority 5	✓				
211	6.8	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
212	6.9(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
213	6.9(2)	Minor	Probable	Low	Moderate					✓	Priority 5					✓

No	Obligation reference (condition/clause)	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
214*	6.10(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
215	6.10(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
215A*	6.10(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
216	6.10(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
217*	6.10(5)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
219*	6.10(6)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
220	6.10(7)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
220A*	6.10(8)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
221	6.11	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
Part 7 Disconnection																
222	7.1	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
223	7.2(1)	Moderate	Probable	Medium	Weak	✓					Priority 3	✓				
224*	7.3	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
225	7.4	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
227	7.6	Major	Probable	High	Moderate	✓					Priority 2	✓				
Part 8 Reconnection																
228	8.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
229	8.1(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
Part 10 Information and Communication																
231	10.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
232	10.1(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
233	10.1(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
234	10.2(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
235	10.2(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
236	10.2(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
237	10.2(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				

No	Obligation reference (condition/ clause)	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
238	10.3	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
239*	10.4	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
240	10.5	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
241	10.5A(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
242	10.5A(2)	Moderate	Unlikely	Medium	Strong					✓	Priority 4					✓
243	10.5A(3)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
245	10.9	Minor	Probable	Low	Strong					✓	Priority 5	✓				
246	10.10(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
249	10.11(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
250	10.11(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
Part 12 Complaints and Dispute Resolution																
251	12.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
252	12.1(2)(a),(b) and (d)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
253	12.1(2)(c)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
254	12.1(3)(a)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
255	12.1(3)(b)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
255A *	12.1(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
256	12.2	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
257	12.3	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
258	12.4	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
Part 13 Record Keeping and Reporting																
281*	13.1	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
282*	13.2	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
283*	13.3	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
<b>Gas Marketing Code of Conduct obligations applicable for the period 1 October 2013 to 3 March 2015 (in accordance with the June 2013, May 2014 and February 2015 Reporting Manuals) which were subsequently removed</b>																
130	2.6(3)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				



No	Obligation reference (condition/clause)	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>Customer Licence obligations (Compendium) applicable for the period 1 October 2013 to 1 January 2015 (in accordance with the June 2013, May 2014 and February 2015 Reporting Manuals) which were subsequently removed</b>																
<b>Part 4 Billing</b>																
151	4.6(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
194	5.8(1)	Moderate	Unlikely	Medium	Strong					✓	Priority 4	✓				
<b>Part 13 Record Keeping and Reporting</b>																
259	13.1(1)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
260	13.1(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
262	13.2(a)(i)-(xv)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
263	13.2(b)(i)-(ix)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
264	13.2(c)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
265	13.3(1)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
266	13.3(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4	✓				
267	13.5	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
268	13.6	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
278	13.17(2)	Moderate	Probable	Medium	Strong					✓	Priority 4	✓				
279	13.17(3)	Moderate	Probable	Medium	Strong					✓	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 Alinta'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 of Gas Customer Licence Obligations

Each section contains:

**Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of Alinta'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** – for improvement or enhancement of the process or control
- **Action plans** – Alinta'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 subsection.

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	-	-	-	-	<b>1</b>	1	-	-	-	-	<b>1</b>
<i>4.2 Energy Coordination Act 1994</i>											
-	1	-	-	18	<b>19</b>	10	1	-	-	8	<b>19</b>
<i>4.3 Energy Coordination (Gas Tariffs) Regulations 2000</i>											
-	-	-	-	3	<b>3</b>	3	-	-	-	-	<b>3</b>
<i>4.4 Energy Coordination (Customer Contracts) Regulations 2004</i>											
1	3	-	-	53	<b>57</b>	34	2	-	-	21	<b>57</b>
<i>4.5 Licence Conditions</i>											
2	-	-	-	14	<b>16</b>	11	-	-	-	5	<b>16</b>
<i>4.6 Gas Marketing Code of Conduct</i>											
5	-	-	-	11	<b>16</b>	11	3	-	-	2	<b>16</b>
<i>4.7 Compendium</i>											
2	4	-	-	138	<b>144</b>	116	3	-	-	25	<b>144</b>

#### 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>Gas Compendium clause 7.6</i></p>	<p>Through discussions with the Credit Manager and walkthrough of Alinta's disconnection processes, we observed that Alinta's processes and procedures provide for:</p> <ul style="list-style-type: none"> <li>• Customers' supply addresses not to be disconnected until all required communication has been made regarding the cause of disconnection</li> <li>• Disconnections not to be arranged for Fridays, Saturday, Sunday, a public holiday, the day before a public holiday or after 3pm on other business days. We understand that Alinta's standard business practice is to: <ul style="list-style-type: none"> <li>○ Not arrange disconnections on a Friday</li> <li>○ Perform disconnections using the disconnection service order produced by CIS-OV, which is forwarded to AMRS or ATCO Gas for processing.</li> </ul> </li> </ul> <p>Through discussion with the Credit Manager we determined that owing to system constraints, Alinta has implemented the following manual process:</p> <ul style="list-style-type: none"> <li>• SSL and ATCO Gas are required to document the time disconnection is effected on a completed service order, which is then returned to Alinta</li> <li>• Alinta performs on-going 'spot checks' of disconnection service orders to determine whether disconnection times are being recorded. Any service orders without documented times are raised at monthly management meetings.</li> </ul> <p>Of a further sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection (clause 7.6(d))</li> <li>• No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)).</li> </ul> <p>Examination of the customer complaints register did not identify any instances of complaints in relation to a customer being disconnected in the circumstances specified under the Gas Compendium clause 7.6.</p>
	Priority:2	Control adequacy: A Compliance Rating: 1

## 4.2 Energy Coordination Act 1994

No.	Obligation under condition	Findings			
<b>9 Licence Compliance Requirements</b>					
1	<p>A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 &amp; 5)</p> <p><i>section 11Q(1-2)</i></p>	<p>In accordance with section 11Q(1-2) of the Energy Coordination Act, Alinta is required to pay the GTL annual licence fee within one month after the date of renewal of the licence, being 1 August each year. For the three licence fees payable during the period subject to audit, we obtained evidence of payment of the:</p> <ul style="list-style-type: none"> <li>• 2014 licence fee on 15 August 2014, which did not comply with the requirement of the Act: <ul style="list-style-type: none"> <li>○ The invoice from the Authority was received for payment by Alinta's Accounts Payable function on 25 July 2014</li> <li>○ Alinta did not appear to have processes in place for processing immediate payments outside of regular payment runs</li> <li>○ Alinta did not appear to have processes in place for contacting the Authority in relation to late invoices.</li> </ul> </li> <li>• 2015 licence fee on 24 July 2015, which complied with the requirement of the Act</li> <li>• 2016 licence fee on 15 July 2016, which complied with the requirement of the Act.</li> </ul> <p>From discussions with the Manager Regulatory Compliance and examination of the payment register and supporting invoices we observed that in response to previous audit recommendations, Alinta has implemented a tracking register which tracks the receipt, due date and payment of licence fees.</p>			
	<table border="1"> <tr> <td style="background-color: #FF00FF;">Priority: 2</td> <td style="background-color: #FFFF00;">Control Adequacy: B</td> <td style="background-color: #FFFF00;">Compliance Rating: 2</td> </tr> </table>	Priority: 2	Control Adequacy: B	Compliance Rating: 2	
Priority: 2	Control Adequacy: B	Compliance Rating: 2			
	<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>			

No.	Obligation under condition	Findings				
2	<p>A licensee must, subject to the regulations, not supply gas to a customer other than under a standard form or non-standard contract.</p> <p><i>section 11WG(1)</i></p>	<p>Through discussion with the Manager Regulatory Compliance and Manager Customer Services, walkthrough of Alinta's customer account set up procedures and examination of Alinta's email correspondence with the Authority (re: updating the Standard Form Contract) we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta supplies gas to small use residential customers under a Standard Form Contract</li> <li>• The latest version of the Standard Form Contract (June 2016) has been approved by the Authority and located on each of the Authority's and Alinta's websites</li> <li>• From 13 August 2013 Alinta has also used a Non-Standard Contract to supply gas to small use residential customers at discounted rates.</li> </ul> <p>For small use business customers, Alinta contracts supply via a non-Standard Form Contract only.</p>				
	<table border="1"> <tr> <td data-bbox="246 722 533 718">Priority: 4</td> <td data-bbox="544 722 831 718">Control Adequacy: NP</td> <td data-bbox="842 722 1131 718">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1		
Priority: 4	Control Adequacy: NP	Compliance Rating: 1				
3	<p>A licensee must comply with a direction given to the licensee under section 11WI.</p> <p><i>section 11WG(2)</i></p>	<p>Through discussion with the Manager Regulatory Compliance and examination of the written correspondence between the Authority and Alinta, we determined that:</p> <ul style="list-style-type: none"> <li>• On 21 January 2016 Alinta initiated a review of its Standard Form Contract</li> <li>• While considering Alinta's amended Standard Form Contract for approval, the Authority provided comments on the alignment of the contract against requirements of the Energy Coordination (Customer Contracts) Regulations 2004 and the Compendium for further consideration or clarification by Alinta. We examined correspondence and evidence to determine that after discussions with the Authority, Alinta has considered the proposed amendments and provided further clarifications in accordance with the Authority's directions.</li> <li>• The Authority approved Alinta's amended Standard Form Contract on 27 June 2016.</li> </ul>				
	<table border="1"> <tr> <td data-bbox="246 1161 533 1157">Priority: 4</td> <td data-bbox="544 1161 831 1157">Control Adequacy: NP</td> <td data-bbox="842 1161 1131 1157">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	
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>section 11WK(1-2)</i>	Through discussions with the Manager Customer Services and examination of Alinta's training documents and customer letter templates, we determined that Alinta's procedures provide for: <ul style="list-style-type: none"> <li>Should a customer be identified as having consumed gas without having established an account with Alinta, the customer is sent a letter requiring the customer to register an account</li> <li>A disconnection request to be raised should the customer not register an account within ten days of the letter being sent</li> <li>In the absence of an agreement, all supply of gas is deemed to be made under the terms and conditions of a Standard Form Contract.</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>section 11WK(3)</i>	Section 27 of Alinta's Standard Form Contract states that the contract is in place for a period of one year unless the customer or Alinta ends the contract earlier. The Standard Form Contract also provides for the event that if one year passes without either party ending the relationship, the contract will automatically be renewed for an additional one year period, and so on, until ended.	
	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>section 11X(3)</i>	The Manager Regulatory Compliance 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>section 11ZA(1)</i>	On 29 August 2016, Deloitte was appointed with the Authority's approval to undertake the audit for the period 1 October 2013 to 30 September 2016. The previous performance audit for the period 1 October 2011 to 30 September 2013 was performed 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>section 11ZAF(a)</i>	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>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>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>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>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>section 11ZAJ</i>	Priority: 5	Control Adequacy: NP Compliance Rating: NR

*Obligations 11-16*  
The Manager Regulatory Compliance confirmed that Alinta has not been designated as a supplier of last resort. Therefore the requirements for the development, maintenance and enactment of the 'last resort supply plan' are not relevant to Alinta's operations for the period 1 October 2013 to 30 September 2016.

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>section 11ZK(3)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	The Manager Regulatory Compliance confirmed that for the purposes of the Gas Trading Licence, Alinta has not taken an interest in or an easement over land held by a public authority during the period subject to audit.
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>section 11ZOR(2)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	The Retail Energy Market Company Ltd (REMCo) was appointed as the administrator of the approved retail market scheme covering the distribution systems in which Alinta is licensed to operate. From an examination of the REMCo website, and discussion with the Manager Regulatory Compliance, we confirmed that Alinta was a member of REMCo for the duration of the period subject to audit.
20	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme. <i>section 11ZOV(1)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<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 Manager Regulatory Compliance advised that for the period 1 October 2013 to 30 September 2016, she is not aware of Alinta engaging or assisting another party to engage in prohibited conduct relating to the operation of the retail market scheme.
21	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme. <i>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>section 11ZOZ(3)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	The Manager Regulatory Compliance confirmed that Alinta has not been given a direction by the Authority to amend the scheme within a timeframe within the period subject to audit.
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>section 11ZQH</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	Through discussion with the Manager Regulatory Compliance and examination of Alinta's Gas Trading Licence, we determined that Alinta: <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>



### 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>The Manager Customer Services confirmed that Alinta supplies gas to the Mid-West/South West, Albany and Kalgoorlie-Boulder areas. Through examination of Alinta's process for reviewing and updating tariffs (including its latest update on 1 July 2016) we determined that Alinta has distinct capped tariffs for each area of supply.</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
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 Manager Customer Services, Team Leader – Customer Services and the Team Leader – Billing Services, and consideration of Alinta's customer connection processes, we determined that Alinta has processes and procedures in place to manage the application of tariffs. We note that those processes and procedures provide for:</p> <ul style="list-style-type: none"> <li>• Small use residential customers to be supplied gas under either a Standard Form Contract or a non-standard contract (the Residential Market Contract)</li> <li>• The tariffs applicable to small use customers to be automatically set up within CIS-OV, and attached to a customer's account when the Customer Service Representative finalises the account set-up process</li> <li>• The tariff charged relates to suburb, geographical area (i.e. Mid-West/South West, Albany and Kalgoorlie-Boulder areas) and post code.</li> </ul> <p>We observed a customer account and compared the tariff within CIS-OV, confirming that CIS-OV's tariff records are consistent with the applicable tariff for that area including any amendments in the tariff throughout the audit period.</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
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>We observed a customer account and compared the tariff within CIS-OV, confirming that CIS-OV's tariff records are consistent with the applicable tariff for that area including any amendments in the tariff throughout the audit period.</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			

## 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 (**Gas 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.

With the introduction of the Gas Compendium, a large number of the Contract Regulations are directly addressed in the requirements of the new Gas Compendium. As such, those obligations outlined in Table 5 are referenced to the audit work performed for the relevant obligation of the Gas Compendium.

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

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

Throughout the remainder of this report, common obligations under the Gas Compendium are referenced to the relevant Contract Regulation. Accordingly, the compliance rating for the relevant Contract Regulation obligation is based on the corresponding Gas Compendium obligation compliance rating.

Table 5 – Contract Regulations matched to Gas Compendium

Customer Contracts Regulations	Gas Compendium	Control Adequacy	Compliance Rating
32, 48	227	NP	1
33, 34	222	NP	1
42	225	NP	NR
40, 41, 49, 50	223	NP	1
52	229	NP	NR
57, 58	231	NP	1
57	232	NP	1
59	137	B	2
60	147	NP	1
63	234	NP	1
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>	<p><i>Obligations 35 to 37</i> (links to obligation 228, however as there is no timeframe requirement under the Compendium, obligations 35 to 37 have been assessed separately)</p> <p>Current market arrangements provide for ATCO Gas (as the distributor) to physically reconnect the customer's gas supply at the request of Alinta (refer to obligation 228 findings).</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	
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>	<p>Under these market rules and the Compendium clause 8.1(2), Alinta must send reconnection service orders to ATCO Gas in a specified timeframe (obligation 229). Customer Contracts Regulation 12(5)(a) requires Alinta, considering the market relationship, to monitor the timing of reconnection of a customer's gas supply.</p> <p>Through discussion with the Credit Manager and examination of CIS-OV reports, we determined that the Credit Manager monitors the following reports in an Excel spreadsheet, adding comments and following up where required:</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	<ul style="list-style-type: none"> <li>Daily to identify service orders not completed within 3 business days of the issue date</li> <li>Each Friday to identify service orders not completed within 7 business days of the issue date</li> <li>Each Friday to identify service orders not completed within 10 business days of the issue date.</li> </ul> <p>Examination of the sample report did not identify any instances where the timeframe of 10 business days was exceeded. The Team Leader – Billing Services confirmed that Alinta 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>	<ul style="list-style-type: none"> <li>Daily to identify service orders not completed within 3 business days of the issue date</li> <li>Each Friday to identify service orders not completed within 7 business days of the issue date</li> <li>Each Friday to identify service orders not completed within 10 business days of the issue date.</li> </ul> <p>Examination of the sample report did not identify any instances where the timeframe of 10 business days was exceeded. The Team Leader – Billing Services confirmed that Alinta has not performed disconnections for 'denial of access to a meter' during the period subject to audit.</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	
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>	<p>The Manager Customer Services confirmed that Alinta does not require customers to pay a refundable advance as security over consumption in case of default.</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	
Priority: 5	Control Adequacy: NP	Compliance Rating: NR			

No.	Obligation under condition	Findings				
39	<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><i>Energy Coordination (Customer Contracts) Regulations 12 (5)(e)</i></p>	<p><i>Obligations 39-45</i></p> <p>The Manager Customer Services confirmed that no disconnections have occurred due to an emergency situation during the period subject to audit.</p> <p>From examination of the Alinta's website publications and standard terms and conditions, we determined that Alinta:</p> <ul style="list-style-type: none"> <li>• Provides timeframes for reconnection which align with the obligation requirements</li> <li>• Outlines expected responsibilities of Alinta and its interaction with the distributor which includes: <ul style="list-style-type: none"> <li>○ Provision of a 24 hour gas emergencies and faults hotline</li> <li>○ Requirements to provide notice and provide the customer with opportunity to remove the reason (for health and safety reasons) where the customer is able</li> </ul> </li> </ul> <p>Where maintenance is required, provide the customer 5 days written notice and use best endeavours to minimise disruption and restore supply.</p>				
<table border="1"> <tr> <td data-bbox="253 496 506 544">Priority: 5</td> <td data-bbox="506 496 792 544">Control Adequacy: NP</td> <td data-bbox="792 496 1106 544">Compliance Rating: NR</td> </tr> </table>				Priority: 5	Control Adequacy: NP	Compliance Rating: NR
Priority: 5	Control Adequacy: NP			Compliance Rating: NR		
43	<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><i>Energy Coordination (Customer Contracts) Regulations 12 (6), Clauses 5.1.3.1 &amp; 5.1.3.2 AGA Code</i></p>					
<table border="1"> <tr> <td data-bbox="253 767 506 815">Priority: 5</td> <td data-bbox="506 767 792 815">Control Adequacy: NP</td> <td data-bbox="792 767 1106 815">Compliance Rating: NR</td> </tr> </table>				Priority: 5	Control Adequacy: NP	Compliance Rating: NR
Priority: 5	Control Adequacy: NP	Compliance Rating: NR				
44	<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 issued a notice to the customer of its intention to disconnect supply at least 5 business days' notice prior to the disconnection date.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12 (6), Clauses 5.1.4.1 &amp; 5.1.4.2 AGA Code</i></p>					
<table border="1"> <tr> <td data-bbox="253 1038 506 1086">Priority: 5</td> <td data-bbox="506 1038 792 1086">Control Adequacy: NP</td> <td data-bbox="792 1038 1106 1086">Compliance Rating: NR</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: NR		
Priority: 5	Control Adequacy: NP	Compliance Rating: NR				
45	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12 (6), Clauses 5.1.5.1 &amp; 5.1.5.2 AGA Code</i></p>					
<table border="1"> <tr> <td data-bbox="253 1310 506 1358">Priority: 5</td> <td data-bbox="506 1310 792 1358">Control Adequacy: NP</td> <td data-bbox="792 1310 1106 1358">Compliance Rating: NR</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: NR		
Priority: 5	Control Adequacy: NP	Compliance Rating: NR				

No.	Obligation under condition	Findings			
46	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12 (6), Clause 5.1.7.2 AGA Code</i></p> <table border="1" data-bbox="248 496 1106 544"> <tr> <td data-bbox="248 496 506 544">Priority: 5</td> <td data-bbox="512 496 792 544">Control Adequacy: NP</td> <td data-bbox="799 496 1106 544">Compliance Rating: NR</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	<p>The Manager Customer Services confirmed that Alinta 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			
47	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 12 (6), Clause 5.1.8.1(a) AGA Code</i></p> <table border="1" data-bbox="248 762 1106 810"> <tr> <td data-bbox="248 762 506 810">Priority: 5</td> <td data-bbox="512 762 792 810">Control Adequacy: NP</td> <td data-bbox="799 762 1106 810">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<p>The Credit Manager confirmed that Alinta's protocols are to not disconnect supply to a customer if the customer has agreed to pay amounts owing (any amount).</p>
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
51	<p>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.</p> <p><i>Customer Contracts Regulation 12(6)</i></p>	<p>Under Regulation 12(6) a licensee must contain provisions in its contract in relation to the timing of disconnection for a customer. Alinta's standard terms and conditions clause 21 (f) states a customer's 'gas cannot be turned off after 3pm on a weekday, or on a Friday or the day before a public holiday or a weekend or public holiday (except where required for a planned interruption)'.</p> <p>Through discussion with the Credit Manager and walkthrough of Alinta's disconnection processes, we observed that Alinta's processes and procedures provide for:</p> <ul style="list-style-type: none"> <li>• Customers' supply addresses not to be disconnected until all required communication has been made regarding the cause of disconnection</li> <li>• Disconnections not to be arranged for Fridays, Saturday, Sunday, a public holiday, the day before a public holiday or after 3pm on other business days. We understand that Alinta's standard business practice is to: <ul style="list-style-type: none"> <li>○ Not arrange disconnections on a Friday</li> <li>○ Perform disconnections using the disconnection service order produced by CIS-OV, which is forwarded to AMRS or ATCO Gas for processing.</li> </ul> </li> </ul> <p>Through discussion with the Credit Manager we determined that owing to system constraints, Alinta has implemented the following manual process:</p>			

No.	Obligation under condition	Findings
	<div style="display: flex; justify-content: space-between; background-color: #e0e0e0; padding: 5px;"> <span style="background-color: #00a0e3; color: white; padding: 2px 5px;">Priority:3</span> <span style="background-color: #ffff00; padding: 2px 5px;">Control Adequacy: B</span> <span style="background-color: #90c060; padding: 2px 5px;">Compliance Rating: 1</span> </div>	<ul style="list-style-type: none"> <li>• SSL and ATCO Gas are required to manually document the time disconnection is effected on a completed service order, which is then returned to Alinta</li> <li>• Alinta performs on-going 'spot checks' of disconnection service orders to determine whether disconnection times are being recorded. Any service orders without documented times are raised at monthly management meetings.</li> </ul> <p>Alinta previously received monthly reports from the distributor and its contractors confirming compliance with the 3pm requirements. From December 2013, the reporting process ceased and was not enforced by Alinta.</p> <p>Of the sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection (clause 7.6(d))</li> <li>• No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)).</li> </ul> <p>Note: Upon performing sample testing we identified that Alinta does not maintain the actual time of disconnections within CIS-OV. CIS-OV logs the time where a user has logged into the system to update disconnection status. Where a user has updated the status beyond 3pm, the actual service order was sighted to support that the disconnection had been performed before 3pm.</p> <p>Alinta maintains completed service orders in physical form in archived boxes. In the event Alinta could not locate the physical service order, it would not be able to demonstrate that the disconnection occurred before 3pm.</p>
	<p><b>Recommendation 3/2016</b></p> <p>Alinta:</p> <ol style="list-style-type: none"> <li>Reconfirm its reporting requirements of ATCO Gas and its independent contractors</li> <li>Consider recording the actual disconnection time within its systems</li> <li>Update its document management processes to require all completed service orders to be scanned and maintained online</li> <li>Explore a digital reporting solution to capture and report disconnection times.</li> </ol>	<p><b>Action Plan 3/2016</b></p> <p>Alinta will:</p> <ol style="list-style-type: none"> <li>Reconfirm its reporting requirements of ATCO Gas and its independent contractors;</li> <li>Consider a methodology to record actual disconnection times within its systems;</li> <li>Update its document management processes to require all completed service orders are scanned and maintained online;</li> <li>Explore a digital reporting solution to capture and report disconnection times.</li> </ol> <p><b>Responsible Person:</b> Credit Manager</p> <p><b>Target Date:</b> 30 June 2017</p>

No.	Obligation under condition	Findings					
53	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 13(1), Clause 4.4.6.2 AGA Code</i></p>	<p><i>Obligations 53-55</i></p> <p>The Manager Customer Services and Credit Manager confirmed that Alinta does not require customers to pay a refundable advance as security over consumption in case of default.</p>					
<p>Priority: 5</p>					Control Adequacy: NP	Compliance Rating: NR	
54	<p>A licensee must place refundable advances in separate trust accounts and separately identify the amounts in its accounting records.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 13(3)</i></p>						
<p>Priority: 5</p>							
55	<p>A licensee must return interest earned on refundable advances accounts to customers.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 13(4)</i></p>						
<p>Priority: 5</p>							
56	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 14 (2)</i></p>				<p>Through discussions with the Team Leader - Billing Services and consideration of Alinta's customer account establishment process, with regard to the contract to be entered into we determined that:</p> <ul style="list-style-type: none"> <li>Customer Service Representatives discuss with customers the type of supply required at the supply address i.e. either residential or commercial</li> <li>Based on these discussions, the Customer Service Representatives will inform the customer to refer to the standard terms and conditions for information on the fees and charges, including the fixed and usage components of those charges. The Team Leader - Billing Services advised that if customers request information on the charges over the phone, Customer Service Representatives are trained to provide the information</li> <li>The standard terms and conditions provided as part of the welcome pack issued to all new customers includes the information required by Customer Contracts Regulation 14(2).</li> </ul>		
<p>Priority: 5</p>							

No.	Obligation under condition	Findings	
61	<p>A licensee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services).</p> <p><i>Energy Coordination (Customer Contracts) Regulations 15 (1), Clause 4.2.3.2 AGA Code</i></p>	<p><i>Obligations 61 and 62</i></p> <p>Through discussion with the Team Leader - Billing Services and Team Leader - Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>Alinta's processes provide for payments received from customers to be applied to supply and other service charges as requested by the customer</li> <li>Customers requesting payments to be applied in a specified manner is a rare circumstance</li> <li>Payment received from customers are applied to the charges for supply of gas before being applied to other fees or charges.</li> <li>Alinta does not offer dual fuel contracts; therefore items relating to the supply of electricity are not relevant.</li> </ul>	
Priority: 5	Control Adequacy: NP		
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>Through discussions with the Manager Customer Services, we determined that Alinta does not accept a customer meter reading as an actual read. ATCO Gas requires a read performed by a meter reader before a customer's read will be updated.</p>	
Priority: 5	Control Adequacy: NP		
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>Through discussions with the Manager Customer Services, we determined that Alinta does not accept a customer meter reading as an actual read. ATCO Gas requires a read performed by a meter reader before a customer's read will be updated.</p>	
Priority: 5	Control Adequacy: NP		



No.	Obligation under condition	Findings			
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 discussions with the Credit Manager and Team leader - Billing Services and consideration of Alinta's disconnection processes, we determined that Alinta's processes provide for:</p> <ul style="list-style-type: none"> <li>• Disconnection of a customer to be Alinta'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 disconnect customers for specified reasons, in accordance with the Gas Compendium</li> <li>• Customers not to be disconnected for amounts owing that do not relate to the supply of gas.</li> </ul>			
	<table border="1"> <tr> <td data-bbox="248 568 506 628">Priority: 5</td> <td data-bbox="506 568 792 628">Control Adequacy: NP</td> <td data-bbox="792 568 1106 628">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
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>Through discussions with the Manager Customer Services, examination of Alinta's website and consideration of Alinta's customer liaison processes, we determined that:</p> <ul style="list-style-type: none"> <li>• Customers are provided with an email, which outlines where they can access the information required by Regulation 19</li> <li>• All information required by Regulation 19 is available to customers, on request.</li> </ul>			
	<table border="1"> <tr> <td data-bbox="248 1062 506 1117">Priority: 5</td> <td data-bbox="506 1062 792 1117">Control Adequacy: NP</td> <td data-bbox="792 1062 1106 1117">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
73	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 15 (1), Clause 4.2.4.2 AGA Code</i></p>	<p>The Manager Customer Services and Small and WA Sales Manager Commercial &amp; Industrial confirmed that Alinta, for the period 1 October 2013 to 30 September 2016, did not engage in door to door marketing.</p>			
	<table border="1"> <tr> <td data-bbox="248 1299 506 1343">Priority: 5</td> <td data-bbox="506 1299 792 1343">Control Adequacy: NP</td> <td data-bbox="792 1299 1106 1343">Compliance Rating: NR</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
Priority: 5	Control Adequacy: NP	Compliance Rating: NR			

No.	Obligation under condition	Findings						
75	<p>A licensee must only provide a credit reporting agency with default information relevant to one of their bills.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 22 and 49 (2)</i></p>	<p><i>Obligations 75-78</i></p> <p>The Credit Manager confirmed that for the period 1 October 2013 to 30 September 2016 Alinta did not default list any customers.</p>						
<table border="1"> <tr> <td data-bbox="246 438 504 486">Priority: 5</td> <td data-bbox="515 438 795 486">Control Adequacy: NP</td> <td colspan="2" data-bbox="806 438 1108 486">Compliance Rating: NR</td> </tr> </table>					Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
Priority: 5	Control Adequacy: NP				Compliance Rating: NR			
76	<p>A licensee must notify a credit reporting agency immediately if a customer has cleared their debt.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 49 (3)</i></p>							
<table border="1"> <tr> <td data-bbox="246 598 504 646">Priority: 5</td> <td data-bbox="515 598 795 646">Control Adequacy: NP</td> <td colspan="2" data-bbox="806 598 1108 646">Compliance Rating: NR</td> </tr> </table>					Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
Priority: 5	Control Adequacy: NP	Compliance Rating: NR						
77	<p>If a customer remedies a default and demonstrates extenuating circumstances, a licensee must request the credit reporting agency to remove the default record.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 49 (4)</i></p>							
<table border="1"> <tr> <td data-bbox="246 790 504 837">Priority: 5</td> <td data-bbox="515 790 795 837">Control Adequacy: NP</td> <td colspan="2" data-bbox="806 790 1108 837">Compliance Rating: NR</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: NR				
Priority: 5	Control Adequacy: NP	Compliance Rating: NR						
78	<p>A licensee must not refer a default to a credit reporting agency that is the subject of a complaint or matter of review.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 49 (5)</i></p>							
<table border="1"> <tr> <td data-bbox="246 949 504 997">Priority: 5</td> <td data-bbox="515 949 795 997">Control Adequacy: NP</td> <td colspan="2" data-bbox="806 949 1108 997">Compliance Rating: NR</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: NR				
Priority: 5	Control Adequacy: NP	Compliance Rating: NR						
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 our examination of the template disconnection warning notice, we determined that information relating to Alinta's complaints handling process and the contact details of the Gas Industry Ombudsman are included on the disconnection warning notice.</p>						
<table border="1"> <tr> <td data-bbox="246 1141 504 1190">Priority: 5</td> <td data-bbox="515 1141 795 1190">Control Adequacy: NP</td> <td colspan="2" data-bbox="806 1141 1108 1190">Compliance Rating: 1</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: 1				
Priority: 5	Control Adequacy: NP	Compliance Rating: 1						

No.	Obligation under condition	Findings				
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>Regulation 44(2) states that the licensee is to provide the notice "...not more than 2 months and not less than one month before the day on which the contract is due to expire".</p> <p>Through discussions with the Manager Customer Services, we determined that Alinta's processes for the renewal of non-Standard Form Contracts are designed to meet the timeframe requirements of Regulation 44(2). Specifically:</p> <ul style="list-style-type: none"> <li>On a monthly basis, Alinta produces and reviews a listing of customers whose contracts are due to expire in a month's time</li> <li>Alinta's analytics team reviews the customer's usage and determines the new pricing to be included in the contract.</li> <li>The new pricing information, new contract and terms and conditions are sent to the customer at the time of review (i.e. within the period of one and two months prior to the expiry date).</li> </ul>				
	<table border="1"> <tr> <td data-bbox="253 730 504 726">Priority 5</td> <td data-bbox="510 730 795 726">Control Adequacy: NP</td> <td data-bbox="801 730 1108 726">Compliance Rating: 1</td> </tr> </table>	Priority 5	Control Adequacy: NP	Compliance Rating: 1		
Priority 5	Control Adequacy: NP	Compliance Rating: 1				
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 45 (1)</i></p>	<p>The Team Leader – Customer Services confirmed that call centre staff are trained to post a copy of the Customer Service Charter the day of customer request, thereby meeting the two business day requirement. From examination of Alinta's website we determined that the Customer Service Charter is publically available.</p>				
	<table border="1"> <tr> <td data-bbox="253 922 504 917">Priority: 5</td> <td data-bbox="510 922 795 917">Control Adequacy: NP</td> <td data-bbox="801 922 1108 917">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1		
Priority: 5	Control Adequacy: NP	Compliance Rating: 1				
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 discussions with the Team Leader – Billing Services and consideration of Alinta's processes to provide information to customers, we determined that:</p> <ul style="list-style-type: none"> <li>All new customers and customers who move address receive a copy of the Customer Service Charter</li> <li>The Customer Service Charter is available online</li> <li>Alinta's current bill templates advise that a Customer Service Charter is available online or the customer can request a free copy.</li> </ul>				
	<table border="1"> <tr> <td data-bbox="253 1385 504 1380">Priority: 5</td> <td data-bbox="510 1385 795 1380">Control Adequacy: NP</td> <td data-bbox="801 1385 1108 1380">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1		
Priority: 5	Control Adequacy: NP	Compliance Rating: 1				

No.	Obligation under condition	Findings	
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 Manager Customer Services and examination of section 9 of the Standard Form Contract and observation of publically available references (e.g. on Alinta's website), we determined that:</p> <ul style="list-style-type: none"> <li>A copy of the Energy Coordination (Customer Contract) Regulations 2000 is available to customers on request</li> <li>A copy of the Regulations is available at Alinta's premises for viewing, upon request</li> <li>The provision of the information is available at no cost.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
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>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
85	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 28, clause 3.1.1(a) AGA Code</i></p>	<p><i>Obligations 85 and 86</i></p> <p>Section 13 of the Standard Form Contract states "We, or the network operator, in accordance with the relevant regulations and relevant codes, will provide, install and maintain network equipment. In particular, we or the network operator will install and maintain the meter, including the necessary ancillary equipment at the supply address, taking into account your wishes...All equipment located after [downstream of] the point where gas leaves the meter at your supply address that is used to transport, control or consume gas is your equipment [except any network equipment]."</p> <p>The above provision advises the customer that the retailer or distributor owns all equipment up to gas leaving the meter (including the meter) and will also maintain this equipment, in accordance with the Regulation.</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
86	<p>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.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 28, clause 3.1.1(b) AGA Code</i></p>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
90	<p>A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 33 (3), clause 3.5.2.2 AGA Code</i></p>	<p>The Manager Customer Services and WA Sales Manager confirmed that staff or representatives of Alinta who perform:</p> <ul style="list-style-type: none"> <li>• Meter readings</li> <li>• Field related activities</li> <li>• Marketing related activities (although door-to-door marketing is not performed) to wear and carry official identification, including the staff member's photo, name and identification number.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
91	<p>A licensee must notify a customer of any amendment to a non-standard contract.</p> <p><i>Energy Coordination (Customer Contracts) Regulations 42</i></p>	<p>Through discussion with the Manager Customer Services and WA Sales Manager Commercial &amp; Industrial and consideration of the non-standard contract review process, we determined that Alinta's amendment processes outline that a customer, who is subject to a non-Standard Form Contract, is not changed onto the new terms until the contractual period expires and the contract is renewed.</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

## 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 on 11 October 2016 commits Alinta 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.
	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 Alinta, and approved by the Authority on 29 August 2016.
	Priority: 5	Control Adequacy: NP Compliance Rating: 1
98	A licensee may be subject to individual performance standards. <i>Licence Conditions Clause 17</i>	Through discussion with the Manager Regulatory Compliance and examination of the written correspondence between the Authority and Alinta, we determined that subsequent to the 2013 Performance Audit Report, the Authority placed a requirement on Alinta to provide quarterly performance reports on instances of late billing. We sighted a sample of quarterly billing reports in compliance with the Authority's directions.
	Priority: 5	Control Adequacy: NP Compliance Rating: 1
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>	The Manager Regulatory Compliance maintains manual and scanned records to evidence formal communications with the Authority, which have been made via post or email. During the audit, we sighted evidence of records of Alinta's correspondence with the Authority including emails, acknowledgement letters and written notices.
	Priority: 5	Control Adequacy: NP Compliance Rating: 1

No.	Obligation under condition	Findings		
100	<p>A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.</p> <p><i>Licence Conditions Clause 21.1</i></p>	<p><i>Obligations 100 and 101</i></p> <p>The Finance Manager confirmed that during the period subject to audit:</p> <ul style="list-style-type: none"> <li>• Alinta maintained accounting records that comply with the AASB or equivalent International Accounting Standards</li> <li>• Alinta 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	<p>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.</p> <p><i>Licence Conditions Clause 22.1</i></p>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
102	<p>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.</p> <p><i>Licence Conditions Clause 23.1</i></p>	<p><i>Obligations 102 and 103</i></p> <p>Through discussions with the Manager Regulatory Compliance and examination of written correspondence between Alinta and the Authority, we determined that Alinta has processes in place to respond to requests for information from the Authority. We note that:</p> <ul style="list-style-type: none"> <li>• The Manager Regulatory Compliance is responsible for: <ul style="list-style-type: none"> <li>○ Maintaining a log of communication with the Authority, including timing for submission of required information and reports by means of a Regulatory Obligations Register</li> <li>○ Monitoring compliance with Alinta's licence obligations.</li> </ul> </li> <li>• Alinta is required to submit compliance reports to the Authority by 31 August each year. Upon examination of the compliance reports we identified that each compliance report was submitted via email (which is an accepted form following the previous audit period) prior to the 31 August deadline for 2014, 2015 and 2016.</li> <li>• Each year, Alinta is required to provide information on its retail activity utilising the performance data sheets provided by the Authority. The reports were due to be published by 1 October each year and due to be submitted to the Minister and the Authority at least seven days prior to publishing the report.</li> </ul>		
	Priority: 3	Control Adequacy: A	Compliance Rating: 1	
103	<p>A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.</p> <p><i>Licence Conditions Clause 24</i></p>			

No.	Obligation under condition	Findings	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
	We noted that Alinta published the reports in accordance with the directions of the Authority		
	<ul style="list-style-type: none"> <li>On 30 June 2015 Alinta submitted its first review of the Financial Hardship policy as requested by the Authority in a letter to Alinta in March 2015, requiring Alinta to submit a review of its Financial Hardship policy by 1 July 2015.</li> </ul>		
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>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
	<p><i>Obligations 106-108</i></p> <p>Through discussions with the Manager Regulatory Compliance and examination of the written correspondence between Alinta and the Authority, we determined that:</p> <ul style="list-style-type: none"> <li>During the period subject to audit, Alinta was not directed by the Authority to amend its Standard Form Contract</li> <li>Under its own discretion, Alinta underwent a review of its Standard Form Contract in January 2016. Alinta sought feedback from the Authority and applied review comments provided by the Authority where applicable before seeking final approval in June 2016.</li> </ul>		
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: 1
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: 1
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>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
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>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
	The Manager Regulatory Compliance 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.		



No.	Obligation under condition	Findings	
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 Manager Regulatory Compliance 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>	The Manager Regulatory Compliance and Manager Customer Services confirmed that the distributor i.e. ATCO Gas, has not made any such information requests of Alinta during the period subject to audit.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
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>	Through discussions with the Manager Regulatory Compliance and examination of confirmation letters from the Minister for Energy, we determined that Alinta has provided notification to the Minister of updated tariffs rates (scheduled to take effect on 1 July) in May 2014, 2015 and 2016.	
	Priority: 3	Control Adequacy: A	Compliance Rating: 1

## 4.6 Gas Marketing Code of Conduct

Explanatory Note relating to obligations 114 to 116, for the period 1 October to 31 December 2013

Under clause 2.3(3) of the 2012 edition of the *Gas Marketing Code of Conduct* (the **Code**), "For a Standard Form Contract that is an unsolicited consumer agreement or a non-standard contract other than in accordance with clause 2.2(2) of the Code of Conduct, the gas marketing agent must obtain the customer's written acknowledgement that the specified information was given".

Alinta's common practice has been to not obtain the customer's written acknowledgement that the specified information was given. Instead, the customer's verbal acknowledgement is obtained at the time Alinta staff have made the relevant arrangements with the customer via telephone. That acknowledgement is retained through voice recordings of all telephone contacts with customers. This practice technically breaches the current requirement of the clause 2.3(3) of the 2012 edition of the Gas Marketing Code of Conduct. The breach was recognised in the previous audit report, however (at the time) owing to the upcoming amendment of the legislation, no further action was required.

As the period subject to audit commenced prior to the updating of the Code on 1 January 2014, Alinta is in breach of its obligations (i.e. 114-116), where compliance with the previous wording of the clause is required. The minimal impact of the non-compliance has not altered Alinta's control rating in this regard, as no further improvements have been required (as detailed in the previous audit findings).

No further instances of non-compliance have been identified for the affected obligations in relation to Alinta's broader requirements under the Code.

*Note: Clause 2.3 (3) requirements were outlined in the March 2013 version of obligation 120 which was subsequently updated in the re-alignment of the Compliance Reporting Manual (March 2015). For clarity, obligation 120 has not been separately identified in this report.*

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>	<i>Obligations 114-116</i> <b>Audit period 1 October 2013 – 31 December 2013</b> Refer to the Explanatory Note provided above.  <b>Audit period 1 January 2014 – 30 September 2016</b>
	Priority: 2	Control Adequacy: A
		Compliance Rating: 2
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>	Through discussion with Manager Customer Services and Customer Care Coordinator, we determined that from 13 August 2013 Alinta commenced targeted marketing to customers who have ceased or indicated an intention to cease their contract with Alinta in favour of Alinta's competitors.  The marketing activity has been conducted via telephone calls and post mail but not door to door marketing.
	Priority: 2	Control Adequacy: A
		Compliance Rating: 2

No.	Obligation under condition	Findings
116	<p>A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.</p> <p><i>Code of Conduct clause 2.1</i></p>	<p>We also recognise that as the definition of marketing under the Gas Marketing Code encapsulates any discussions relating to negotiations or dealings with contracts (e.g. relating to moving house, payment terms etc.), the obligations of the Gas Marketing Code are applicable to Alinta's employees from that perspective.</p> <p>Through confirmations from the Manager Customer Services, the Call Centre Manager and the WA Sales Manager and examination of training materials, we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta staff who participate in marketing calls are specifically trained and provided with call scripts that have been specifically designed to comply with the requirements of the 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>• Alinta call centre staff are trained to provide services to customers in accordance with the Gas 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>• Alinta expects all agents and employees to comply with both the Gas Compendium and the Gas Marketing Code</li> <li>• There have been no known breaches of the Gas Marketing Code (other than the technical breach identified in obligation 120) for the period 1 October 2013 to 30 September 2016.</li> </ul> <p>As part of our audit testing, we:</p> <ul style="list-style-type: none"> <li>• Evidenced the use of the 'spot checks' being performed and recorded by the Customer Care Coordinator and the SME Sales and Channel Manager</li> <li>• Evidenced staff training records and confirmed that staff had been provided with the newly implemented Gas Marketing Code training</li> <li>• Examined the complaints register for the period 1 October 2013 to 30 September 2016, which did not indicate evidence of complaints in relation to Alinta staff members' compliance with the Gas Marketing Code</li> </ul>

No.	Obligation under condition			Findings
				<ul style="list-style-type: none"> <li>Tested a sample of new small use contracts entered into by the Sales team (i.e. for a small business customer) and determined that the information required by clause 2.4(2) of the Gas Compendium was provided to the customer</li> <li>Observed that sales and customer services staff appear to display knowledge of appropriate behaviour in relation to dealing with customers and undergo training modules which align to the expectations of the Gas Marketing Code</li> <li>Examined a sample of customers who have elected not to receive marketing material and determined that those customer accounts correctly reflect the request.</li> </ul>
	Priority: 2	Control Adequacy: A	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	
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>Code of Conduct clause 2.2(1)</i></p>	<p>Through discussion with the Manager Customer Services and the WA Sales Manager and consideration of Alinta's customer connection processes, we determined that Alinta has the following processes in place for ensuring customers are contracted using standard and non-Standard Form Contracts:</p> <p><i>Standard contract for residential customers and non-standard contract for business customers</i></p> <ul style="list-style-type: none"> <li>• All small use customers are required to contact the Alinta call centre to initiate the customer connection process, during which they are provided with the information specified by clause 2.3(1) of the Gas Marketing Code. Residential customers are not required to physically sign the contract and their verifiable consent is obtained and recorded via phone. As of 17 April 2015 business customers are able to provide verbal explicit informed consent (like residential customers). Prior to 17 April 2015 small business representatives were required to sign the non-standard contract</li> <li>• The date that the customer enters into the contract with Alinta is recorded in CIS-OV. All incoming calls are recorded for verification purposes. Information relating to the connection (if a small use business customer) is also stored in the Customer Relationship Management (CRM) system (by the Sales team)</li> <li>• The customer is provided with a copy of the contract and customer service charter as part of the 'Welcome Pack', which is provided to all customers on the establishment of a customer's account.</li> </ul> <p><i>Non-Standard contract for residential customers(since August 2013):</i></p> <ul style="list-style-type: none"> <li>• Where Alinta engages in telemarketing to customers, a telephone call to the customer is preceded by an information pack mailed to the customer containing information required by clause 2.3(1) of the Gas Marketing Code, including: <ul style="list-style-type: none"> <li>○ Details of the offer under the non-standard contract (called Residential Market Contract), accompanied by a cover letter and a copy of the contract</li> <li>○ A document explaining the difference between a standard and non-standard contract.</li> </ul> </li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

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>Code of Conduct clause 2.2(2) and clause 2.2(3)</i></p>	<p>Through discussions with the Manager Customer Services the Customer Team Leader and walkthrough of Alinta's CIS-OV and CRM systems and processes for accepting new customers, we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta determines customers' eligibility for the residential tariff by assessing whether the supply address is a dwelling</li> <li>• Residential customers are first offered supply of gas via the Standard Form Contract, on the applicable residential tariff. On request, they may be offered a non-Standard Form Contract at a discounted pricing structure and are then made aware of the difference between the standard and non-Standard Form Contract</li> <li>• A targeted group of residential customers who are approached by Alinta with discounted offers in a non-standard contract to win them back from competitors are mailed a pack of documents containing the specified information prescribed by clause 2.3(1) of the Gas Marketing Code, including a copy of the non-standard contract.</li> <li>• Small use business customers are first offered a Standard Form Contract on the applicable commercial tariff. However, on request, small use business customers may be offered a non-Standard Form Contract at a negotiated pricing structure. The customer is then made aware of the difference between the standard and non-Standard Form Contract</li> <li>• CIS-OV contains an automated process for providing a copy of the Standard Form Contract (included within the Alinta welcome pack) to the customer with the first bill. This process includes CIS-OV recognising those customers identified as receiving the bill for the first time, or having moved house, then instructing the mailing agent to include a copy of the Standard Form Contract with the bill</li> <li>• Customer Service Representatives are trained to provide relevant information to the customer, including advice that: <ul style="list-style-type: none"> <li>○ The terms of the standard contract will be provided with the first bill as part of the Alinta welcome pack</li> <li>○ A copy of the standard or non-Standard Form Contract is available to the customer on request, at no charge, and that it is also available for review on Alinta's website and at Alinta's premises.</li> </ul> </li> </ul>

No.	Obligation under condition			Findings	
		Priority: 2	Control Adequacy: A	Compliance Rating: 1	<p>Through discussion with the Manager Customer Services, we also determined that Alinta has implemented the following processes for ensuring customers are provided with information as required by section 2.3(1) of the Gas Compendium:</p> <ul style="list-style-type: none"> <li>• Staff are required to record what information is provided to customers as required under the Gas Marketing Code. For: <ul style="list-style-type: none"> <li>○ Residential customers on standard contract, information is provided automatically due to the auto configuration of CIS-OV</li> <li>○ Residential customers on non-standard contract, information is mailed in an information pack to the customer</li> <li>○ Small use business customers, copies of these emails are maintained in the CRM system against the customer profile and backed up onto McAfee Vault</li> </ul> </li> <li>• For residential or business contracts that are negotiated through marketing, Alinta has implemented 'spot checks' to confirm that the required information is being provided to customers. These spot checks are recorded and performed on a periodic basis.</li> </ul> <p>Examination of a sample of newly implemented contracts confirmed that Alinta advised the customer on how to access a copy of the contract, terms and conditions and a copy of the Gas Customer Charter, which contains information as specified by s.2.4(2)(b) of the Gas Marketing Code.</p>
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>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 119 and 120</i></p> <p>Through discussion with the Manager Customer Services and examination of Alinta's training material we determined that Alinta 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> <li>• Provide customers with documentation outlining the differences between standard and non-Standard Form Contracts</li> <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 Alinta'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>
120**	<p>A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract</p> <p><i>Code of Conduct clause 2.3(2)</i></p>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
121**	<p>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>Code of Conduct clause 2.3(3) and clause 2.3(4)</i></p>	<p>Through discussion with the Manager Customer Services and the Call Centre Manager and examination of Alinta's Training Modules and billing templates we determined that Alinta has implemented processes designed to:</p> <ul style="list-style-type: none"> <li>• Provide customers with the appropriate welcome pack detailing information required under the Code of Conduct</li> <li>• Inform customers how information prescribed under the Code of Conduct can be obtained (e.g. via contacting customer support or referring to Alinta's website).</li> </ul>	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
122**	<p>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.</p> <p><i>Code of Conduct clause 2.4(1)</i></p>	<p>The Manager Customer Services confirmed Alinta does not offer concessions to its customers.</p>	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
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>Code of Conduct clause 2.4(2)</i></p>	<p>The Manager Customer Services confirmed that Alinta customer call centre is open from 8am to 5pm (WST), Monday to Friday. During this time, customers are able to contact the call centre for all queries.</p> <p>We also observed that sales and customer services staff appear to display knowledge of appropriate behaviour in relation to dealing with customers.</p> <p>Our examination of the complaints register for the period 1 October 2013 to 30 September 2016 indicated that there is no evidence of customer complaints directly in relation to an instance of Alinta staff member's non-compliance with the Gas Marketing Code.</p>	
Priority: 4	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 gas ombudsman's telephone number and, for contact by a gas marketing agent, the gas marketing agent's marketing identification number.</p> <p><i>Code of Conduct clause 2.5(1)</i></p>	<p>Through discussion with the Manager Customer Services and the Call Centre Manager and consideration of Alinta's customer interaction procedures, we determined that those procedures require Alinta's marketing representatives to provide the customer with Alinta's complaints handling telephone number and the gas ombudsman's telephone number (on the bill), and marketing identification number.</p>	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1	



No.	Obligation under condition	Findings	
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>Code of Conduct clause 2.5(2)</i></p>	<p>Through discussion with the Manager Customer Services and Call Centre Manager and consideration of Alinta's customer interaction procedures, we determined that Alinta has not engaged in door to door marketing to its residential or business customer during the period 1 October 2013 to 30 September 2016.</p> <p>The targeted marketing initiative commenced in August 2013 has been limited to Alinta's staff contacting the customers by mail and/or telephone.</p> <p>Where a request for face to face contact is initiated by the customer, Alinta's processes provide for Alinta's staff to:</p> <ul style="list-style-type: none"> <li>• Inform the customer of the reasons for the contact</li> <li>• Wear clearly visible and legible identity card that shows his or her first name, photograph, marketing identification number and Alinta's logo</li> <li>• Provide the customer, in writing, with his or her first name and marketing identification number, Alinta's logo, complaints handling telephone number and Alinta's business address and ABN/ACN.</li> </ul>	
Priority: 4		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>Code of Conduct clause 2.6</i></p>	<p>The Manager Customer Services confirmed Alinta has not engaged in door-to-door marketing activities for the period 1 October 2013 to 30 September 2016.</p>	
Priority: 4		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>Code of Conduct clause 2.8</i></p>	<p>Through discussions with the Manager Customer Services, the Call Centre Manager and examination of training materials, we determined that:</p> <ul style="list-style-type: none"> <li>Alinta staff assigned for who participate in marketing calls are specifically trained and informed that any marketing activity conducted by them would be regarded as having conducted on behalf of Alinta</li> <li>Staff are provided with call scripts that have been specifically designed to comply with the requirements of the 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>Alinta call centre staff are also trained to provide services to customers in accordance with the Gas 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>Alinta expects all agents and employees to comply with both the Gas Compendium and 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 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.</li> </ul> <p><i>Code of Conduct clause 2.9</i></p>	<p>Based on discussions with the Manager Customer Services and consideration of Alinta's processes and training for managing customer complaints, we determined that Alinta's processes for maintaining a record of customer complaints relating to marketing include:</p> <ul style="list-style-type: none"> <li>All customer complaints are logged into the CIS-OV system and are categorised according to the type of complaint. For example, direct debit, terms and conditions, hardship, payment, meter reading and marketing</li> <li>The Team Leader – Customer Service is responsible for reviewing complaints on a weekly basis as well as producing an 'end of month report'. The end of month report includes total number of complaints for each area (e.g. coastal, business, Goldfields to Esperance and Albany), a breakdown of the different types of complaints logged and Energy Ombudsman escalations</li> <li>Information is provided to the Gas Ombudsman as requested.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings		
129**	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 . <i>Code of Conduct clause 2.10</i>	The Manager Customer Services confirmed that all records and information required by the Gas Marketing Code is maintained within CIS-OV indefinitely and that after six months, calls are archived.		
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</b>		
<p><b>Issue 5/2016 - Summary finding re Alinta's monitoring of compliance with Gas Compendium obligations</b></p> <p><i>This issue and associated recommendation and action plan relates to obligations 135, 165, 170, 172, 173, 174, 176, 178, 179, 198, 222, 229 and 255A (Gas Customer Code clauses 3.1(2), 4.14(2), 4.16(3), 4.18(2)(5)&amp;(6), 4.19 (1)(3) &amp; (4), 6.1(1), 7.1,8.1(2) and 12.1(4)). All obligations have received a compliance rating of 1. With exception to obligation 135 (which has received a control adequacy rating of 'B') a control adequacy rating was not required for obligations with a Priority 4 or 5 (in line with Audit Guidelines).</i></p> <p>Alinta has a number of obligations under the Gas Compendium (listed above), which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Alinta is exposed to breaching its obligations in the event that its standard business processes are not upheld. Previous performance audit reports recommended Alinta investigate the feasibility of implementing an exception reporting and monitoring regime. The Manager Customer Services advised that Alinta expects to replace its existing customer information system CIS-OV within the next twelve months and has decided not to further update or change its existing systems. We acknowledge that Alinta's standard business processes and existing system protocols minimise the risk of compliance breaches relevant to these obligations. Alinta has also not recognised any specific complaints by customers in relation to possible breaches of the obligations. While Alinta benefits from long-serving management, there remains an underlying risk of key person reliance. In the event of management turnover, Alinta may have increased exposure to non-compliance. In the absence of immediate system improvement, Alinta is in a position where it can enhance its training materials and an update of its suite of policies and procedures to provide explicit alignment with its compliance obligations.</p>		
<p><b>Recommendation 5/2016</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>(a) Continue to examine its system reporting capabilities</li> <li>(b) Update its staff training modules to provide focus on timeframe requirements</li> <li>(c) Update its suite of policies and procedures to include explicit alignment to timeframes as detailed by the obligations.</li> </ul>	<p><b>Action Plan 5/2016</b></p> <p>Alinta will:</p> <ul style="list-style-type: none"> <li>(a) Examine further its system reporting capabilities;</li> <li>(b) Review training modules to include timeframe requirements;</li> <li>(c) Update policies and procedures to include timeframes requirements.</li> </ul> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 June 2017</p>	

No.	Obligation under condition	Findings			
Part 3 Connections					
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>Clause 3.1(2) of the Gas Compendium requires Alinta to process requests for gas connection on the:</p> <ul style="list-style-type: none"> <li>• Day of receipt, if the request is received before 3pm and if alternate arrangements are not made with the customer</li> <li>• Next business day if the request is received after 3pm.</li> </ul> <p>This audit focussed on the controls and processes maintained since they were strengthened commencing from April 2012. Specifically, those controls and processes included:</p> <ul style="list-style-type: none"> <li>• Ensuring the cause of any delay in processing an RFG is appropriately recorded</li> <li>• Ensuring RFGs which are held pending the provision of additional information are addressed and actioned in a timely manner</li> <li>• Date and time stamping all RFGs received by post</li> <li>• Monitoring exception reports on a daily basis to identify failed service requests returned through ARMA.</li> </ul> <p>From discussions with the Retail Service Officer – New Connections, examination of Alinta’s new connection monitoring spreadsheets and walkthrough of the new connections process we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta has the following processes and systems in place to ensure applicable customers’ requests for connection are forwarded to the distributor: <ul style="list-style-type: none"> <li>○ Customer Service Representatives review the Gas Mapping System to identify if gas supply is available at the customer’s location</li> <li>○ If gas is available, Customer Service Representatives identify whether the connection request relates to an existing or new supply address.</li> <li>○ Request for Gas forms, when manually processed into Alinta’s CIS-OV system, are automatically work-flowed to ATCO Gas daily at pre-set intervals to initiate connection.</li> </ul> </li> <li>• Alinta has improved its receipting process by scanning RFGs received by post upon entering them into the system. The final check for RFGs received by post occurs shortly after the 3pm deadline. The entry time of RFGs can be</li> </ul>			
<table border="1"> <tr> <td data-bbox="246 1117 548 1157">Priority: 4</td> <td data-bbox="548 1117 828 1157">Control Adequacy: NP</td> <td data-bbox="828 1117 1131 1157">Compliance Rating: 1</td> </tr> </table>		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
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>	<ul style="list-style-type: none"> <li>• Alinta has improved its receipting process by scanning RFGs received by post upon entering them into the system. The final check for RFGs received by post occurs shortly after the 3pm deadline. The entry time of RFGs can be</li> </ul>			

No.	Obligation under condition	Findings
		<p>further deduced by the process time within ARMA where all requests submitted in the evening are processed through ARMA at 05:15 the following day</p> <ul style="list-style-type: none"> <li>Alinta continues to lack clear processes in place for ensuring those RFGs, which are held pending the provision of additional information, are addressed and actioned in a timely manner. We recognise that the majority of requests for gas connection are made during the construction of new premises with the customer not actually requiring the supply of gas for a number of weeks or months later. However, Alinta should be in a position to demonstrate that it has not unduly delayed the processing of completed/validated RFGs</li> <li>Alinta runs daily AQ exception reports to identify failed service requests in the system, however as the system could not produce an audit history of closed out reports we were unable to identify whether failed requests had been actioned in a timely manner.</li> </ul> <p>From our testing of 15 new connection requests and the data listing of customer complaints we did not identify any instances where a new connection was not processed in the timeframe required.</p> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>
	<p>Priority: 1</p>	<p>Control Adequacy: B</p> <p>Compliance Rating: 1</p>
	<p><b>Recommendation: 4/2016</b></p> <p>Alinta develops an internal reporting mechanism to identify the time taken to resolve failed and pending requests (and whether it falls within obligation requirements).</p>	<p><b>Action Plan: 4/2016</b></p> <p>Alinta will develop an internal reporting mechanism to identify whether failed and pending RFG service requests are actioned in a timely manner.</p> <p><b>Responsible Person:</b></p> <p>Manager Customer Services</p> <p><b>Target Date:</b></p> <p>30 June 2017</p>

No.	Obligation under condition	Findings
Part 4 Billing		
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(a)</i></p>	<p>Section 4.1(a) of the Compendium requires Alinta 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>From discussions with the Team Leader – Billing Services and examination of Alinta’s Standard Form Contract it is our understanding that Alinta adopts the position that, as customers have agreed to the terms and conditions of the Standard Form Contract, Alinta’s contracting arrangements enable it to bill the customer less frequently, or more frequently as required.</p> <p>However, under Section 1.3 ‘Definitions’ of the Compendium, <i>‘verifiable consent means consent that is given –</i></p> <ul style="list-style-type: none"> <li><i>(a) expressly;</i></li> <li><i>(b) in writing or orally;</i></li> <li><i>(c) after the gas marketing agent or retailer (whichever is relevant) has in plain language appropriate to that customer disclosed all matters materially relevant to the giving of the consent, including each specific purpose for which the consent will be used; and</i></li> <li><i>(d) by the customer or a nominated person competent to give consent on the customer’s behalf’</i></li> </ul> <p>Upon examination of the Standard Form Contract, we observed Section 6.1 of the Standard Form Contract (February 2013 version, approved by the Authority on 28 February 2013), which covers all residential customers contracted to Alinta, states:</p> <ul style="list-style-type: none"> <li>• “We can decide how often we bill you. It will normally be either [approximately] once every three months or once every month.</li> <li>• “We can change how often we bill”.</li> </ul> <p>The Standard Form Contract does not explicitly outline specific instances where a customer may be billed more than once within a one month period (e.g. a re-bill or issuing of a final bill within one month of the regular billing cycle). Under this interpretation, instances of multiple billings within a one month period would be classified as a non-compliance.</p>

No.	Obligation under condition			Findings
				<p>Through discussions with the Team Leader – Billing Services, we determined that Alinta has the following systems and procedures in place to manage the timeliness of billing customers:</p> <ul style="list-style-type: none"> <li>The billing team runs a Multiple Bill Events report on a daily basis to identify the types of instances where a customer may have received multiple bills within 30 days. The Multiple Bill Event report is designed to prevent customer for being billed more than once a month, unless it is for a re-bill, or a final bill</li> <li>Re-bills and final bills have occurred during the period subject to audit.</li> </ul>
	Priority: 4	Control Adequacy: B	Compliance Rating: 2	
	<p><b>Recommendation: 6/2016</b> Alinta reviews and where necessary, amends its practices to ensure customers provide verifiable consent to be billed more than once a month in specific circumstances such as re-bills of final bills.</p>			<p><b>Action Plan: 6/2016</b> Alinta will review its practices to ensure, where practical, a customer’s verifiable consent is obtained in circumstances where a bill is to be issued inside a one month period.</p> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager &amp; Manager Customer Services</p> <p><b>Target Date: 30 June 2017</b></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>Through discussions with the Team Leader – Billing Services, and Retail Services Officer – Billing, examination of Alinta’s late billing reports provided to the Authority we determined that:</p> <ul style="list-style-type: none"> <li>• Effective from 18 September 2012, Alinta’s Gas Trading Licence was amended to allow Alinta to issue a bill at least once every 110 days instead of the three month period specified in clause 4.1 of the Compendium of Gas Customer Licence Obligations.</li> <li>• Alinta has the following systems and procedures in place to ensure billing of customers at least every 110 days: <ul style="list-style-type: none"> <li>○ On a daily basis, a report (called Billing Activity Queues) (refer 4720-22) captures customer accounts that were not billed in the normal monthly billing cycle and is reviewed by the Billing staff. The reasons for non-billing are identified and attempted to be resolved on a daily basis. These can vary from: <ul style="list-style-type: none"> <li>▪ No Billable readings (most recent read is in a non-billable status and needs to be updated; which can occur when backdating an account)</li> <li>▪ Insufficient Data to Bill (previous account holder needs to have been issued a final bill before billing can be commenced to the new account holder. A bill trigger is required to be applied in such instance)</li> </ul> </li> <li>○ The report is designed to enable Alinta to proactively manage the billing cycle to prevent or minimise the extent of breaches.</li> </ul> </li> <li>• During the period 1 October 2013 to 30 September 2016 Alinta reported that it did not bill, on average ~0.33% (expressed as a percentage of invoices processed during the quarter) of customers at least once in 110 days. In these instances, Alinta is in breach of the Gas Compendium. Alinta failed to report the non-compliance in the 2014 and 2015 compliance reports, but has since included the non-compliance in its annual report in 2016.</li> </ul>			
	<table border="1"> <tr> <td data-bbox="253 1126 546 1179">Priority: 3</td> <td data-bbox="557 1126 828 1179">Control Adequacy: B</td> <td data-bbox="840 1126 1128 1179">Compliance Rating: 2</td> </tr> </table>	Priority: 3	Control Adequacy: B	Compliance Rating: 2	
Priority: 3	Control Adequacy: B	Compliance Rating: 2			

No.	Obligation under condition	Findings			
	<p><b>Recommendation 1/2016</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>(a) Update its policy on Billing to identify the billing procedure considered within the interpretation of its contractual terms</li> <li>(b) Develop a review and escalation process based on the timing bracket beyond 110 days</li> <li>(c) If non-compliances occur, differentiate between non-compliances considered to be beyond and within its control as a retailer.</li> </ul>	<p><b>Action Plan 1/2016</b></p> <p>Alinta will update its billing procedure to:</p> <ul style="list-style-type: none"> <li>(a) Ensure its billing practices are aligned with contractual terms;</li> <li>(b) Include a process to manage bills identified as being issued outside the required billing timeframe. Alinta notes amendments to the Compendium clause 4.1 will require a retailer to issue a bill at least once every 105 days from 1 Jan 2017;</li> <li>(c) Differentiate non-compliances beyond Alinta's control.</li> </ul> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager</p> <p><b>Target Date:</b> 30 June 2017</p>			
138	<p>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> <table border="1" data-bbox="253 869 1131 922"> <tr> <td data-bbox="253 869 548 922">Priority: 4</td> <td data-bbox="555 869 828 922">Control Adequacy: NP</td> <td data-bbox="835 869 1131 922">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	<p><i>Obligations 138 to 143</i></p> <p>Through discussions with the Team leader - Billing Services and Credit Manager and examination of Alinta's Hardship Policy, we determined that during the audit period 1 October 2013 to 30 September 2016 Alinta has not placed any customers on shortened billing cycles as described by the Code. Accordingly, these obligations cannot be rated for the period subject to audit.</p>
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			
139	<p>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></p> <table border="1" data-bbox="253 1109 1131 1157"> <tr> <td data-bbox="253 1109 548 1157">Priority: 4</td> <td data-bbox="555 1109 828 1157">Control Adequacy: NP</td> <td data-bbox="835 1109 1131 1157">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			
140	<p>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></p> <table border="1" data-bbox="253 1284 1131 1337"> <tr> <td data-bbox="253 1284 548 1337">Priority: 4</td> <td data-bbox="555 1284 828 1337">Control Adequacy: NP</td> <td data-bbox="835 1284 1131 1337">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			

No.	Obligation under condition	Findings	
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
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>		Through discussion with the Team Leader – Billing Services, we determined that Alinta has processes and systems in place to offer a customer a bill smoothing arrangement, upon request, enabling the provision of estimated bills.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings			
145	<p>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.</p> <p><i>Compendium Clause 4.3(2)</i></p>	<p>Through discussion with the Team Leader – Billing Services and walkthrough of Alinta’s bill smoothing processes, we determined that Alinta has processes and systems in place to manage bill smoothing arrangements in line with the requirements of clause 4.3(2)(a) to (e) of the Code. We note that:</p> <ul style="list-style-type: none"> <li>• Customers are able to choose from a fortnightly or monthly arrangement. No other timeframes are offered by Alinta</li> <li>• Customers who are facing financial hardship are not offered a bill smoothing arrangement</li> <li>• The first bill under a bill smoothing arrangement is the value agreed upon with the customer, and communicated to the customer via the bill smoothing arrangement letter</li> <li>• Bill smoothing estimates are based on the customers historical billing data or relevant historical data</li> <li>• All customer accounts on a bill smoothing arrangement are reviewed on a quarterly basis. CIS-OV facilitates the review by identifying those accounts (based on a four month period) whose smoothed bill amount is less than the ‘average’ consumption</li> <li>• Where the amount under the bill smoothing arrangement is not appropriate, Alinta will contact the customer to reach agreement on any change to the billing amount</li> <li>• Customer meters are read on a quarterly basis to coincide with typical billing arrangements. The identification of under and over charges are dealt with by the Payments and Billing team.</li> </ul> <p>In all instances, for customers requesting bill smoothing arrangements the terms (value and frequency) are agreed with the customer up front.</p>			
	<table border="1"> <tr> <td data-bbox="253 1077 548 1125">Priority: 4</td> <td data-bbox="548 1077 828 1125">Control Adequacy: NP</td> <td data-bbox="828 1077 1131 1125">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
146	<p>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.</p> <p><i>Compendium Clause 4.4</i></p>	<p>Through examination of Alinta’s billing process and discussions with the Team Leader – Billing Services, we determined that Alinta’s procedures provide for:</p> <ul style="list-style-type: none"> <li>• Customers to have their bills sent to either the supply address or an alternative mailing address nominated by the customer</li> <li>• The customers’ mailing address to be recorded when the customer establishes an account with Alinta, or when customer requests gas supply</li> <li>• Customers to have the bill emailed directly to a nominated address.</li> </ul>			
	<table border="1"> <tr> <td data-bbox="253 1329 548 1369">Priority: 4</td> <td data-bbox="548 1329 828 1369">Control Adequacy: NP</td> <td data-bbox="828 1329 1131 1369">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	
147	<p>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>Compendium Clause 4.5(1)</i></p>	<p>Examination of Alinta's current standard bill templates indicates compliance with the minimum information required by section 4.5 of the Code.</p>	
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>
148	<p>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).</p> <p><i>Compendium Clause 4.5(2)</i></p>	<p>Through discussion with the Team Leader – Billing Services and examination of Alinta's current standard bill templates, we determined that Alinta's bills have always included graphs and charts indicating customer's usage history, particularly illustrating the usage for:</p> <ul style="list-style-type: none"> <li>• Previous three months</li> <li>• Previous year.</li> </ul>	
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>
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>Through discussion with the Credit Manager and Team Leader – Billing Services as well as the consideration of Alinta's billing processes, we understand that in the event a historical debt is identified, Alinta's processes provide for either:</p> <ul style="list-style-type: none"> <li>• The amount to be recovered through the standard bill with the debt appearing under the previous balance</li> <li>• A special rebill bill for the outstanding amount to be raised and sent to the customer along with a cover letter.</li> </ul>	
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>
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>Through discussion with the Team Leader – Billing Services and consideration of Alinta's billing processes, we determined that Alinta has the following processes and systems in place for generating bills based on metering agent's reads:</p> <ul style="list-style-type: none"> <li>• Alinta customers' meters are read by the network operator's (ATCO Gas) contractor, SSL, which uploads meter reads into the database (called ARMA) that is maintained by ATCO Gas</li> <li>• Alinta uploads the daily batch of meter reads into CIS-OV, which reconciles to customer accounts based on Meter Installation Registration Number (MIRN) and meter number</li> <li>• ATCO Gas requires a meter read to be undertaken by a meter reader and Alinta does not accept customer self-reads under any circumstance.</li> </ul>	
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>

No.	Obligation under condition	Findings			
<b>Note: Obligation 151 is listed as 'not used' since the February 2015 Reporting Manual Update</b>					
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>Gas Compendium clause 4.7(1)</i></p>	<p><i>Obligations 152 and 153</i></p> <p>Alinta's reading schedules are managed by ATCO Gas and SSL, with meters scheduled to be read on a quarterly basis to coincide with Alinta's current billing arrangements. Through discussions with the Team Leader – Billing Services and examination of Alinta's estimated billing process, we determined that Alinta has implemented the following processes for managing its estimated billing to meet the requirements of clause 4.7 of the Compendium of Gas Customer Licence Obligations:</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 CIS-OV</li> <li>• The meter readers are required to leave an 'unable to read' card in the customers mail box, requesting the customer to make contact with the meter reader</li> <li>• The first three accompanying letters advise the customer that access to the gas meter could not be obtained and to contact Alinta to arrange access for the next scheduled visit. The accompanying letters also outline the requirement for the meter to be made available at least once in a 12 month period, with the potential consequence of disconnection if it is not made available</li> </ul>			
<table border="1"> <tr> <td data-bbox="253 866 539 908">Priority: 5</td> <td data-bbox="551 866 837 908">Control Adequacy: NP</td> <td data-bbox="848 866 1131 908">Compliance Rating: 1</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
153 64	<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><i>Compendium Clause 4.7(2)</i></p>	<ul style="list-style-type: none"> <li>• On the third estimated read, Alinta sends a further notice requesting the customer to arrange a suitable time to access the meter within the next 14 days. If the meter is not available for the next meter read, the customer is warned disconnection may be carried out</li> <li>• Alinta has implemented a monthly report identifying customers with three consecutive estimated reads to facilitate further follow-up with those customers</li> <li>• After the fourth estimate read, ATCO Gas automatically sends the customer a reminder notice to allow access to the meter. Also, Alinta sends a disconnection warning letter giving the customer 14 days until disconnection action will commence. Note: The Team Leader – Billing Services advised that ATCO ceased its 'four in a row reporting' in July 2013 and recommenced the reporting in March 2016.</li> </ul>			

No.	Obligation under condition	Findings
	<p>Priority: 5      Control Adequacy: B      Compliance Rating: 2</p>	<p>From an examination of Alinta's estimated billing reports we identified instances during the period subject to audit Alinta failed to obtain metering data.</p> <p>The nature of the obligation may result in breaches beyond Alinta's control, however this position has not been incorporated into Alinta policy. Alinta has not reported non-compliance of this obligation in its 2014, 2015 or 2016 annual compliance reports.</p>
	<p><b>Recommendation 2/2016</b> Alinta:</p> <ul style="list-style-type: none"> <li>(a) Reconfirm its reporting requirements of ATCO Gas</li> <li>(b) Recognise the technical non-compliance in its Annual Compliance Report (similar to late billing) and provides context for the non-compliance and statistics on the number of customers affected.</li> </ul>	<p><b>Action Plan 2/2016</b> Alinta will:</p> <ul style="list-style-type: none"> <li>(a) Confirm reporting obligations with ATCO Gas, including "four-in-a-row" meter reading reporting requirements;</li> <li>(b) Report technical non-compliances in the Annual Compliance Report.</li> </ul> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager for (a) &amp; Manager Regulatory Compliance for (b)</p> <p><b>Target Date:</b> 30 June 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>Priority: 4      Control Adequacy: NP      Compliance Rating: 1</p>	<p>Through discussions with the Team Leader – Billing Services and consideration of Alinta's billing processes, we determined that Alinta's procedures provide for:</p> <ul style="list-style-type: none"> <li>• ATCO Gas to generate an estimated value in the event that a meter reading is not received</li> <li>• The bill to clearly display that it is an estimated bill and that the amount is based on estimation.</li> </ul> <p>We also observed that section 5 of Alinta's Standard Form Contract states that an estimate will be billed should (for whatever reason) an actual meter read not be obtained.</p>

No.	Obligation under condition			Findings
155	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. <i>Compendium Clause 4.8(2)</i>			Examination of the current bill templates indicates that an estimated bill complies with the minimum information required by section 4.8(2) of the Code. In particular, the estimated bill: <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 Alinta 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 meter verification or reading.</li> </ul> </li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
156	Upon request, a retailer must inform a customer of the basis and the reason for the estimation. <i>Compendium Clause 4.8(3)</i>			Through discussions with the Team Leader – Billing Services and the Call Centre Manager and consideration of Alinta's billing processes, we determined that Customer Service Representatives are trained to advise customers on the basis and reason for estimations.  We also observed that the customer profile in CIS-OV provides relevant information required by the Customer Service Representatives when advising customers.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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. <i>Compendium Clause 4.9</i>			Through discussions with the Team Leader – Billing Services and consideration of Alinta's billing and account management processes, we determined that Alinta's processes provide for: <ul style="list-style-type: none"> <li>• Where an account is in credit (i.e. Alinta has overcharged the customer) the balance to be automatically adjusted on the customer's account. Should the customer prefer a refund, the refund can be processed</li> <li>• Where an account is in debit (i.e. Alinta has undercharged the customer) the balance to be automatically attached to the customer's account. The customer is then advised of the balance.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	We sighted adjustments made to estimate bills after an actual meter reading was obtained.



No.	Obligation under condition	Findings	
158	<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><i>Compendium Clause 4.10</i></p>	<p>Through discussions with the Team Leader – Billing Services and Retail Services Officer – Billing, we determined that Alinta has processes and procedures in place to replace an estimated bill with a bill based on actual meter read if requested by a customer.</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
159	<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><i>Compendium Clause 4.11(1)</i></p>	<p><i>Obligations 159 and 160</i></p> <p>Through discussions with the Team Leader – Billing Services and Retail Services Officer – Billing, we determined that Alinta has the following arrangements in place to engage the distributor to perform a meter test, at a customer's request:</p> <ul style="list-style-type: none"> <li>Alinta charges an upfront fee (currently \$200), for performing a meter test, which requires the removal and replacement of the meter prior to testing. Alinta considers this fee to cover the reasonable costs involved in removing, replacing and testing meters</li> <li>Alinta's current processes require upfront payment of the fee to perform the meter test. Once received, the Team Leader – Billing Services forwards the request to ATCO Gas</li> <li>Section 4.3 of Alinta's Standard Form Contract outlines customers' right to request a meter test</li> <li>If the meter is found to be defective and the fault relates to the measurement of the customer's consumption, the fee for the meter test is either credited to the customer's account, or refunded via direct payment.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
160	<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><i>Compendium Clause 4.11(2)</i></p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
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><i>Obligations 161-163</i></p> <p>Through discussions with the Team Leader – Billing Services and Retail Service Officer – Billing, we determined that alternative tariffs are not offered to small use customers. Customers are charged a standard tariff based on their geographic area and gas supply type. These tariffs are setup at the time of customer application and do not change unless required by the distributor as an authorised tariff adjustment.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings	
162	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. <i>Compendium Clause 4.12(2)</i>	A customer may be eligible for a change in type of supply, e.g. changing from a residential customer to a small use business customer, however such a change does not constitute an alternative tariff.  Through discussions with the Manager Regulatory Compliance, we confirmed that the discounted fares made available via non-standard contracts as part of targeted marketing to customers, who have ceased or indicated an intention to cease their contract with Alinta in favour of a competitor, are not regarded as alternative tariffs.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
163	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. <i>Compendium Clause 4.13</i>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
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 discussions with the Team Leader – Billing Services and consideration of Alinta's billing processes, we determined that Alinta 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

No.	Obligation under condition	Findings	
165	<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>Compendium Clause 4.14(2)</i></p>	<p>Through discussions with the Team Leader – Billing Services and Credit Manager and consideration of Alinta's billing processes, we determined that Alinta has the following processes and procedures in place to manage the account finalisation process:</p> <ul style="list-style-type: none"> <li>Alinta's default approach is to transfer any credits to the customer's new supply address (if applicable) unless the customer specifically requested the amount to be refunded, in which case the refund is processed</li> <li>Alinta's billing staff produce a weekly report, which identifies accounts in credit. Accounts in credit are reviewed and appropriately dealt with.</li> </ul> <p>We examined the customer complaint register and did not identify any complaints in relation to refund of credits after account closure.</p> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
165A *	<p>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).</p> <p><i>Compendium Clause 4.14(3)</i></p>	<p>The Credit Manager confirmed that Alinta did not apply credit from a closed account to a previous debt during the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
166	<p>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.</p> <p><i>Compendium Clause 4.15</i></p>	<p><i>Obligations 166-170</i></p> <p>Through discussions with the Team Leader – Billing Services and consideration of Alinta's billing processes, we determined that Alinta has the following processes in place to facilitate the review of a customer account on request:</p> <ul style="list-style-type: none"> <li>Alinta's Customer Service Representatives are trained to deal with customer requests to review a bill, enabling a to be performed on request</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
167	<p>If a retailer is satisfied after conducting a review of a bill that the bill is correct, the retailer</p> <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> <p><i>Compendium Clause 4.16(1)(a)</i></p>	<ul style="list-style-type: none"> <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 Alinta, depending on the issue relating to the bill, the Customer Service Representative 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 Alinta, the default process is for a credit to be applied to the customer's account. Alternatively, the customer may request a refund.</li> <li>• Alinta would rebill and notify the customer by sending the customer a rebill/ misread cover letter.</li> </ul>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
168	<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><i>Compendium Clause 4.16(1)(b)</i></p>	<p>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.</p> <p>Examination of the customer complaints register did not identify instances of complaints in relation to Alinta's response to (and the timing of the response) a request to review a customer account.</p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
169	<p>The retailer must inform a customer of the outcome of the review (of the bill) as soon as practicable.</p> <p><i>Compendium Clause 4.16(2)</i></p>	<p>We also note that the CIS-OV system currently does not generate exception reports to identify instances where a review was not performed with the required timeframe. In lieu of exception reporting, we were advised that Alinta relies on its internal policies and procedures (including training modules).</p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
170	<p>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.</p> <p><i>Compendium Clause 4.16(3)</i></p>	<p>From discussions with the Team leader - Billing Services, Alinta is in the process of updating its Billing policies and procedures.</p> <p><i>In relation to obligation 170, refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>

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 Team Leader – Billing Services and consideration of Alinta’s billing processes, we determined that Alinta has the following procedures in place to manage accounts requiring adjustments:</p> <ul style="list-style-type: none"> <li>• Where an account is in debit (i.e. Alinta has undercharged the customer) the balance is automatically attached to the customer’s next account. The customer is then advised of the balance</li> <li>• In the event of an undercharging, Alinta recognises that it can only recover the undercharged amount for up to 12 months from the date the customer is notified of the undercharge</li> <li>• Alinta does not charge interest or fees for the amount being recovered from the customer.</li> <li>• Alinta’s default process is to cancel the bills in question and issue a revised account with an accompanying letter.</li> </ul>
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p>
		<p>Compliance Rating: 1</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.</p> <p>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 175A*</i></p> <p>Through discussion with the Credit Manager and Team Leader – Billing Services and consideration of Alinta’s billing processes, we determined that Alinta’s processes and procedures in place for managing the process of recognising and refunding overcharges include:</p> <ul style="list-style-type: none"> <li>• Immediately notifying the customer of any overcharge (including for amounts less than \$75) and offering resolution alternatives. This practice meets the 10 business day requirement of the Code</li> <li>• Customer Service Representatives making best endeavours to contact customers who have been overcharged and have moved address.</li> </ul>
	<p>Priority: 5</p>	<p>Control Adequacy: NP</p>
		<p>Compliance Rating: 1</p>

No.	Obligation under condition	Findings		
173	<p>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.</p> <p><i>Compendium Clause 4.18(3)</i></p>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
174	<p>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.</p> <p><i>Compendium Clause 4.18(4)</i></p>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
175	<p>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.</p> <p><i>Compendium Clause 4.18(6)</i></p>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
175A *	<p>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.</p> <p>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.</p> <p><i>Compendium Clause 4.18(7)</i></p>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

Through discussion with the Credit Manager and Team Leader – Billing Services and consideration of Alinta's billing processes, we determined that Alinta's processes and procedures for managing the refunds process include:

- Alinta's default approach is to transfer any credits (including less than \$75) to the customer's supply address account in the next bill unless the customer specifically requests the amount to be refunded
- Alinta's billing staff produce a weekly report, which identifies accounts in credit. Those accounts that are in credit are reviewed and dealt with
- If the amount is to be refunded, the Customer Service Representative is to submit a request for work flow approval. Refunds are then processed via a weekly cheque run(s)
- Applying the standard business requirement of seven business days to credit any overcharge.

Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta's improper management of overcharges during the period subject to audit.

We also note that the CIS-OV system currently does not generate exception reports to identify instances where credits have not been paid within the required time frame of 12 business days.

*In relation to obligations 172, 173 and 174, refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.*

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 discussions with the Team Leader – Billing Services and consideration of Alinta’s billing processes, 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>• Alinta has the following processes and procedures in place to manage accounts requiring debit adjustments: <ul style="list-style-type: none"> <li>○ Alinta’s initial approach is to cancel the bills in question and issue a revised account with an accompanying letter to explain to the customer</li> <li>○ Alinta recognises that it can only recover the undercharged amount for up to 12 months from the date on which the meter was read</li> <li>○ Alinta does not charge interest or fees for the amount being recovered from the customer</li> <li>○ The accompanying letter with the revised bill also offers a bill smoothing arrangement to the customer to enable payment of the bill in instalments.</li> </ul> </li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta’s improper management of billing adjustments during the period subject to audit.</p> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings						
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. <i>Compendium Clause 4.19(2)and 4.19(6)</i></p>	<p><i>Obligations 177 to 180</i></p> <p>Through discussions with the Team Leader – Billing Services and consideration of Alinta’s billing processes, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit there were instances where Alinta had recognised amounts owing to a customer</li> <li>• Alinta’s processes and procedures in place for managing the process of recognising and refunding overcharges include: <ul style="list-style-type: none"> <li>○ Immediately notifying the customer of any overcharge (including for amounts less than \$75) and offering resolution alternatives. This practice meets the 10 business day requirement of the Code</li> <li>○ Customer Service Representatives making best endeavours to contact customers who have been overcharged and have moved address.</li> <li>○ Alinta’s default approach is to transfer any credits (including less than \$75) to the customer’s supply address account in the next bill unless the customer specifically requests the amount to be refunded</li> <li>○ Alinta’s billing staff produce a weekly report, which identifies accounts in credit. Those accounts that are in credit are reviewed and dealt with</li> <li>○ If the amount is to be refunded, the Customer Service Representative is to submit a request for work flow approval. Refunds are then processed via weekly cheque run</li> <li>○ Applying the standard business requirement of seven business days to credit any overcharge.</li> </ul> </li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta’s improper management of billing adjustments and refunds during the period subject to audit.</p> <p><i>For obligation 179 refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>						
<table border="1"> <tr> <td data-bbox="253 726 548 774">Priority: 4</td> <td data-bbox="548 726 828 774">Control Adequacy: NP</td> <td colspan="2" data-bbox="828 726 1131 774">Compliance Rating: 1</td> </tr> </table>					Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP				Compliance Rating: 1			
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. <i>Compendium Clause 4.19(3)</i></p>							
<table border="1"> <tr> <td data-bbox="253 925 548 973">Priority: 4</td> <td data-bbox="548 925 828 973">Control Adequacy: NP</td> <td colspan="2" data-bbox="828 925 1131 973">Compliance Rating: 1</td> </tr> </table>		Priority: 4	Control Adequacy: NP	Compliance Rating: 1				
Priority: 4	Control Adequacy: NP	Compliance Rating: 1						
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>							
<table border="1"> <tr> <td data-bbox="253 1348 548 1394">Priority: 5</td> <td data-bbox="548 1348 828 1394">Control Adequacy: NP</td> <td colspan="2" data-bbox="828 1348 1131 1394">Compliance Rating: 1</td> </tr> </table>		Priority: 5	Control Adequacy: NP	Compliance Rating: 1				
Priority: 5	Control Adequacy: NP	Compliance Rating: 1						



No.	Obligation under condition	Findings	
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>	Refer above.	
Priority: 5		Control Adequacy: NP	Compliance Rating: 1
180A *	<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.</p> <p>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 Credit Manager confirmed that Alinta has not used an overcharge to offset a previous debt in relation to obligation 180A during the period subject to audit.	
Priority: 4		Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings			
Part 5 Payment					
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 discussions with the Manager Customer Services and Team Leader – Billing Services and walkthrough of payments processes, we determined that Alinta has the following in place to manage the payments cycle of customer bills:</p> <ul style="list-style-type: none"> <li>Section 6.2(k) of the Standard Form Contract (September 2011 edition) states that “each bill will show the due date, which will be at least 12 business days after the date of the bill”</li> <li>The due date of a bill is calculated automatically by CIS-OV with the due date being at least 12 business days from the date of the bill as one of the pre-set conditions</li> <li>Credit management policies and procedures acknowledge the requirement for customer bills to be at least 12 business days.</li> </ul> <p>We sighted copies of a current standard bill and an estimated bill and observed that both had due dates of 12 business days from the date of the bill.</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
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><i>Compendium Clause 5.2</i></p>	<p>Through discussions with the Team Leader - Billing Services and examination of a sample bill, we determined that Alinta offers for the minimum payment methods prescribed in s.5.2 (1) of the Compendium</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>The Payments Officer confirmed the process for obtaining a customer’s verifiable consent prior to commencing a direct debit is either:</p> <ul style="list-style-type: none"> <li>By asking a scripted set of questions and obtaining the customer’s verbal consent (which is recorded)</li> <li>Issuing an application containing all relevant information for the customer to complete, sign and return to Alinta.</li> </ul> <p>The Manager Customer Services confirmed that all voice recordings are maintained for a minimum of 6 months, after which they are archived.</p>			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>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	
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>	<p>Through discussion with the Team Leader – Billing Services and walkthrough of Alinta’s payments process, we determined that Alinta:</p> <ul style="list-style-type: none"> <li>• Accepts payment in advance for any amount, where no minimum amount applies</li> <li>• Places the customer’s account into credit and will not pay interest on any accounts in credit.</li> </ul> <p>Through discussion with the Team Leader – Billing Services and walkthrough of Alinta’s payments process, we determined that while Alinta accepts payment in advance from customers, no requests to accept payments in advance have been received during the period subject to audit.</p>	
	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>	<p>Through walkthrough of Alinta’s billing process and discussions with the Credit Manager, we determined that Alinta’s procedures provide for customers to have bills sent to either the supply address or an alternative mailing address nominated by the customer, at no charge.</p> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta’s improper management of billing addresses during the period subject to audit.</p>	
69	<i>Customer Contracts Regulations 15 (1), Clause 4.3.2.2 AGA Code</i>	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>	<p><i>Obligations 186 to 189</i></p> <p>Through discussions with the Credit Manager and consideration of Alinta’s disconnection and credit management processes, we determined that Alinta has the following processes and procedures to manage the application of late payment fees:</p> <ul style="list-style-type: none"> <li>• Alinta’s CIS-OV system will not permit the charging of fees to customer accounts whilst a moratorium is in place. A moratorium is attached to a customer account when: <ul style="list-style-type: none"> <li>○ Payment arrangements are in place</li> <li>○ Customer complaint is being dealt with</li> <li>○ Customer’s application for financial hardship is in progress.</li> </ul> </li> <li>• Alinta charges late payment fees on the issue of the relevant reminder notices and disconnection warnings each of which are at least 5 days apart.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
186A *	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. <i>Compendium Clause 5.6(2)</i>	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings			
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>The process is automated so that when a late payment fee letter is produced, the corresponding fee is charged</p> <ul style="list-style-type: none"> <li>• A maximum of three late payment fees can be attached to a customer account in relation to reminder/warning notices before the disconnection process is initiated</li> <li>• Alinta does not offer shortened billing cycles to residential customers. The standard billing cycle is every 90 days, therefore in conjunction with the above, no more than 12 late payment fees can be charged within a year <ul style="list-style-type: none"> <li>○ Small use business customers may apply for shortened billing cycles</li> <li>○ These customers are managed to ensure that no more than 12 late payment fees are charged within a year.</li> </ul> </li> </ul> <p>Should a customer contact Alinta and be assessed as suffering from payment difficulties or financial hardship, all fees are reversed.</p> <p>Through discussions with the Manager Customer Services and Team Leader Billing Services and Our examination of the customer complaints register we:</p> <ul style="list-style-type: none"> <li>• Determined that during the period subject to audit there were instances where Alinta had refunded (via way of credit) a late payment fee or had waived a pending late payment fee after becoming aware of a complaint or financial hardship subsequent to the initial levy of the charge</li> <li>• Did not identify instances of complaints in relation to Alinta's improper charging of a late payment fee during the period subject to audit.</li> </ul>			
Priority: 4	Control Adequacy: NP			Compliance Rating: 1	
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>Should a customer contact Alinta and be assessed as suffering from payment difficulties or financial hardship, all fees are reversed.</p> <p>Through discussions with the Manager Customer Services and Team Leader Billing Services and Our examination of the customer complaints register we:</p> <ul style="list-style-type: none"> <li>• Determined that during the period subject to audit there were instances where Alinta had refunded (via way of credit) a late payment fee or had waived a pending late payment fee after becoming aware of a complaint or financial hardship subsequent to the initial levy of the charge</li> <li>• Did not identify instances of complaints in relation to Alinta's improper charging of a late payment fee during the period subject to audit.</li> </ul>	
Priority: 4	Control Adequacy: NP				
189	<p>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.</p> <p><i>Compendium Clause 5.6(5)</i></p>	<p><i>Obligation 190 to 192</i></p> <p>Through discussions with the Credit Manager and consideration of Alinta's billing processes, we determined that Alinta's processes and procedures for finalisation of customer accounts include:</p> <ul style="list-style-type: none"> <li>• A customer is required to notify Alinta to request account closure</li> <li>• Customer Service Representatives initiate the account finalisation process and submit a service order in CIS-OV requesting a final meter read of the supply address</li> </ul>			
Priority: 4	Control Adequacy: NP				
190	<p>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).</p> <p><i>Compendium Clause 5.7(1)</i></p>			<p><i>Obligation 190 to 192</i></p> <p>Through discussions with the Credit Manager and consideration of Alinta's billing processes, we determined that Alinta's processes and procedures for finalisation of customer accounts include:</p> <ul style="list-style-type: none"> <li>• A customer is required to notify Alinta to request account closure</li> <li>• Customer Service Representatives initiate the account finalisation process and submit a service order in CIS-OV requesting a final meter read of the supply address</li> </ul>	
Priority: 4	Control Adequacy: NP				

No.	Obligation under condition	Findings		
191	<p>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.</p> <p><i>Compendium Clause 5.7(2)</i></p>	<ul style="list-style-type: none"> <li>• SSL reads the meter within three business days of request</li> <li>• Customers are charged for consumption up to the final meter read</li> <li>• For customers that have been evicted, Alinta stops charges to the customer from the day of eviction and will backdate the bill to the date the customer vacated the supply address, provided that the customer can provide reasonable evidence</li> </ul> <p>Section 16 of Standard Form Contract states that "if you [the customer] are forced to move out [for example, by eviction] with less than three business days' notice and you let us know immediately, we will not ask you to pay for gas used at the supply address beyond the period of notice you were given".</p>		
192	<p>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</p> <p><i>Compendium Clause 5.7(3)</i></p>	<p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta's improper charging of gas consumed in relation to move outs during the period subject to audit.</p>		
193	<p>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).</p> <p><i>Compendium Clause 5.7(4)</i></p>	<p>Through discussions with the Credit Manager and consideration of Alinta's billing processes, we determined that Alinta has the following processes and procedures to manage the account finalisation process:</p> <ul style="list-style-type: none"> <li>• The debt is recoverable only from the customer who entered into the contract with Alinta</li> <li>• Once a contract is established and formalised in CIS-OV, the system does not permit an amount to be billed to the previous customer of the same supply address.</li> </ul> <p>Section 16 of the Standard Form Contract commits Alinta to not charging the previous customer gas consumption after the new customer becomes obliged to pay.</p> <p>Our examination of the customer complaints register did not identify instances of Alinta's improper management and unauthorised charging (in line with its processes and contractual terms) of gas consumed in relation to move outs and move ins during the period subject to audit.</p>		

No.	Obligation under condition	Findings		
194	<p>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).</p> <p><i>Compendium Clause 5.8(1)</i></p>	<p>Section 5.8 (1) of the Gas Compendium states that "A retailer must comply with the Conduct Principles set out in the guideline on debt collection issued by the Australian Competition and Consumer Commission concerning (ACCC) section 50 of the Australian Consumer Law (WA).".</p> <p>Though discussions with the Credit Manager and examination of Alinta's Hardship Policy, we determined that Alinta has established practices to demonstrate compliance with the Conduct Principles set out in the guideline on debt collection issued by the ACCC:</p> <ul style="list-style-type: none"> <li>Alinta utilises Dun &amp; Bradstreet and Probe Group as its debt collection agencies for all unpaid debt greater than \$20</li> <li>Only accounts that are inactive (i.e. had final invoices issues) are referred to debt collection. No active accounts are referred to debt collection services as these accounts will be captured within the standard disconnection process.</li> </ul> <p>The Manager Customer Services confirmed that Alinta complies with the Conduct Principles set out in the guidelines on debt collection issued by the ACCC.</p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
195  74	<p>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.</p> <p><i>Compendium Clause 5.8(1)</i></p> <p><i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i></p>	<p>Through discussions with the Credit Manager and consideration of Alinta's credit management processes, we determined that Alinta's procedures provide for:</p> <ul style="list-style-type: none"> <li>Alinta's best endeavour to contact the customer prior to referring the collection to an external agency</li> <li>If the customer advises Alinta that they are experiencing payment difficulties or financial hardship, Alinta will refer the customer to a Customer Service Representative with the skill set to perform a financial hardship assessment.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta's management of the debt collection process for a customer subject to financial hardship during the period subject to audit.</p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
196	<p>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.</p> <p><i>Compendium Clause 5.8(2)</i></p>	<p>Through discussions with the Credit Manager and consideration of Alinta's credit management processes, we determined that Alinta's procedures provide for collection of customer debt. We note that:</p> <ul style="list-style-type: none"> <li>Alinta has processes in place to ensure that any debt is only recovered from the customer of the supply address which incurred the debt</li> </ul>		

No.	Obligation under condition	Findings
		<ul style="list-style-type: none"> <li>The CIS-OV system only allows one account to be attached to a supply address; as such it is only possible to bill for the consumption from a supply address to one customer at any given time.</li> </ul> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta's management of the debt collection process for customers not subject to a contract during the period subject to audit.</p>
	<p>Priority: 4      Control Adequacy: NP      Compliance Rating: 1</p>	
197	<p>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.</p> <p><i>Compendium Clause 5.9</i></p>	<p>The Manager Customer Services confirmed that, for the period 1 October 2013 to 30 September 2016, Alinta did not maintain dual fuel contracts for residential customers.</p>
	<p>Priority: 4      Control Adequacy: NP      Compliance Rating: NR</p>	
<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>Through discussion with the Team Leader – Customer Services and examination of Alinta's Hardship Policy, we determined that:</p> <ul style="list-style-type: none"> <li>During the period subject to audit, there were instances where Alinta had assessed customers' payment difficulties or financial hardship</li> <li>Alinta has the following processes and procedures in place to facilitate the assessment of customer's financial situation within three days: <ul style="list-style-type: none"> <li>Alinta has developed a Continuous Energy Program, incorporated in the Hardship Policy document. The Hardship Policy assists Alinta staff in performing a preliminary assessment of a customer's financial situation</li> <li>Customer Service Representatives are responsible for performing the initial assessment in line with the Hardship Policy</li> </ul> </li> </ul>

No.	Obligation under condition	Findings			
		<ul style="list-style-type: none"> <li>○ An initial assessment is to be performed immediately (while the customer is on the phone) and if the customer is determined to be experiencing financial hardship, the customer is referred to a:                             <ul style="list-style-type: none"> <li>▪ Relevant government agency</li> <li>▪ Financial counsellor</li> </ul> </li> <li>○ Appropriately trained Level 2 Customer Service Representative, provided that the customer’s debt is below specified limits.</li> <li>○ Where a customer has contacted Alinta via email or letter, the staff member responsible for opening the mail or reading the email will look out to see of the mail or email relates to financial hardship.                             <ul style="list-style-type: none"> <li>▪ Following identification of such a mail or email, the customer contact will be immediately escalated to a Team Leader</li> <li>▪ The Team Leader – Customer Services commented that such an escalation was a very rare occurrence</li> <li>▪ There is no tracking process for payment difficulties or financial hardship letters as to whether they were assessed within three business days. As Alinta’s standard response time for mail and email is seven days, there is a possibility for customer contacts via these means requesting a hardship assessment to not be conducted within the specified time frame.</li> </ul> </li> <li>○ When a preliminary assessment of a customer has been performed, the Customer Service Representative is required to document the discussion and outcomes on the customer’s profile within CIS-OV by categorising the contact log as ‘Hardship Utility Grant Scheme (HUGS)’ or ‘special condition’</li> <li>○ Customer Service Representatives are trained in relation to the Hardship Policy</li> <li>○ The Credit Management team is responsible for reviewing the customer logs categorised as ‘HUGS’ for any changes to HUGS applicability.</li> </ul> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>			
	<table border="1"> <tr> <td data-bbox="253 1246 548 1299">Priority: 4</td> <td data-bbox="555 1246 828 1299">Control Adequacy: NP</td> <td data-bbox="835 1246 1131 1299">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	
198A *	<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>Based on discussions with the Team Leader – Customer Services, we determined that Alinta has procedures in place to assist staff in making preliminary assessments of a customer’s financial situation. The assessment is completed using:</p> <ul style="list-style-type: none"> <li>• Information provided by the customer</li> <li>• The information held by Alinta</li> <li>• Information from relevant third parties, e.g. financial counsellors.</li> </ul> <p>The Manager Regulatory Compliance and Manager Customer Services advised that Alinta has performed all assessments of payment difficulty or financial hardship internally for the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
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>Where a Financial Counsellor requests for information regarding a customer’s assessment (e.g. billing detail), Alinta will endeavour to assist the Financial Counsellor with their request.</p> <p>From 28 March 2012, appropriately trained level 2 Customer Service Representatives were able to perform formal financial hardship assessments and HUGS applications, taking into consideration:</p> <ul style="list-style-type: none"> <li>• Total customer debt</li> <li>• The amount being applied for</li> <li>• The time elapsed since the customer’s previous HUGS application.</li> </ul> <p>Based on discussions with the Call Centre Manager and consideration of the Hardship Policy, we understand that:</p> <ul style="list-style-type: none"> <li>• Customer Service Representatives are trained on how to assess a customer’s situation</li> <li>• Most customers, who advise Alinta that they are experiencing payment difficulties, will be given a payment extension.</li> </ul>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

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>	<p><i>Obligations 200 to 200A</i></p> <p>Through discussion with the Team Leader – Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there have been instances where Alinta has performed internal assessments in relation to a customer’s financial hardship or payment difficulty scenario</li> <li>• Customer Service Representatives are aware that customers are entitled to information regarding their assessment</li> <li>• Customer Service Representatives will inform customers if their application has been denied and will advise them of additional payment options available such as payment plans or time extensions</li> <li>• The customer will not be notified by Alinta if the application for a HUGS grant has been approved. As a result, the customer will become aware of the approval of the grant via a reduction of debt on the next bill.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
200A *	<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>The Manager Regulatory Compliance advised that Alinta performs all assessments internally to determine payment difficulties or financial hardship and has not referred a customer to an external financial counsellor (for the purpose of assessment) during the period subject to audit.</p> <p>Our examination of the customer complaints register did not identify instances of complaints in relation to Alinta’s financial hardship assessment activities during the period subject to audit.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
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>	<p><i>Obligations 201 to 203</i></p> <p>Through discussion with the Team Leader – Customer Services and examination of the Hardship Policy &amp; HUGS training handout, we determined that Alinta has procedures in place (which have been applied during the period subject to audit) to enable a customer’s account to be suppressed from any credit or disconnection actions for a minimum period of 15 business days. The customer account will be suppressed if:</p> <ul style="list-style-type: none"> <li>• Requested by the customer</li> <li>• Requested by the financial counsellor or Customer Representative Organisation if more time is required to make an assessment of the customers financial position</li> <li>• A request is received from a relevant government agency.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition			Findings
202	A retailer must allow a temporary suspension of actions for a period of at least 15 business days. <i>Compendium Clause 6.2(3)</i>			Customer Service Representatives (other than trainee Customer Service Representatives) are authorised to extend the suppression for up to 4 weeks. Should a greater period of time be required, Customer Service Representatives are required to escalate the request to a Team Leader.  The Manager Customer Services confirmed that during the period subject to audit:
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
203	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. <i>Compendium Clause 6.2(4)</i>			<ul style="list-style-type: none"> <li>• There were occasions in which customers made use of independent financial counsellors or a consumer representative organisation</li> <li>• While there were instances where a customer attended financial counsellor's first hand, Alinta performs its own internal assessment in addition to the information provided by the financial counsellor</li> <li>• Where provided for in Alinta's procedures, customers were granted temporary suspension of actions, or additional time was given to allow the assessment of financial hardship.</li> </ul>
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
204	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). <i>Compendium Clause 6.3(1)</i>			From an examination of the Hardship Policy and Alinta's HUGS training handout and discussions with the Call Centre Manager, we determined that Alinta offers alternative payment arrangements such as payment extensions or payment instalment plans to customers who are experiencing payment difficulties or financial hardship.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
205 72	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). <i>Compendium Clause 6.4(1)</i> <i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i>			Through discussions with the Team Leader – Customer Services and examination of the Hardship Policy, we determined that: <ul style="list-style-type: none"> <li>• Alinta has procedures in place to offer payment extensions or payment instalment plans to customers experiencing payment difficulties or financial hardship</li> <li>• Any payment instalment plan is provided at no cost to the customer and is interest free.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
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). <i>Compendium Clause 6.4(2)</i></p>	<p>Through discussions with the Manager Customer Services, we determined that Alinta has the following processes for placing customers on to a payment instalment plan:</p> <ul style="list-style-type: none"> <li>• When Alinta determines whether the instalment plan is applicable to the customer, the customer's usage needs and capacity to pay are taken into account</li> <li>• Information relating to an instalment plan is communicated to the customer over the phone, at the time of contact</li> <li>• The instalment plan information (including amounts, timeframe, number of instalments) is agreed with the customer and noted on the customer profile on CIS-OV</li> <li>• Details on how to reduce energy (such as energy reduction initiatives on Alinta's website) are provided to the customer</li> <li>• The details of the instalment plan are sent to the customer by mail.</li> </ul> <p>Alinta's payment difficulty/financial hardship procedures provide for trained staff to methodically assess customers' circumstances and to communicate all information relating to an offered instalment plan to the customer at the point of contact (via phone) and later confirmed via mail. The Hardship Policy outlines the steps Alinta takes when offering an Instalment plan to a residential customer in line with s.6.4(2) of the Compendium.</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>
206A *	<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. <i>Compendium Clause 6.4(3)</i></p>	<p>Through discussions with the Call Centre Manager and examination of Alinta's letter templates we determined that:</p> <ul style="list-style-type: none"> <li>• There has been instances where a residential customer has accepted an instalment plan offered by Alinta during the period subject to Audit</li> <li>• Alinta has processes in place designed to: <ul style="list-style-type: none"> <li>○ Detail the agreed payment plan (including amounts and dates)</li> <li>○ Advise the customer of the consequences in the event of non-payment</li> <li>○ Provide the customer with communication avenues in the event the customer has additional queries.</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>

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>Through discussions with the Team Leader – Customer Services and consideration of Alinta’s financial hardship and payment difficulties process, we determined that:</p> <ul style="list-style-type: none"> <li>• There have been instances where a customer has been subject to an instalment plan and failed to pay in accordance with their payment schedule during the period subject to audit</li> <li>• Alinta’s processes and assessment criteria outline the provision of instalment plans to all customers experiencing payment difficulties</li> <li>• Alinta generally allow a customer to break and re-enter up to four plans each year, although, at a minimum, will provide the customer one additional plan each year, in the event the customer has failed to make payments under the original plan.</li> </ul>	
	Priority: 4	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>From an examination of the Hardship Policy and discussions with the Manager Customer Services, 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 were granted a reduction of fees and charges (other than consumption charges), in accordance with Alinta’s Financial Hardship Assessment Procedure</li> <li>• Alinta’s policy and procedures provide for: <ul style="list-style-type: none"> <li>○ All customers who are assessed as being under financial hardship have all fees and charges deleted from their account</li> <li>○ If a customer or relevant third party requests that a debt be reduced, it will be referred to a Team Leader who will then make an assessment in accordance with the provisions of Alinta’s Hardship Policy.</li> </ul> </li> </ul>	
	Priority: 5	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>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
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>From an examination of the Hardship Policy and discussions with the Team Leader – Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there were occasions in which customers were unable to meet the agreed payment arrangements</li> <li>• Alinta's processes require its staff to provide: <ul style="list-style-type: none"> <li>○ A payment extension to all customers on request (or the customer can extend the due date via automated options on the Alinta call centre number)</li> <li>○ An instalment plan, or revise a current instalment plan, to all customers on request.</li> </ul> </li> </ul>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
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>The Hardship Policy outlines customers' rights and responsibilities and specifically outlines the provision of information requirements of clause 6.8 of the Compendium under the section 'a range of options'. Through discussions with the Manager Customer Services and Call Centre Manager, we also determined that Alinta provides the necessary advice to a customer, either over the phone, by email or in writing.</p>
72	<p><i>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>	
212	<p>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.</p> <p><i>Compendium Clause 6.9(1)</i></p>	<p><i>Obligations 212 and 213</i></p> <p>The Manager Customer Services confirmed that for the purposes of payment difficulties or financial hardship, Alinta does not place a customer onto a payment in advance program.</p> <p>Customers who are experiencing payment difficulties or financial hardship have the ability to extend the due date of their bill, or request to be placed onto an instalment plan. These options functionally relate to a historical debt as compared to payments in advance.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
213	<p>A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers.</p> <p><i>Compendium Clause 6.9(2)</i></p>	
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	

No.	Obligation under condition	Findings
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>	Alinta developed a Hardship Policy (last dated October 2015), to accommodate instances where individual customers experience payment difficulties or financial hardship. The Hardship Policy is: <ul style="list-style-type: none"> <li>• Applicable to those customers who are assessed as experiencing payment difficulties or financial hardship</li> <li>• Designed to assist customers in meeting their financial obligations to Alinta</li> <li>• Applicable only to residential gas customers who consume not more than 1 terajoule of gas per annum. However, payment arrangements and payment plans can be applied for by small use business customers.</li> </ul> A Hardship Policy Review Committee has been established and is responsible for the development, review and maintenance of the Hardship Policy.
	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>	Based on examination of the latest Hardship Policy (dated October 2015), we determined that the policy complied with all requirements of s.6.10 (2) of the Compendium. The Call Centre Manager advised that the Hardship Policy has had three revisions during the period subject to audit, including amendments to reflect: <ul style="list-style-type: none"> <li>• ERA feedback</li> <li>• Realignment with current processes.</li> </ul>
	Priority: 4	Control Adequacy: NP Compliance Rating: 1
215A*	A retailer must ensure that its hardship procedures comply with clause 6.10(3). <i>Compendium Clause 6.10(3)</i>	<i>Obligations 215A and 216</i> Through discussions with the Call Centre Manager and examination of the Hardship Policy (dated October 2015), we determined that: <ul style="list-style-type: none"> <li>• Alinta has protocols in place for providing details of the Hardship Policy to a customer, financial counsellor or welfare agency upon request</li> <li>• Alinta's processes provide for the circulation the hardship programme to the following consumer representative organisations for feedback: <ul style="list-style-type: none"> <li>○ Western Australian Council of Social Services (WACOSS)</li> <li>○ Financial Counsellors' Association of WA (FCAWA)</li> <li>○ Department for Child Protection and Family Support (DCPFS)</li> <li>○ Jacaranda Finance.</li> </ul> </li> <li>• Hardship Policy has been made available on Alinta's website.</li> </ul>
	Priority: 4	Control Adequacy: NP Compliance Rating: 1
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 Compliance Rating: 1

No.	Obligation under condition	Findings	
217*	<p>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.</p> <p><i>Compendium Clause 6.10(5)</i></p>	<p>Through discussion with the Customer Centre Manager and Manager Regulatory Compliance and consideration of the Continuous Energy Program (including hardship policy), we determined that Alinta maintains the records as prescribed by s.6.10 (4) of the Compendium.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
219	<p>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.</p> <p><i>Compendium Clause 6.10(6)</i></p>	<p><i>Obligations 219-220A</i></p> <p>Through discussions with the Credit Manager and examination of the Hardship Policy (October 2015 version), we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta previously had processes in place to review its Hardship Policy on an annual basis. Through our discussions with the Manager Regulatory Compliance and examination of Alinta’s correspondence with the Authority we confirmed: <ul style="list-style-type: none"> <li>○ While Alinta regularly reviews its Hardship Policy, it is not required to provide a formal update unless directed so by the Authority</li> <li>○ Alinta last submitted its updated Hardship Policy to the Authority by the 1 July 2015 deadline as directed.</li> </ul> </li> <li>• Alinta’s review process includes input from WACOSS, and other agencies</li> <li>• The Call Centre Manager is delegated as responsible for leading the review of the Hardship Policy, supported by the Manager Customer Services and Manager Regulatory Compliance.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
220	<p>The retailer must comply with the Authority’s Financial Hardship Policy Guidelines.</p> <p><i>Compendium Clause 6.10(7)</i></p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
220A*	<p>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.</p> <p><i>Compendium Clause 6.10(8)</i></p>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1



No.	Obligation under condition	Findings
221	<p>A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.</p> <p><i>Compendium Clause 6.11</i></p>	<p>Alinta is not obliged to include business customers in its Hardship Policy, however from discussions with the Credit Manager and the Team Leader – Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>• During the period subject to audit, there were occasions in which business customers sought alternative payment arrangements due to their experience of financial difficulties</li> <li>• Assistance offered by Alinta to customers experiencing payment difficulties extends to small use business customers (e.g. payment arrangements and extensions to bills)</li> <li>• Staff have been trained to offer small use business customers experiencing payment problems alternative payment arrangements</li> <li>• During the previous audit period, Alinta liaised with the Authority over the need to specifically reflect small use business customers within the Hardship Policy. The Authority has issued a decision resulting in Alinta not being required to include small use business customers in the Hardship Policy. As a result, the latest version of the Hardship Policy does not make reference to small use business customers.</li> </ul> <p>We examined the customer complaint register for the period 1 October 2013 to 30 September 2016 and did not identify any complaints relating to a business customer’s treatment in arranging alternative payment arrangements.</p>
Priority: 4	Control Adequacy: NP	Compliance Rating: 1
Part 7 Disconnection		
222 33 34	<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>Through examination of Alinta’s billing treatment cycle and discussions with the Credit Manager, we determined that Alinta’s current processes provide the customer with the following notices:</p> <ul style="list-style-type: none"> <li>• An overdue account notice (not a requirement under the Code) to be sent to customers who are considered not to be a credit risk, thereby delaying the formal requirements under the code (17 days after issue to bill)</li> <li>• A reminder notice to be sent to customers: <ul style="list-style-type: none"> <li>○ For those customers considered a credit risk, the notice will be sent 17 days after the issue of the bill</li> <li>○ For those customers not considered to be a credit risk, the notice will be sent 22 days after date of bill.</li> </ul> </li> </ul>

No.	Obligation under condition	Findings			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; background-color: #ffff00; text-align: center;">Priority: 4</td> <td style="width: 25%; text-align: center;">Control Adequacy: NP</td> <td style="width: 25%; background-color: #90ee90; text-align: center;">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<ul style="list-style-type: none"> <li>• A disconnection warning notice to be sent to the customer outlining that the account is overdue:               <ul style="list-style-type: none"> <li>○ For those customers considered a credit risk, the notice will be sent 26 days after the date of bill</li> <li>○ For those customers not considered to be a credit risk, the notice will be sent 31 days after date of bill.</li> </ul> </li> <li>• A door knock is performed to provide a final reminder notice of impending disconnection:               <ul style="list-style-type: none"> <li>○ For those customers considered a credit risk the notice will be sent 40 days after the date of bill</li> <li>○ For those customers not considered to be a credit risk the notice will be send 45 days after date of bill.</li> </ul> </li> <li>• Disconnection not to be performed unless the above reminder notices and warnings have been issued               <ul style="list-style-type: none"> <li>○ All disconnection warnings are given 10 business days to make payment</li> <li>○ For those customers considered a credit risk, disconnection will be performed 45 days after the date of bill</li> <li>○ For those customers not considered to be a credit risk, disconnection will be performed 50 days after date of bill.</li> </ul> </li> </ul> <p>The Credit Manager commented that Alinta does not disconnect any customers with debt under \$100, although customers may still receive a door knock. Customers with debt under \$20 are not captured within the disconnection process by the system; therefore the above process will not be initiated.</p> <p>We examined Alinta’s reminder and disconnection templates and can confirm that they meet the requirements of clauses 7.1(1)(a) and 7.1(1)(c) of the Compendium.</p> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			

No.	Obligation under condition	Findings	
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></p> <p><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</i></p>	<p>Through discussion with the Credit Manager and consideration of Alinta's disconnection and credit management processes, we determined that Alinta has the following processes and systems in place for managing the disconnection of customers:</p> <ul style="list-style-type: none"> <li>• Disconnecting a customer is the last resort Alinta 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>• Alinta 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 Alinta is not permitted to process a disconnection, Alinta has implemented a minimum amount for disconnection of \$100.</li> </ul> <p>Our sample testing did not identify disconnections in breach of:</p> <ul style="list-style-type: none"> <li>• Clause 7.2 of the Compendium</li> <li>• Regulation 12(6) of the Customer Contract Regulations, specifically relating to:               <ul style="list-style-type: none"> <li>○ Business customers being disconnected in contravention of the specified requirements (obligation 41)</li> <li>○ Customers being disconnected before an application for a Government concession (e.g. HUGS) had been decided (obligation 49)</li> <li>○ Disconnections for amounts other than supply charges (obligation 50).</li> </ul> </li> </ul> <p>Examination of Alinta's customer complaints register for the period 1 October 2013 to 30 September 2016 did not identify any complaints in relation a customer being disconnected in contravention of the Gas Compendium and Customer Contract Regulations (obligations 223 and 40, 41, 49 and 50).</p>	
	Priority: 3	Control Adequacy: A	Compliance Rating: 1

No.	Obligation under condition	Findings			
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 Manager confirmed that Alinta 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>			
	<table border="1"> <tr> <td data-bbox="255 592 546 639">Priority: 4</td> <td data-bbox="546 592 831 639">Control Adequacy: NP</td> <td data-bbox="831 592 1128 639">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			
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</i></p>	<p>Based on examination of Alinta's disconnection process and discussions with the Credit Manager, we determined Alinta's processes provide for:</p> <ul style="list-style-type: none"> <li>• Meter readers to leave notification at the clients address for failure to gain access to the customers' meter on the day of meter read advising, as a consequence, the next account will be estimated</li> <li>• Each estimated bill issued prior to a disconnection warning by door knock is accompanied by a series of reminder letters that represent Alinta's attempts at advising the customer of the requirement to contact Alinta for arranging a meter read, failing which a disconnection may be carried out</li> <li>• It is not general practice for Alinta to disconnect supply for denying access to a meter unless safety concerns of the meter (e.g. tampering with a meter) have been identified by ATCO or SSL.</li> </ul> <p>The Team Leader – Billing Services confirmed that for the period the 1 October 2013 to 30 September 2016, no customers have been disconnected solely for failure to provide access to the meter.</p>			
	<table border="1"> <tr> <td data-bbox="255 1385 546 1431">Priority: 4</td> <td data-bbox="546 1385 831 1431">Control Adequacy: NP</td> <td data-bbox="831 1385 1128 1431">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			

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 discussions with the Credit Manager and walkthrough of Alinta's disconnection processes, we observed that Alinta's processes and procedures provide for:</p> <ul style="list-style-type: none"> <li>• Customers' supply addresses not to be disconnected until all required communication has been made regarding the cause of disconnection</li> <li>• Disconnections not to be arranged for Fridays, Saturday, Sunday, a public holiday, the day before a public holiday or after 3pm on other business days. We understand that Alinta's standard business practice is to: <ul style="list-style-type: none"> <li>○ Not arrange disconnections on a Friday</li> <li>○ Perform disconnections using the disconnection service order produced by CIS-OV, which is forwarded to AMRS or ATCO Gas for processing.</li> </ul> </li> </ul> <p>From discussion with the Credit Manager we determined that owing to system constraints, Alinta has implemented the following manual process:</p> <ul style="list-style-type: none"> <li>• SSL and ATCO Gas are required to document the time disconnection is effected on a completed service order, which is then returned to Alinta</li> <li>• Alinta performs on-going 'spot checks' of disconnection service orders to determine whether disconnection times are being recorded. Any service orders without documented times are raised at monthly management meetings.</li> </ul> <p>Of a further sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection (clause 7.6(d))</li> <li>• No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)).</li> </ul> <p>Examination of the customer complaints register did not identify any instances of complaints in relation to being disconnected in the circumstances specified under the Gas Compendium clause 7.6.</p>			
	<table border="1"> <tr> <td data-bbox="253 1182 548 1224">Priority: 2</td> <td data-bbox="555 1182 828 1224">Control Adequacy: A</td> <td data-bbox="835 1182 1131 1224">Compliance Rating: 1</td> </tr> </table>	Priority: 2	Control Adequacy: A	Compliance Rating: 1	
Priority: 2	Control Adequacy: A	Compliance Rating: 1			

No.	Obligation under condition	Findings			
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 Manager and consideration of Alinta's reconnection procedures, we determined that Alinta has the following procedures in place to arrange for customers to be reconnected:</p> <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 Alinta (i.e. remedied the breach), will be reconnected, and invoiced for the gas consumed <ul style="list-style-type: none"> <li>○ Alinta 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>○ Alinta may also request evidence of the date when the customer moved in to calculate the period to backdate from.</li> </ul> </li> </ul>			
	<table border="1"> <tr> <td data-bbox="253 746 544 790">Priority: 4</td> <td data-bbox="555 746 824 790">Control Adequacy: NP</td> <td data-bbox="835 746 1131 790">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
229 52	<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>Section 8.1(2) of the Code defines the 'timeframe' to be the same day, if the request is received before 3pm, or the next business day, if received after 3pm, on a Saturday, Sunday or Public Holiday.</p> <p>Through discussion with the Credit Manager and consideration of Alinta's reconnection processes, we determined Alinta has the following processes and procedures in place to arrange for customers to be reconnected:</p> <ul style="list-style-type: none"> <li>• Alinta processes service orders, which are forwarded to either SSL or ATCO Gas, dependent on the type of disconnection previously performed (e.g. soft, lock, regulator or squeeze)</li> <li>• The service order will be processed immediately based on the conversation/request from the customer and is submitted to the relevant party on the same day (if received by 3pm), or the next morning.</li> </ul> <p>Examination of the customer complaints register for the period 1 October 2013 to 30 September 2016 indicates that there were no complaints in relation to a customer not being reconnected within an appropriate timeframe.</p> <p><i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i></p>			
	<table border="1"> <tr> <td data-bbox="253 1380 544 1420">Priority: 4</td> <td data-bbox="555 1380 824 1420">Control Adequacy: A</td> <td data-bbox="835 1380 1131 1420">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: A	Compliance Rating: 1	
Priority: 4	Control Adequacy: A	Compliance Rating: 1			

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>	Through discussion with the Manager Customer Services and Manager Regulatory Compliance we determined that: <ul style="list-style-type: none"> <li>Alinta updates its tariff on an annual basis in alignment with CPI changes</li> <li>Alinta has processes in place to notify: <ul style="list-style-type: none"> <li>The Minister for Energy of changes to NG prices and fees at least 30 days before the effective date of the tariff variation. This notification is provided via letter and includes explanations for the increases</li> <li>Customers no later than the next bill. Customers are then informed of changes to prices via email or written correspondence.</li> </ul> </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	Compliance Rating: 1
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>	The Team Leader – Customer Service confirmed that should a customer contact the Alinta Call Centre requesting tariff information, Customer Service Representatives are trained to: <ul style="list-style-type: none"> <li>Provide information over the phone</li> <li>Direct the customer to Alinta's website</li> <li>Send an e-mail to the customer (if requested).</li> </ul> All services are provided to the customer at no charge.	
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	Compliance Rating: 1
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>	The Manager Regulatory Compliance confirmed that: <ul style="list-style-type: none"> <li>Customer Service Representatives are trained to resolve the customer query whilst they are on the phone, therefore complying with the 8 business day requirement of the Code</li> <li>Should the customer request the information in writing, the policy is to send the information on the day of request.</li> </ul> The Manager Regulatory Compliance confirmed that there has not been a customer request to be sent information on tariffs via post during the period subject to audit.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition			Findings
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>The Manager Customer Services confirmed that there have been no instances of a customer requesting to be sent a physical copy of their billing data during the period subject to audit.</p> <p>The Team Leader – Customer Service confirmed that should a customer contact the Alinta Call Centre requesting billing data, the Customer Services Representatives have been trained to:</p> <ul style="list-style-type: none"> <li>Resolve the customer query whilst they are on the phone, therefore complying with the 10 business day requirement of the Code</li> <li>Direct the customer to Alinta’s website, where if the customer is a registered user, they are able to view copies of their bills</li> <li>Should the customer request the information in writing, the policy is to send the information on the day of request.</li> </ul> <p>All information is provided to the customer at no charge.</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	Compliance Rating: NR	
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>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
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	Control Adequacy: NP	Compliance Rating: NR	
237	A retailer must keep a customer’s billing data for (7) years. <i>Compendium Clause 10.2(4)</i>			<p>Through discussions with the Team Leader – Customer Service and observation of customer data in CIS-OV, we determined that customer consumption data is retained in CIS-OV and will not be removed for at least seven years. The Manager Customer Services advised that CIS-OV data is backed up onto McAfee Vault.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>			<p>The Manager Customer Services confirmed that Alinta does not offer concessions to its customers as energy concessions available to customers is a government initiative, administered by Synergy.</p> <p>Alinta provides customers with Synergy’s contact number and provides guidance to Synergy in its FAQ section of its website.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	



No.	Obligation under condition			Findings
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. Compendium Clause 10.4			<p>The Team Leader – Customer Service confirmed that Alinta’s procedures provide for:</p> <ul style="list-style-type: none"> <li>• Upon request, Customer Service Representatives to provide gas consumption and costing information to customers and also refer the customer to the gas usage efficiency information located in the Customer Charter and on Alinta’s website</li> <li>• If a customer requests information on an energy efficiency audit, the Customer Services Representative is to direct the call to Alinta Assist</li> <li>• Any specific requests for appliance efficiency ratings are to be directed to the Sustainable Energy Development Office.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
240	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. Compendium Clause 10.5			<p>The Manager Customer Services confirmed that all requests received from customers during the period for distribution related information are directed to ATCO Gas. The direct number is provided to the customer and if requested via phone, the customer is transferred directly to ATCO Gas.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
241	A retailer must, within 3 months of being subject to the Compendium, lodge with the Authority, a gas customer safety awareness programme. Compendium Clause 10.5A(1)			<p><i>Obligations 241-243</i></p> <p>As Alinta has been subject to the Compendium in previous audit periods, this obligation is not rateable for the period subject to audit.</p> <p>Through discussion with the Team Leader – Customer Service and examination of Alinta’s safety awareness documentation, we determined that the customer safety awareness program submitted to the Coordinator of Energy on 28 September 2000:</p> <ul style="list-style-type: none"> <li>• Remains relevant to Alinta’s operations</li> <li>• Addresses the requirements of s.10.5A of the Gas Compendium.</li> </ul>
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
242	A retailer must consult with the Authority when preparing the gas customer safety awareness programme. Compendium Clause 10.5A(2)			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
243	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). Compendium Clause 10.5A(3)			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition	Findings				
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>Compendium Clause 10.9</p>	<p>The Team Leader – Customer Service confirmed that the Standard Form Contract was specifically prepared, with the guidance of a professional media organisation, to be presented in clear, simple, and concise language and in a format that made it easy to understand.</p> <p>Section 31.3 of the Standard Form Contract also states that the terms and conditions are written in a 'simple English' style.</p> <p>Alinta's Brand Manager is responsible for ensuring that marketing information is easy to understand.</p>				
	<table border="1"> <tr> <td data-bbox="255 517 546 564">Priority: 5</td> <td data-bbox="546 517 837 564">Control Adequacy: NP</td> <td data-bbox="837 517 1128 564">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1		
Priority: 5	Control Adequacy: NP	Compliance Rating: 1				
246	<p>A retailer a 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>Compendium Clause 10.10(1)</p>	<p><i>Obligations 246 to 248</i></p> <p>The Team Leader – Customer Service confirmed that a customer's request for information about the Gas Compendium will generally be forwarded to a Team Leader.</p> <p>Through discussion with the Team Leader – Customer Service we determined that Alinta has:</p> <ul style="list-style-type: none"> <li>• Trained its Customer Service Representatives to provide Compendium of Gas Customer Licensing Obligations as well as the Gas Marketing Code of Conduct to customers when requested</li> <li>• Published the Gas Compendium on its website</li> <li>• Maintained electronic copies of the Gas Compendium, which can be sent to customers via email</li> <li>• Made copies of the Gas Compendium available at its designated customer service premises, for inspection if requested and at no charge.</li> </ul> <p>We observed that Alinta has published a copy of its Gas Customer Charter on its website that informs the customer that a copy of the Compendium of Gas Customer Licensing Obligations or the Gas Marketing Code of Conduct may be obtained from the Authority's website.</p>				
	<table border="1"> <tr> <td data-bbox="255 1145 546 1193">Priority: 4</td> <td data-bbox="546 1145 837 1193">Control Adequacy: NP</td> <td data-bbox="837 1145 1128 1193">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	
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>Compendium Clause 10.11(1)</p>	<p>Through discussions with the Team Leader – Customer Service and examination of customer bills, we determined that Alinta provides interpreting and TTY (teletypewriter) services for its customers and provides for large print copies to be issued on request, at no charge.</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>Compendium Clause 10.11(2)</p>	<p>Our examination of 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	
Part 12 Complaints and Dispute Resolution			
251	<p>A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes. Compendium Clause 12.1(1)</p>	<p>Through:</p> <ul style="list-style-type: none"> <li>• Discussion with the Team Leader – Customer Services</li> <li>• Examination of Alinta’s Complaints Handling Policy, Customer Service Charter and Standard Form Contract</li> <li>• Examination of records of complaints maintained in CIS-OV</li> </ul> <p>we determined that Alinta has developed a Customer Complaints Handling process specifically for gas related activities designed to comply with AS ISO 10002 – 2006. That process includes the following:</p> <ul style="list-style-type: none"> <li>• All customer complaints are logged into the CIS-OV system and are able to be categorised according to the type of complaint. For example, direct debit, terms and conditions, hardship, payment, meter reading and marketing</li> <li>• Alinta has a mature escalation process, whereby if a customer is not pleased with the outcome offered, the complaint can be escalated to relevant management representatives</li> <li>• Customer Service Representatives have been trained in dealing with customer complaints</li> <li>• The Team Leader – Customer Service is responsible for reviewing complaints on a weekly basis as well as producing an ‘end of month report’. The end of month report includes the total number of complaints for each area (e.g. coastal, business, Goldfields to Esperance and Albany), a breakdown of the different types of complaints logged and Energy Ombudsman escalations.</li> </ul> <p>Where a customer is not satisfied with the resolution offered by Alinta, an external party will be involved. The Customer Complaints Handling Process requires the Manager Customer Services to inform the customer that they can seek assistance from the Energy Ombudsman.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
252	<p>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.</p> <p><i>Compendium Clause 12.1(2)(a),(b) and (d)</i></p>	<p>Through examination of Alinta’s complaints handling process and discussion with the Team Leader – Customer Services, we determined that Alinta’s complaints handling process is created and designed to comply with AS ISO 10002-2006. The process document describes the complaints:</p> <ul style="list-style-type: none"> <li>• Lodging and escalation process</li> <li>• Response time and method</li> <li>• Management and handling process.</li> </ul> <p>The complaints handling process is available at no cost to Alinta’s customers. The Manager Customer Services confirmed that staff are trained to handle customer complaints and to provide information as required.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
253	<p>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</p> <p><i>Compendium Clause 12.1(2)(c)</i></p>	<p>Through examination of Alinta’s complaints handling process and discussion with the Team Leader – Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>• Alinta’s complaints handling process informs the customer that the process is also used to record and manage complaints about Alinta’s marketing; marketing agents and marketing activities</li> <li>• The process is available at no cost to the customers.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
254	<p>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.</p> <p><i>Compendium Clause 12.1(3)(a)</i></p>	<p><i>Obligations 254 and 255:</i></p> <p>Through examination of Alinta’s complaints handling process document and its complaints register, we determined that Alinta’s complaints handling process provides for:</p> <ul style="list-style-type: none"> <li>• Information to be provided to a customer in accordance with clause 12.1(2) of the Gas 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 Gas 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 Gas 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 Alinta’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	<p>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.</p> <p><i>Compendium Clause 12.1(3)(b)</i></p>	<p>Through examination of Alinta’s complaints handling process document and its complaints register, we determined that Alinta’s complaints handling process provides for:</p> <ul style="list-style-type: none"> <li>• Information to be provided to a customer in accordance with clause 12.1(2) of the Gas 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 Gas 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 Gas 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 Alinta’s response, and providing Freecall and Freefax number of the Ombudsman to the customer.</li> </ul>	

No.	Obligation under condition	Findings		
		Priority: 4	Control Adequacy: NP Compliance Rating: 1	Alinta's Gas Customer Service Charter also notifies customers of their right to refer their complaints to the Ombudsman if they are unsatisfied with Alinta's response.
255A *	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. <i>Compendium Clause 12.1(4)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	Through discussions with the Call Centre Manager and the Customer Services Advocate and examination of Alinta's training documents, we determined that Alinta has processes in place designed for the timely response of customer complaints. <i>Refer to summary finding and recommendation 5/2016 at the introduction to section 4.7 findings above, which outlines the opportunity for Alinta to further strengthen its monitoring of compliance with Gas Compendium obligations.</i>
256	A retailer must comply with any guideline developed by the Authority relating to distinguishing customer queries from customer complaints. <i>Compendium Clause 12.2</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	Section 3 of the Customer Complaints Guidelines (Guidelines) issued by the Authority in October 2008, provides energy retailers and distributors with guiding principles on how complaints should be distinguished from enquiries. Through discussions with the Team Leader – Customer Service and an examination of Alinta's Complaints Handling Process and records, we determined that Alinta distinguishes between customer queries and customer complaints as required by the Guidelines. The relevant provision of Alinta's Complaints Handling Process is: A complaint is defined as "any expression of dissatisfaction made to an organisation, related to its products, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected".
257	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. <i>Compendium Clause 12.3</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	Alinta's Customer Service Charter includes information relating to Alinta's complaints handling process. The Team Leader – Customer Service also confirmed that Customer Service Representatives are trained to: <ul style="list-style-type: none"> <li>• Provide information relating to the complaints handling process to customers upon request, at no charge</li> <li>• Refer the customer 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>

No.	Obligation under condition	Findings
258	<p>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).</p> <p><i>Compendium Clause 12.4</i></p>	<p>Through discussion with Alinta staff and examination of recorded complaints (written and via telephone), we observed Alinta's customer service and complaints handling processes provide for:</p> <ul style="list-style-type: none"> <li>• Staff to recognise instances where a complaint does not relate to Alinta's 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 Team Leader – Customer Service confirmed that when a call is identified not relating to Alinta's functions, the customer is offered the appropriate entity's direct line or the call is transferred.</li> </ul>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
Part 13 Record Keeping and Reporting		
281*	<p>A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the Authority.</p> <p><i>Compendium Clause 13.1</i></p>	<p><i>Obligations 281-283</i></p> <p>Through discussion with the Regulatory Compliance Manager and Manager Customer Services and examination of Alinta's annual performance reports, we determined that Alinta has a reporting framework in place to 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>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
282*	<p>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.</p> <p><i>Compendium Clause 13.2</i></p>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
283*	<p>A report referred to in clause 13.1 must be published by the date specified by the Authority.</p> <p><i>Compendium Clause 13.3</i></p>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition	Findings
<b>Gas Marketing Code of Conduct obligations applicable for the period 1 October 2013 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 initiates contact with a customer for the purpose of marketing <i>Compendium Clause 2.6(3)</i>	Through discussions with the Manager Customer Services and consideration of Alinta's marketing procedures and records we determined that Alinta's procedures provide for maintaining records in CRM system 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 October 2013 to 1 January 2015 (in accordance with the May 2014 Reporting Manual) which, were subsequently removed</b>		
Part 4 Billing		
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>	Through discussions with the Team Leader – Billing Services, we determined that Alinta Customer Service Representatives 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.
	Priority: 4	Control Adequacy: NP Compliance Rating: 1



No.	Obligation under condition	Findings
Part 5 Payment		
194	<p>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).</p> <p><i>Compendium Clause 13.2(a)(i)-(xv)</i></p>	<p>Section 5.8 (1) of the Gas Compendium states that "A retailer must comply with the Conduct Principles set out in the guideline on debt collection issued by the ACCC concerning section 50 of the Australian Consumer Law (WA).".</p> <p>Though discussions with the Credit Manager and examination of Alinta's Hardship Policy, we determined that Alinta has established practices to demonstrate compliance with the Conduct Principles set out in the guideline on debt collection issued by the ACCC:</p> <ul style="list-style-type: none"> <li>Alinta utilises Dun &amp; Bradstreet and Probe Group as its debt collection agencies for all unpaid debt greater than \$20</li> <li>Only accounts that are inactive (i.e. had final invoices issues) are referred to debt collection. No active accounts are referred to debt collection services as these accounts will be captured within the standard disconnection process.</li> </ul> <p>The Manager Customer Services confirmed that Alinta complies with the Conduct Principles set out in the guidelines on debt collection issued by the ACCC.</p>
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>
Part 13 Record Keeping and Reporting		
259	<p>Unless expressly provided otherwise, a retailer, distributor of 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 information was recorded.</p> <p><i>Compendium Clause 13.1(1)</i></p>	<p>At the time of the audit, we observed that information required to be maintained by Alinta in accordance with each of the sub-clauses 13.2 to 13.6, has been retained in Alinta's CIS-OV system and/or relevant manual files.</p> <p>The Manager Customer Services confirmed:</p> <ul style="list-style-type: none"> <li>The information required by the Gas Compendium has been maintained since inception of Alinta, fulfilling the minimum two year requirement</li> <li>Information is backed-up daily via a batch process to a secure offsite data centre.</li> </ul>
	<p>Priority: 4</p>	<p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>

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 Coordinator Contact Centre and Team Leaders for Billing and Customer Services and examination of records maintained by Alinta in its CIS-OV, CRM and Gentrack systems, we determined that record keeping requirements of clause 13.1(2) (a) – (g) are addressed by those systems.</p> <p>In particular, Alinta’s record-keeping includes information such as:</p> <ul style="list-style-type: none"> <li>• Review and amendment dates of Alinta’s financial hardship policy, 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>• Alinta’s call centre performance records including the number and percentage of calls received and answered within 30 seconds</li> </ul> <p>Marketing contact with customers including date, time, means and location of contact.</p>	
	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>The Manager Customer Services confirmed that:</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 are maintained within CIS-OV</li> <li>• Those indicators, including relevant percentages are reviewed weekly by Manager Customer Services and reported on a monthly basis by Alinta as part of the Alinta Monthly Operational Report.</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	<p>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).</p> <p><i>Compendium Clause 1 3.2( c)</i></p>	<p>The Team Leader – Billing Services confirmed that Alinta keeps a record of all actions and related correspondence with ATCO Gas in relation to obtaining metering data where a bill could not be issued within 110 days due to non-availability of metering data.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
265	<p>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).</p> <p><i>Compendium Clause 13.3(1)</i></p>	<p><i>Obligations 265 and 266:</i></p> <p>Through discussions with the Team Leader – Customer Service, consideration of Alinta’s customer complaints processes and examination of customer complaints records maintained within CIS-OV, we determined that Alinta has processes in place to maintain the customer complaints data (for both residential and business customer) required by s.13.3(1) of the Code. We note that:</p> <ul style="list-style-type: none"> <li>• Customer complaints are logged within CIS-OV according to the type of complaint</li> <li>• Types of customer complaints recorded by Alinta include the specified items of s.13.3(1)(b) of the Code</li> <li>• Details of action taken by Alinta to address a complaint, including the time taken for the complaint to be addressed are captured in customer complaints records available within CIS-OV, attached to the relevant customer profile as a contact log. These records are maintained indefinitely</li> <li>• The Team Leader – Customer Service is responsible for reviewing the customer complaints on a monthly basis and producing a customer complaints report for management. This report includes the categorisation of complaint types that the Team Leader – Customer Services manually</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
266	<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). <i>Compendium Clause 13.3(2)</i></p>	<p>prepares as a suitable report of such data is still not available from CIS-OV (confirmed with the CIS-OV vendor by Manager Customer Services)</p> <ul style="list-style-type: none"> <li>• Details of the time taken to conclude complaints are recorded, enabling Alinta to calculate the percentage of complaints concluded within 15 and 20 business days</li> <li>• Alinta does not maintain a separate customer complaints handling system or register.</li> </ul> <p>Although Alinta's processes and systems appear to provide for details of all complaints records required by clause 13.3(1) to be kept, we observed that some of those complaints records are not retained in a structured and easily traceable manner, increasing the likelihood that the records are incomplete or inaccurate. For example, the time taken to conclude the complaint can be difficult to identify from existing records. The spreadsheet extract from CIS-OV relating to complaints received and handled by Alinta was also not structured in a user friendly manner.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
267	<p>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>	<p>Through discussions with the Manager Customer Services and observation of Alinta's call centre records, we determined that the following call centre metrics are maintained and reported:</p> <ul style="list-style-type: none"> <li>• Total number of telephone calls made to Alinta</li> <li>• Alinta's Grade of Service (GOS) which is the total number and percentage of calls answered in less than 20 seconds. For reporting requirements to the Authority, the Call Centre Business Analyst maintains statistics on calls answered within 30 seconds</li> <li>• Average time taken to answer a call (in seconds)</li> <li>• Percentage of calls unanswered/abandoned.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
268	<p>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>	<p>Through discussions with the Manager Customer Services, we determined that the total number of residential and business customers is recorded and reported to management on a weekly, monthly and annual basis.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
278	<p>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.</p> <p><i>Compendium Clause 13.17(2)</i></p>	<p>Through discussion with the Regulatory Compliance Manager and Manager Customer Services and examination of Alinta's annual performance reports, we determined that Alinta has a reporting framework in place to prepare annual performance reports as required by Part 13 of the Code, including:</p> <ul style="list-style-type: none"> <li>• Publishing the reports on its website</li> <li>• Maintaining electronic copies of the reports, which can be sent to customers via email</li> <li>• Ensuring copies of the reports are available at its designated customer service premise(s), for inspection if requested and at no charge.</li> </ul>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
279	<p>A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.</p> <p><i>Compendium Clause 13.17(3)</i></p>	<p>Through discussions with the Manager Regulatory Compliance and examination of Alinta's correspondence with the Minister and the Authority we identified that Alinta is aware of its reporting requirements and maintains correspondence from the Authority and the Minister in addition to its website publishing dates.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

# 5 Previous audit non-compliances and recommendations

Section 5 summarises the status of previous audit non-compliances and recommendations. The ratings provided are defined in accordance with the August 2010 Audit Guidelines: Electricity, Gas and Water Licences. The table below provides guidance on the previously used compliance ratings and their corresponding description.

Level	Rating	Description
Compliant	5	Compliant with no further action required to maintain compliance.
Compliant	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance.
Compliant	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance.
Non-compliant	2	Does not meet minimum requirements.
Significantly non-compliant	1	Significant weaknesses and/or serious action required.
Not applicable	N/A	Determined that the compliance obligation does not apply to Alinta's business operations.
Not rated	N/R	No relevant activity took place during the audit period; therefore it is not possible to assess compliance.

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
<b>A. Resolved before end of previous audit period</b>						
2/2013	Obligation 102 – Trading Licence clause 23.1	2	<p>Alinta is required to submit compliance reports to the Authority by 31 August each year. Although Alinta emailed a copy of the 2012 compliance report to the Authority by 31 August 2012, the required hard copy was submitted one business day late.</p> <p>Alinta's processes now appropriately address this requirement as:</p> <ul style="list-style-type: none"> <li>The Authority now provides for annual compliance reports to be delivered via email (in a suitable format)</li> <li>Alinta's Regulatory Obligations Register captures the annual requirement for submitting compliance reports</li> </ul> <p>Alinta submitted the required 2013 compliance report to the Authority by the 31 August 2013 due date.</p>	n/a – no further action is required.	n/a	No
<b>B. Resolved during current audit period</b>						
1/2013	Obligation 1 – Energy Coordination Act section 11Q(1-2)		<p>Alinta did not pay its 2013 gas trading licence fee until 12 August 2013, which did not comply with the requirement of the Act for the fee to be paid by 1 August 2013 (within one month after the date of renewal of the licence).</p> <p>It appears that Alinta has:</p> <ul style="list-style-type: none"> <li>Over-relied on the responsible Accounts Officer to recognise the need to make the payment by 1 August</li> </ul>	<p>Alinta will:</p> <p>(a) Update its compliance calendar so that all invoices received from the Authority are entered and monitored for payment</p> <p>(b) Assign responsibility to a dedicated person for payment of licence fees.</p>	July 2015	No

<sup>5</sup> As per the previous rating system provided at the start of the section

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
			<ul style="list-style-type: none"> <li>Not effectively applied its compliance calendar to ensure this requirement was met.</li> </ul>			
3/2013	Obligation 113 – Trading Licence schedule 3, clause 3.1	2	<p>Alinta increased its gas tariffs as at 1 May 2012 and 21 May 2013 after the State Government's public announcement of the allowable price change. Alinta had not formally notified the Minister of its implementation of the increased tariff and had relied on the Minister's involvement in the deliberations for arriving at the new tariff rates.</p> <p>In this case, Alinta has technically not complied with the requirement of Licence clause 3.1 for the Minister to be notified of any change in price, price structure, fee or interest rate at least one month before that change. We understand that the intent of the Licence requirement is for the Minister to be notified in a timely manner before a change in tariff is affected, to preserve the Government's ability to consider and respond to the impact of price increases on small use customers. We believe the intent of the Licence requirement has not been offended as senior Government ministers and other Government representatives were involved in deliberations regarding the amount and timing of the tariff increase.</p> <p>The 2011 performance audit also noted this same scenario occurred for the 2011 tariff increase. Although Alinta had documented its internal processes for communicating the tariff increase to customers, it has not yet</p>	Alinta will establish a communications protocol for ensuring that the Minister receives notification in a manner that complies with the Licence.	May 2014	No



Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue ( <i>taken from the GTL9 Performance Audit Report – December 2013</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
			addressed the mechanism for ensuring the Minister receives notification in a manner, which complies with the Licence.			
4/2013	Obligation 114 – Gas Energy Coordination Act section 11ZPP Obligation 120 – Gas Marketing Code of Conduct clause 2.3(3)	2	<p>Through discussion with Customer Care Coordinator and examination of Alinta's processes for marketing to customers, we determined that:</p> <ul style="list-style-type: none"> <li>• Since August 2013, residential customers who have ceased or indicated an intention to cease their contract with Alinta have been approached by Alinta with discounted offers via an unsolicited non-standard contract in a targeted marketing initiative</li> <li>• Such customers are mailed a pack of documents containing information required by clause 2.3(1) of the Gas Marketing Code. In particular, the pack contains an acceptance form requiring the customer's signed consent to having received that information and agreed to the terms and conditions of the non-standard contract.</li> </ul> <p>Whilst some customers have signed the acceptance form and returned it to Alinta, the more common practice has been for Alinta to follow up offers made to customers with a telephone call. In these cases, the customer's verbal acknowledgement is obtained at the time Alinta staff have made the relevant arrangements with the customer via telephone. Evidence of that acknowledgement is retained through voice recordings of all</p>	n/a – no further action is required.	January 2014	No

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
			telephone contacts with customers. This practice technically breaches the current requirement of clause 2.3(3) of the Gas Marketing Code of Conduct. We acknowledge however, that this particular requirement has been removed from the next revision of the Gas Marketing Code of Conduct gazetted to come into effect on 1 January 2014.			
5/2013	Obligation 135 – Gas Compendium clause 3.1(2)	2	<p>The non-compliant rating is carried forward from the previous audit period. Although Alinta implemented stronger processes from May 2012, which were designed to achieve compliance, this audit identified the following additional process improvement opportunities (without the carried forward non-compliant rating, this audit would assess this obligation as "Compliant 4" from May 2012):</p> <ul style="list-style-type: none"> <li>• Requests for gas (RFGs) received by post continue to be at risk of not being processed in the required timeframe because: <ul style="list-style-type: none"> <li>o The time of receipt is not recorded consistently, so in some instances Alinta is unable to effectively demonstrate whether mail is received before or after 3pm on any given day. Our sample testing noted two RFGs that were received by post but had no indication of the time of receipt, it may be possible that these requests were received before 3pm and therefore not processed on the right day</li> <li>o Alinta's processes continue to be unable to readily distinguish</li> </ul> </li> </ul>	<p>Alinta will strengthen its new connection processes in accordance with the recommended action plan by:</p> <p>(a) Recording the delays in processing RFGs in the appropriate reporting system with commentary that will be managed by the relevant new-connection staff member on a daily basis and verified and signed off daily by the Team Leader</p> <p>(b) Providing refresher training to all staff relating to RFGs received by post in order to re-enforce the date and time stamping requirement</p> <p>(c) Conducting a review of the new connection process from an end to end perspective to ensure that all RFG's are actioned in an appropriate and timely manner, particularly RFG's that are held pending the</p>	March 2014	Superseded refer to 4/2016

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
			<p>between original RFGs and those already received via fax or online. We understand that the majority of RFGs received by post are copies of RFGs already submitted by fax or online. We also understand that gas fitters have been encouraged to send RFGs by fax or online and that has contributed to a significant reduction in the number of RFGs received by post.</p> <ul style="list-style-type: none"> <li>Alinta continues to lack clear processes for ensuring those RFGs, which are held pending the provision of additional information, are addressed and actioned in a timely manner. We also recognise that the majority of requests for gas connection are made during the construction of new premises with the customer not actually requiring the supply of gas for a number of weeks or months later. However, Alinta should be in a position to demonstrate that it has not unduly delayed the processing of completing/validating RFGs.</li> </ul>	<p>provision of further information</p> <p>(d) Generating and reviewing a detailed report of findings and identified business improvement opportunities.</p>		
6/2013	<p>Obligation 137 – Gas Compendium clause 4.1(b)</p> <p>Obligation 59 – Customer Contracts Regulation 15(1)</p>	2	<p>Despite the revision to Alinta's Licence (effective from 18 September 2012), allowing bills to be issued at least every 110 days (increased from 3 months) Alinta has continued to experience a small number of instances where a customer has not been billed within the 110 day requirement.</p> <p>Via a daily report of accounts not billed within 100 days, Alinta identifies those accounts that are at risk of breaching the 110 day requirement and attempts to take the necessary action to resolve</p>	<p>Alinta will:</p> <p>(a) Implement new exception reporting to identify accounts at risk of breaching this requirement</p> <p>(b) Compile weekly/monthly/annual reporting to ensure reporting of such breaches are conducted</p> <p>(c) Implement procedures and appropriate plans to investigate further</p>	September 2014	Superseded - refer to 1/2016

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
			<p>the issue. There are a limited number of reasons for accounts remaining unbilled for more than 110 days, some of which appear to be not within Alinta's control (e.g. where a meter has not yet been installed).</p> <p>Although these daily reports continue to record those instances where the 110 day requirements has been exceeded, Alinta processes do not currently provide for:</p> <ul style="list-style-type: none"> <li>• Breaches to be specifically recognised and reported</li> <li>• A distinction to be made between avoidable and non-avoidable breaches</li> <li>• The customer's consent to be obtained for billing outside the required timeframe.</li> </ul>	the types of delays, the causes in order to determine those that may be acceptable types, along with reporting of volumes in order to achieve compliance.		
7/2013	Obligation 227 – Gas Compendium clause 7.6 Obligation 51 – Customer Contracts Regulation 12(6)	2	<p>We note that Alinta reported to the Authority, in accordance with type 1 obligation reporting requirements, two instances of non-compliance with the requirements in clause 7.6 of the Compendium, where Alinta's field services provider, SSL, had inadvertently disconnected customers on a Friday instead of the following Monday, per the work order schedule. The non-compliance was immediately recognised by Alinta staff and both customers were reconnected the same day.</p> <p>Of a further sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a</li> </ul>	<p>Alinta will adopt the following procedures and processes to monitor compliance:</p> <p>(a) The responsible Manager from the contracted field services company will be required to provide a written monthly assurance regarding compliance for this area</p> <p>(b) Alinta's Credit Manager will</p> <ul style="list-style-type: none"> <li>• Monitor compliance by conducting monthly audits</li> </ul>	June 2014	Superseded - refer to 3/2016

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the GTL9 Performance Audit Report – December 2013)	Auditors' recommendation or action taken	Date resolved	Further action required
			<p>complaint specific to the reason for disconnection (clause 7.6(d))</p> <ul style="list-style-type: none"> <li>No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)). However, for one of the disconnections tested by this audit, the time of disconnection was not recorded and we were unable to confirm whether the disconnection had been performed before 3pm.</li> </ul> <p>Examination of the customer complaints register did not identify instances of complaints in relation to being disconnected in the circumstances specified under the Gas Compendium clause 7.6.</p>	<ul style="list-style-type: none"> <li>Sign-off on a monthly basis to confirm compliance</li> </ul> <p>(c) Alinta will investigate the implementation of new technology and equipment for service orders which will replace the existing manual processes by automated processes. The new technology will enable programming and configuration of equipment to prevent disconnections from being performed outside of permitted timeframes.</p>		
8/2013	Obligation 266 – Gas Compendium clause 13.3(2)	4	<p>Although Alinta's processes and systems appear to provide for details of all complaints records required by clause 13.3(1) to be kept, we observed that some of those complaints records are not retained in a structured and easily traceable manner, increasing the likelihood that the records are incomplete or inaccurate. For example, the time taken to conclude the complaint can be difficult to identify from existing records. The spreadsheet extract from CIS-OV relating to complaints received and handled by Alinta was also not structured in a user friendly manner. Alinta does not maintain a separate customer complaints handling system or register.</p>	<p>Alinta will:</p> <p>(a) Review options for a Customer Complaints Management and Reporting system which interfaces to the Customer Information System, therefore removing the reliance on manual reporting</p> <p>(b) Modify existing processes, procedures and reports to enable records to be more accessible along with modifying this into a structured complaints register, which will improve the existing reporting process.</p>	June 2014	No

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue (taken from the <i>GTL9 Performance Audit Report – December 2013</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
9/2013	Obligations 135, 170, 173, 174, 198, 222, 229 – Gas Customer Code clauses 3.1(2), 4.16(3), 4.18(5), 4.18(6), 6.1(1), 7.1 and 8.1(2)	4	<p>Alinta has a number of obligations under the Gas Compendium (listed above), which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Alinta is exposed to breaching its obligations in the event that its standard business processes are not upheld. An effective monitoring and exception reporting arrangement will provide Alinta with greater certainty that breaches have not occurred, as well as the opportunity to forecast transactions at risk of breaching target timeframes.</p> <p>Previous performance audit reports recommended Alinta investigate the feasibility of implementing an exception reporting and monitoring regime. As Alinta had expected to replace its existing customer information system CIS-OV, it decided not to further update or change its existing systems. However, Alinta's plans for the development and implementation of a new customer information system and associated processes have now been deferred, with no timeframe set for completion.</p> <p>We acknowledge that Alinta's standard business processes and existing system protocols minimise the risk of compliance breaches relevant to these obligations. Alinta has also not recognised any specific complaints by customers in relation to possible breaches of the obligations.</p> <p>In lieu of system driven exception reports, Alinta is in a position where it</p>	Alinta will investigate options for business and system improvements, including an automated solution, along with enhancing the existing complaints monitoring practices and reports, with a view to implementing processes to identify timeframes, therefore identifying those complaints that have the potential to be a breach, or where a breach may have occurred.	March 2014	Superseded – refer to 5/2016

Ref	Legislative obligation	Rating <sup>5</sup>	Details of the issue ( <i>taken from the GTL9 Performance Audit Report – December 2013</i> )	Auditors' recommendation or action taken	Date resolved	Further action required
			can supplement its reliance on the effectiveness of its standard business processes and existing system protocols with more targeted monitoring of customer complaints, in order to recognise any such complaints that may be an indicator of actual or potential compliance breach.			
<b>C. Unresolved at end of current audit period</b>						
As indicated in Section B, all previous audit items have been addressed during the audit period. Where a revised action has been provided, the superseded reference has been provided (refer to 2.5 Recommendations and Action Plans for further detail).						

# Appendix A – Audit Plan



**Alinta Sales Pty Ltd  
Gas Trading Licence (GTL9)  
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 Act**), issued to Alinta Sales Pty Ltd (**Alinta**) a Gas Trading Licence GTL9 (**the Licence**).

Section 11ZA of the Energy Coordination Act 1994 (**the Energy Act**) requires Alinta to provide to the Authority a performance audit (**the audit**) conducted by an independent practitioner acceptable to the Authority in relation to compliance requirements for its Licence. Deloitte Touche Tohmatsu (**Deloitte**) has been appointed to conduct the audit for the period 1 October 2013 to 30 September 2016. The Authority has therefore determined a 36 month audit period.

The Licence relates to Alinta's operation as a gas retailer in the Western Australian market, namely the licence to sell gas transported through gas distribution systems to residential and commercial customers in the Coastal, Great Southern and Goldfields – Esperance supply areas.

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 Alinta and presented to the Authority for approval.

## Objective

The performance audit is defined as an examination of the measures taken by Alinta 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 Alinta's compliance with the Licence.

The audit will 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 (that is, 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 compliance and performance reports provided to the Authority
- Compliance with any individual licence conditions - the requirements imposed on Alinta by the Authority or specific issues for follow-up that are advised by the Authority.

## Scope

The Authority provides guidance on those aspects of the Licence and Alinta's performance criteria, which it expects to be reported upon and included in the scope of the performance 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 Alinta and used as the basis for determining the performance criteria to be considered for the audit.

The audit period is 1 October 2013 to 30 September 2016.

Since Alinta's previous GTL performance audit in 2013, the Reporting Manual has undergone five revisions. The five versions of the Reporting Manual applicable to the periods are outlined in **Table 1**.

**Table 1: Reporting Manual revisions since September 2013**

Reporting Manual	Relevance of revision to Licence
June 2013	n/a – this version of the Reporting Manual was current at the commencement of the audit period.
May 2014	n/a
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 2** below outlines the compliance requirements that apply to Alinta's operations during the period subject to audit. The total number of Alinta's licence obligations subject to audit has decreased from 268 to 259 since the 2013 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. This includes circumstances where an obligation(s) 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 in **Table 1**
- For those Gas Marketing Code of Conduct and Gas Compendium obligations that are marginally different (e.g. due to wording restructures or clarification) to obligations detailed in the May 2014 Reporting Manual, the audit will also assess whether the intent of the superseded obligations have been met.

With respect to the requirements contained in Schedule 3 of the Licence, six are of specific relevance to Alinta's obligations. Accordingly the obligation description in the Risk Assessment at **Appendix 2** reflects the wording of the Schedule 3 requirements.

**Table 2** below outlines the compliance requirements that apply to Alinta's operations during the period subject to audit. Where necessary, further explanation is provided to describe the extent of application of those obligations. The assessment is made against the current (August 2015) Reporting Manual. Note that 14 obligations are applicable for part of the audit period only, where the obligation was removed from the relevant Licence Condition during the period.

**Table 2: Application of legislative elements to Alinta's operations**

Legislative element	Application to Alinta's operations
Type 1 reporting obligations for all licence types	Of the two Type 1 obligations relating to the operations of a gas trader: <ul style="list-style-type: none"> <li>• The obligation for Alinta to comply with the applicable standards of the Gas Standards Act 1972 is not applicable to Alinta's operations (further explained below)</li> <li>• The obligation requiring Alinta not to arrange disconnections of a customer's supply address (in circumstances specified at clause 7.6 of the Gas Customer Code) is applicable.</li> </ul>
Energy Coordination Act 1994	Each of the 19 relevant Energy Coordination Act obligations are applicable to Alinta's operations as a gas trader for the full audit period.

Legislative element	Application to Alinta's operations
Gas Standards Act 1972	<p>The relevant requirements of the Gas Standards Act do not apply to Alinta'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 Alinta as a trader. This interpretation means sections 8 to 11 are not applicable to Alinta's operations</li> <li>• Section 13 of the Act relates to consumers' installations. Alinta is not licensed 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 Alinta's operations.</li> </ul>
Energy Coordination (Gas Tariffs) Regulations 2000	Each of the three Gas Tariff obligations are applicable to Alinta's operations as a gas trader for the full audit period.
Energy Coordination (Customer Contracts) Regulations 2000	57 of 60 Customer Contracts obligations are applicable to Alinta's operations as a gas trader for the full audit period. As many of those 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 those 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 Alinta'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 Alinta'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 Alinta'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

### **Alinta's responsibility for compliance with the conditions of the Licence**

Alinta is responsible for:

- 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
- All decisions in connection with the implementation of any advice and recommendations raised as part of our assignment
- Timely provision of copies of relevant information to Deloitte, or providing access to documentation to Deloitte
- Making key staff available to our assignment team as reasonably required.

### **Deloitte's responsibility**

Deloitte's responsibility is to express a conclusion on Alinta's compliance with the conditions of the Licence based on our audit 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, Alinta has complied, in all material respects, with the conditions of its Licence as specified in the Reporting Manual for the period 1 October 2013 to 30 September 2016.

### **Limitations of use**

The Deloitte report will be produced solely for the management of Alinta, for the purpose of Alinta's reporting requirements under section 11ZA of the Energy Act, 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 the Deloitte report. Deloitte do not accept or assume responsibility to anyone other than Alinta for our work, for our report, or for any reliance which may be placed on our report by any party other than Alinta.

### **Inherent limitations**

The assurance 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.

Deloitte cannot, in practice, examine every activity and procedure, nor can Deloitte 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 the report should

not rely on the report to identify all potential instances of non-compliance which may occur. The Deloitte 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 the assurance engagement, Deloitte will comply with the independence requirements of the Australian professional accounting bodies and as specified in the Audit Guidelines.



## 2 Approach

The assurance engagement will be conducted in three distinct phases, being a risk assessment, system analysis/walkthrough and testing/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. Therefore, the purpose of conducting the risk assessment as a preliminary phase enables the auditor to focus on pertinent/high risk areas of Alinta'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 Alinta's systems and processes and any matters of significance raised by the Authority and/or Alinta. The level of risk and materiality of the process determine 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 Alinta not complying with its 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 Alinta 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 Alinta's non-compliance with the relevant licence obligation over a period of time.

**Table 3** 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 3: 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 1-4**).

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 4** below). Essentially, the higher the level of risk the more substantive testing is required.

**Table 4: 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 procedures 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 5: Audit Priority Table**

Priority Rating and Resulting Audit Procedures	
Rating	Audit procedures
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:

- Our assessment of the state of controls during the 2013 GTL Performance Audit
- Consideration of:
  - Previously identified non-compliances and action plans
  - Annual compliance reports
  - Follow up audits on progress of implementation of action plans
- Our understanding of Alinta’s regulatory environment

- Consideration of Alinta's specific requirements under Schedule 3 of its Licence
- 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 Alinta'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 Alinta's controls will be performed.

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

- The control environment: Alinta'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 Alinta'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 Alinta'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 Alinta 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 Alinta'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 Alinta'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 those standards maintained by Alinta with the relevant sections and schedules of the Licence.

Controls testing is performed for those elements with an audit priority 3 and above (refer to **Table 5**), 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 6** for the compliance levels that will be used for the performance audit.

**Table 6: 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, Alinta 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 Alinta contacts

The key contacts for this audit are:

- Catherine Rousch                      Manager Regulatory Compliance & Projects
- Ray Myles                                Customer Services Manager
- Matt Andel                                WA Sales Manager Commercial & Industrial

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

- Customer Service Centre
- Sales and Marketing
- Finance.

All work is expected to be completed at Alinta's Perth office.

### Deloitte staff

Deloitte staff who will be involved with this assignment are:

- Kobus Beukes                      Partner
- Michael Wood                      Account Director and Lead Auditor
- Amy Hinson                          Manager
- David Herbert                      Senior Analyst
- Esther Ong                          Analyst
- Richard Thomas                    QA Partner
  
- Andrew Baldwin                    Specialist Leader Internal Audit and Regulatory Compliance
- Ben Fountain                        Account Director (alternative Lead Auditor).

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

## Timing

The initial risk assessment phase was completed on 19 September 2016, after which the draft audit plan and risk assessment were presented Alinta for comment prior to submission to the Authority for review and approval.

The remainder of the fieldwork phase is scheduled to be performed from October to November 2016, enabling a report to be submitted to the Authority by the due date of 31 December 2016.

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

Planning (including risk assessment):	41 hours
Fieldwork (including system analysis/walkthrough and testing/review):	275 hours
Reporting:	84 hours

# Appendix 1 – Risk assessment key

## Appendix 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>



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

## Appendix 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

## Appendix 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
- 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 30 September 2016
- Obligations marked with a (\*\*) were first recognised in the March 2015 Reporting Manual to reflect the updated Gas Marketing Code of Conduct and are relevant only for the period from 3 March 2015 to 30 September 2016.

No.	Obligation reference	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	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 Alinta's operations as a gas trader.				
227	Energy Coordination Act section 11M	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
<b>9 Licence Compliance Requirements - Energy Coordination Act 1994</b>								
1	section 11Q(1-2)	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5)	2	Moderate	Likely	High	Moderate	Audit Priority 2
2	section 11WG(1)	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
3	section 11WG(2)	A licensee must comply with a direction given to the licensee under section 11WI.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
4	section 11WK(1-2)	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)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
6	section 11X(3)	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	Probable	Low	Strong	Audit Priority 5
10	section 11ZA(1)	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)	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)	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)	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)	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	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	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)	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)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority	
20	section 11ZOV(1)	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)	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)	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	Moderate	Audit Priority 4	
24	section 11ZQH	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	
<b>10 Licence Compliance Requirements - Gas Standards Act 1972</b>									
25	Energy Coordination Act section 11Z	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 Alinta's operations as a gas trader.					
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>									
29	reg. 5(1)	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)	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)	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	

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004</b>								
32	Reg 12 (2)	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	Moderate	Audit Priority 5
33	Reg 12 (4)(a)	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	Moderate	Audit Priority 5
34	Reg 12 (4)(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).	NR	Minor	Probable	Low	Moderate	Audit Priority 5
35	Reg 12 (5)(a)	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.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
36	Reg 12 (5)(b)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
37	Reg 12 (5)(c)	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
38	Reg 12 (5)(d)	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	Strong	Audit Priority 5
39	Reg 12 (5)(e)	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	Unlikely	Low	Moderate	Audit Priority 5
40	Reg 12 (6), Clause 5.1.1.2 AGA Code	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	Likely	Medium	Weak	Audit Priority 3
41	Reg 12 (6), Clause 5.1.1.3 AGA Code	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	Moderate	Audit Priority 5

## Appendix 2 – Risk assessment

No.	Obligation reference	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	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	Moderate	Audit Priority 5
43	Reg 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	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	Moderate	Audit Priority 5
44	Reg 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	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	Strong	Audit Priority 5
45	Reg 12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	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	Strong	Audit Priority 5
46	Reg 12 (6), Clause 5.1.7.2 AGA Code	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	Probable	Low	Strong	Audit Priority 5
47	Reg 12 (6), Clause 5.1.8.1(a) AGA Code	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



## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
48	Reg 12 (6), Clause 5.1.8.1(b) AGA Code	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
49	Reg 12 (6), Clause 5.1.8.1(c) AGA Code	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
50	Reg 12 (6), Clause 5.1.8.1(d) AGA Code	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
51	Reg 12 (6), Clause 5.1.8.1(e) and (f) AGA Code	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	Likely	Medium	Weak	Audit Priority 3
52	Reg 12 (6), Clause 5.2.2.2 AGA Code	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	Low	Moderate	Audit Priority 5
53	Reg 13 (1), Clause 4.4.6.2 AGA Code	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	Strong	Audit Priority 5
54	Reg 13 (3)	A licensee must place refundable advances in separate trust accounts and separately identify the amounts in its accounting records.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
55	Reg 13 (4)	A licensee must return interest earned on refundable advances accounts to customers.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
56	Reg 14 (2)	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	Strong	Audit Priority 5
57	Reg 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	A licensee must give notice of the tariffs charged and provide these notices to customers without charge upon request.	NR	Minor	Probable	Low	Strong	Audit Priority 5

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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
58	Reg 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	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	A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise.	NR	Minor	Likely	Medium	Weak	Audit Priority 3
60	Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	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
61	Reg 15 (1), Clause 4.2.3.2 AGA Code	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	Probable	Low	Strong	Audit Priority 5
62	Reg 15 (1) and (2)	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	Probable	Low	Strong	Audit Priority 5
63	Reg 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	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	Probable	Low	Strong	Audit Priority 5
64	Reg 15 (1), Clause 4.2.4.1 AGA Code	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
65	Reg 15 (1), Clause 4.2.4.2 AGA Code	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	Unlikely	Low	Strong	Audit Priority 5

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
66	Reg 15 (1), Clause 4.2.4.4 AGA Code	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	Strong	Audit Priority 5
67	Reg 15 (1), Clause 4.2.4.5 AGA Code	A licensee must read a customer's meter upon request and may impose a fee for doing so.	NR	Minor	Probable	Low	Strong	Audit Priority 5
68	Reg 15 (1), Clause 4.3.2.1 AGA Code	A licensee must offer payment in person and payment by mail.	NR	Minor	Probable	Low	Strong	Audit Priority 5
69	Reg 15 (1), Clause 4.3.2.2 AGA Code	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)	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	Strong	Audit Priority 5
71	Reg 19	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	Strong	Audit Priority 5

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
72	Reg 20 (2) Clause 4.3.5.1 AGA Code	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)	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	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	Strong	Audit Priority 5
75	Reg 22 and 49 (2)	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)	A licensee must notify a credit reporting agency immediately if a customer has cleared their debt.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
77	Reg 49 (4)	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	Moderate	Audit Priority 5
78	Reg 49 (5)	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	Moderate	Audit Priority 5
79	Reg 50	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
80	Reg 44	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	Moderate	Audit Priority 5

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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
81	Reg 45 (1)	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	Moderate	Audit Priority 5
82	Reg 45 (2)	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	Moderate	Audit Priority 5
83	Reg 46 (1) & (2)	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	Probable	Low	Moderate	Audit Priority 5
84	Reg 46 (4)	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	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	Moderate	Audit Priority 5
86	Reg 28, clause 3.1.1(b) AGA Code	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	Moderate	Audit Priority 5
90	Reg 33 (3), clause 3.5.2.2 AGA Code	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	Moderate	Audit Priority 5
91	Reg 42	A licensee must notify a customer of any amendment to a non-standard contract.	NR	Minor	Probable	Low	Moderate	Audit Priority 5
<b>13 Licence Compliance Requirements - Licence Conditions</b>								
96	clause 16.2	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	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	A licensee may be subject to individual performance standards.	NR	Minor	Unlikely	Low	Strong	Audit Priority 5
99	clause 20	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
100	clause 21.1	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	Unlikely	Medium	Strong	Audit Priority 4
101	clause 22.1	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	Moderate	Audit Priority 4
102	clause 23.1	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	Weak	Audit Priority 3
103	clause 24	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
106	clause 12.2	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	Probable	Low	Moderate	Audit Priority 5
107	clause 12.3	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	Probable	Low	Moderate	Audit Priority 5
108	clause 13.1	A licensee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
109	clause 15.1 and 15.2	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	Moderate	Audit Priority 4
110	Schedule 3 clause 2.5	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

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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
111	Schedule 3 clause 2.7	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 3.1 to 3.2	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 4.1	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	Weak	Audit Priority 3
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct</b>								
114	Energy Coordination Act section 11ZPP	A licensee must comply with the Gas Marketing Code of Conduct.	2	Moderate	Likely	High	Moderate	Audit Priority 2
115	Energy Coordination Act sections 11ZPP and 11M	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.	2	Moderate	Likely	High	Moderate	Audit Priority 2
116	Code of Conduct clause 2.1	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)	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	Likely	High	Moderate	Audit Priority 2
118**	Code of Conduct clause 2.2(2) and clause 2.2(3)	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	Likely	High	Moderate	Audit Priority 2



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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
119**	Code of Conduct clause 2.3(1)	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	Moderate	Audit Priority 4
120**	Code of Conduct clause 2.3(2)	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	Unlikely	Medium	Moderate	Audit Priority 4
121**	Code of Conduct clause 2.3(3) and clause 2.3(4)	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	Probable	Medium	Moderate	Audit Priority 4
122**	Code of Conduct clause 2.4(1)	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	Strong	Audit Priority 4
123**	Code of Conduct clause 2.4(2)	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	Likely	High	Moderate	Audit Priority 2
124**	Code of Conduct clause 2.5(1)	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 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	Strong	Audit Priority 4



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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
125**	Code of Conduct clause 2.5(2)	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	Unlikely	Medium	Moderate	Audit Priority 4
126**	Code of Conduct clause 2.6	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	Likely	High	Moderate	Audit Priority 2
127**	Code of Conduct clause 2.8	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	Moderate	Audit Priority 4
128**	Code of Conduct clause 2.9	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	Moderate	Audit Priority 4
129**	Code of Conduct clause 2.10	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	Moderate	Audit Priority 4

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No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Note: See below for Obligations 130-133 are listed as 'not used' in the August 2015 Reporting Manual.</b>								
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations</b>								
<b>Part 3 Connection</b>								
134	clause 3.1(1)	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	Strong	Audit Priority 4
135	clause 3.1(2)	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	Likely	High	Weak	Audit Priority 1
<b>Part 4 Billing</b>								
136	clause 4.1	A retailer must issue a bill no more than once a month unless the conditions specified are met.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
137	clause 4.1(b)	A retailer must issue a bill at least every 3 months unless the conditions specified are met.	2	Moderate	Probable	Medium	Weak	Audit Priority 3
138	clause 4.2(1)	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)	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)	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)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
142	clause 4.2(5)	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)	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)	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	Probable	Medium	Strong	Audit Priority 4
145	clause 4.3(2)	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	Probable	Medium	Strong	Audit Priority 4
146	clause 4.4	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)	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	Probable	Medium	Strong	Audit Priority 4
148	clause 4.5(2)	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
149	clause 4.5(3)	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	Strong	Audit Priority 4
150	clause 4.6(1)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Note: Obligation 151 is listed as 'not used' since the February 2015 Reporting Manual update.</b>								
152	clause 4.7 (1)	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
153	clause 4.7(2)	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
154	clause 4.8(1)	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
155	clause 4.8(2)	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
156	clause 4.8(3)	Upon request, a retailer must inform a customer of the basis and the reason for the estimation.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
157	clause 4.9	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	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
159	clause 4.11(1)	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
160	clause 4.11(2)	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	Strong	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
161	clause 4.12(1)	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	Unlikely	Medium	Moderate	Audit Priority 4
162	clause 4.12(2)	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	Unlikely	Medium	Moderate	Audit Priority 4
163	clause 4.13	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)	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
165	clause 4.14(2)	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	Probable	Medium	Strong	Audit Priority 4
165A*	Compendium clause 4.14(3)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
166	clause 4.15	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	Minor	Probable	Low	Strong	Audit Priority 5
167	clause 4.16(1)(a)	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>	2	Moderate	Probable	Medium	Strong	Audit Priority 4
168	clause 4.16(1)(b)	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	Strong	Audit Priority 4
169	clause 4.16(2)	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
170	clause 4.16(3)	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
171	clause 4.17(2)	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	Probable	Medium	Strong	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
172	clause 4.18(2) and 4.18(5)	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	Strong	Audit Priority 5
173	clause 4.18(3)	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
174	clause 4.18(4)	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
175	clause 4.18(6)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
175A*	clause 4.18(7)	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	Moderate	Probable	Medium	Moderate	Audit Priority 4
176	clause 4.19(1)	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
177	clause 4.19(2) and 4.19(6)	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
178	clause 4.19(3)	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	Probable	Medium	Moderate	Audit Priority 4
179	clause 4.19(4)	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	Probable	Low	Moderate	Audit Priority 5



## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
180	clause 4.19(5)	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	Probable	Low	Moderate	Audit Priority 5
180A*	clause 4.19(7)	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	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	Moderate	Audit Priority 4
182	clause 5.2	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	Strong	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
183	clause 5.3	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	Strong	Audit Priority 4
184	clause 5.4	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	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
186	clause 5.6(1)	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
186A*	clause 5.6(2)	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	Strong	Audit Priority 4
187	clause 5.6(3)	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	Strong	Audit Priority 4
188	clause 5.6(4)	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	Strong	Audit Priority 4
189	clause 5.6(5)	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	Strong	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
190	clause 5.7(1)	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
191	clause 5.7(2)	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
192	clause 5.7(3)	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	Probable	Medium	Strong	Audit Priority 4
193	clause 5.7(4)	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
195	clause 5.8(1)	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
196	clause 5.8(2)	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	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Part 6 Payment Difficulties and Financial Hardship</b>								
198	clause 6.1(1)	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
198A*	clause 6.1(2)	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	Moderate	Probable	Medium	Moderate	Audit Priority 4
199	clause 6.1(3)	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	Unlikely	Low	Moderate	Audit Priority 5
200	clause 6.1(4)	A retailer must advise a residential customer on request of the details of an assessment.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
200A*	clause 6.2(1)	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	Moderate	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
201	clause 6.2(2)	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	Moderate	Audit Priority 4
202	clause 6.2(3)	A retailer must allow a temporary suspension of actions for a period of at least 15 business days.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
203	clause 6.2(4)	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	Moderate	Audit Priority 5
204	clause 6.3(1)	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)	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)	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	Moderate	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
206A*	clause 6.4(3)	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)	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	Moderate	Probable	Medium	Moderate	Audit Priority 4
208	clause 6.6(1)	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)	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	Strong	Audit Priority 4
210	clause 6.7	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	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)	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	Moderate	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
213	clause 6.9(2)	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	Moderate	Audit Priority 5
214*	clause 6.10(1)	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)	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
215A*	clause 6.10(3)	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)	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	Probable	Medium	Moderate	Audit Priority 4
217*	clause 6.10(5)	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	Strong	Audit Priority 4
<b>Note: Obligation 218 is listed as 'not used' since the February 2015 Reporting Manual update.</b>								
219*	clause 6.10(6)	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
220	clause 6.10(7)	The retailer must comply with the Authority's Financial Hardship Policy Guidelines.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
220A*	clause 6.10(8)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
221	clause 6.11	A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<b>Part 7 Disconnection</b>								
222	clause 7.1	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	Probable	Medium	Moderate	Audit Priority 4
223	clause 7.2(1)	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	Weak	Audit Priority 3
224*	clause 7.3	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	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	Moderate	Audit Priority 4
227	Compendium clause 7.6	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



## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Part 8 Reconnection</b>								
228	clause 8.1(1)	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	Strong	Audit Priority 4
229	clause 8.1(2)	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	Moderate	Audit Priority 4
230	clauses 8.2 (1)-(3)	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	Alinta did not act as a distributor during the period				
<b>Part 10 Information and Communication</b>								
231	clause 10.1(1)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
232	clause 10.1(2)	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	Moderate	Audit Priority 4
233	clause 10.1(3)	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	Probable	Medium	Moderate	Audit Priority 4
234	clause 10.2(1)	A retailer must, on request, give a customer their billing data.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
235	clause 10.2(2)	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	Moderate	Audit Priority 4
236	clause 10.2(3)	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	Probable	Medium	Moderate	Audit Priority 4
237	clause 10.2(4)	A retailer must keep a customer's billing data for (7) years.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
238	clause 10.3	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	Moderate	Audit Priority 4
239*	clause 10.4	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	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	Moderate	Audit Priority 4
241	clause 10.5A(1)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
242	clause 10.5A(2)	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)	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	Probable	Medium	Strong	Audit Priority 4
245	clause 10.9	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)	A retailer a 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	Unlikely	Medium	Strong	Audit Priority 4
249	clause 10.11(1)	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
250	clause 10.11(2)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Part 12 Complaints and Dispute Resolution</b>								
251	clause 12.1(1)	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)	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	Moderate	Audit Priority 4
253	clause 12.1(2)(c)	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	Moderate	Audit Priority 4
254	clause 12.1(3)(a)	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	Moderate	Audit Priority 4
255	clause 12.1(3)(b)	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	Moderate	Audit Priority 4
255A*	clause 12.1(4)	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	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
257	clause 12.3	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	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>								
<b>Note: See below for Obligations 259 to 280</b>								
281*	clause 13.1	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
282*	clause 13.2	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	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>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	clause 2.6(3)	A retailer or other party must keep the specified records each time it initiates contact with a customer for the purposes of marketing.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
<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>								
<b>Part 4 Billing</b>								
151	clause 4.6(2)	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

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
<b>Part 5 Payment</b>								
194	clause 5.8(1)	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)	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)	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)	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)	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	Moderate	Audit Priority 4
264	clause 13.2(c)	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)	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	Moderate	Audit Priority 4
266	clause 13.3(2)	A retailer must keep a record of the details of each complaint referred to in clause 13.3(1).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4

## Appendix 2 – Risk assessment

No.	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
267	clause 13.5	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	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)	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)	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	Strong	Audit Priority 4

# Appendix 3 – Previous audit recommendations

Recommendations are drawn from the Alinta 2013 Gas Trading Licence Performance Audit Report dated January 2014.

<p><b>Issue 1/2013</b></p> <p><b>Obligation 1 - Energy Coordination Act section 11Q(1-2)</b></p> <p>Alinta did not pay its 2013 gas trading licence fee until 12 August 2013, which did not comply with the requirement of the Act for the fee to be paid by 1 August 2013 (within one month after the date of renewal of the licence).</p> <p>It appears that Alinta has:</p> <ul style="list-style-type: none"> <li>Over-relied on the responsible Accounts Officer to recognise the need to make the payment by 1 August</li> <li>Not effectively applied its compliance calendar to ensure this requirement was met.</li> </ul>	
<p><b>Recommendation 1/2013</b></p> <p>Alinta:</p> <p>(a) Update its compliance calendar so that all invoices received from the Authority are entered and monitored for payment</p> <p>(b) Assign responsibility to a dedicated person for payment of licence fees.</p>	<p><b>Action Plan 1/2013</b></p> <p>Alinta will:</p> <p>(a) Update its compliance calendar so that all invoices received from the Authority are entered and monitored for payment</p> <p>(b) Assign responsibility to a dedicated person for payment of licence fees.</p> <p><b>Responsible Person:</b> Manager Regulatory Compliance &amp; Projects</p> <p><b>Target Date:</b> 31 March 2014</p>
<p><b>Issue 2/2013</b></p> <p><b>Obligation 102 - Trading Licence clause 23.1</b></p> <p>Alinta is required to submit compliance reports to the Authority by 31 August each year. Although Alinta emailed a copy of the 2012 compliance report to the Authority by 31 August 2012, the required hard copy was submitted one business day late.</p> <p>Alinta's processes now appropriately address this requirement as:</p> <ul style="list-style-type: none"> <li>The Authority now provides for annual compliance reports to be delivered via email (in a suitable format)</li> <li>Alinta's Regulatory Obligations Register captures the annual requirement for submitting compliance reports</li> <li>Alinta submitted the required 2013 compliance report to the Authority by the 31 August 2013 due date.</li> </ul>	
<p><b>Recommendation 2/2013</b></p> <p>n/a – no further action is required.</p>	<p><b>Action Plan 2/2013</b></p> <p>n/a – no further action is required.</p>



<p><b>Issue 3/2013</b></p> <p><b>Obligation 113 - Trading Licence schedule 3, clause 3.1</b></p> <p>Alinta increased its gas tariffs as at 1 May 2012 and 21 May 2013 after the State Government’s public announcement of the allowable price change. Alinta had not formally notified the Minister of its implementation of the increased tariff and had relied on the Minister’s involvement in the deliberations for arriving at the new tariff rates.</p> <p>In this case, Alinta has technically not complied with the requirement of Licence clause 3.1 for the Minister to be notified of any change in price, price structure, fee or interest rate at least one month before that change. We understand that the intent of the Licence requirement is for the Minister to be notified in a timely manner before a change in tariff is affected, to preserve the Government’s ability to consider and respond to the impact of price increases on small use customers. We believe the intent of the Licence requirement has not been offended as senior Government ministers and other Government representatives were involved in deliberations regarding the amount and timing of the tariff increase. The 2011 performance audit also noted this same scenario occurred for the 2011 tariff increase. Although Alinta had documented its internal processes for communicating the tariff increase to customers, it has not yet addressed the mechanism for ensuring the Minister receives notification in a manner, which complies with the Licence.</p>	
<p><b>Recommendation 3/2013</b></p> <p>Alinta establish a communications protocol for ensuring that the Minister receives notification in a manner that complies with the Licence.</p>	<p><b>Action Plan 3/2013</b></p> <p>Alinta will establish a communications protocol for ensuring that the Minister receives notification in a manner that complies with the Licence.</p> <p><b>Responsible Person:</b> General Manager Regulatory and Government Affairs</p> <p><b>Target Date:</b> 31 March 2014</p>

<p><b>Issue 4/2013</b></p> <p><b>Obligation 114 - Energy Coordination Act section 11ZPP</b></p> <p><b>Obligation 120 - Gas Marketing Code of Conduct clause 2.3(3)</b></p> <p>Through discussion with Customer Care Coordinator and examination of Alinta’s processes for marketing to customers, we determined that:</p> <ul style="list-style-type: none"> <li>• Since August 2013, residential customers who have ceased or indicated an intention to cease their contract with Alinta have been approached by Alinta with discounted offers via an unsolicited non-standard contract in a targeted marketing initiative</li> <li>• Such customers are mailed a pack of documents containing information required by clause 2.3(1) of the Gas Marketing Code. In particular, the pack contains an acceptance form requiring the customer’s signed consent to having received that information and agreed to the terms and conditions of the non-standard contract.</li> </ul> <p>Whilst some customers have signed the acceptance form and returned it to Alinta, the more common practice has been for Alinta to follow up offers made to customers with a telephone call. In these cases, the customer’s verbal acknowledgement is obtained at the time Alinta staff have made the relevant arrangements with the customer via telephone. Evidence of that acknowledgement is retained through voice recordings of all telephone contacts with customers. This practice technically breaches the current requirement of clause 2.3(3) of the Gas Marketing Code of Conduct. We acknowledge however, that this particular requirement has been removed from the next revision of the Gas Marketing Code of Conduct gazetted to come into effect on 1 January 2014.</p>	
<p><b>Recommendation 4/2013</b></p> <p>n/a – no further action is required.</p>	<p><b>Action Plan 4/2013</b></p> <p>n/a – no further action is required.</p>

<p><b>Issue 5/2013</b></p> <p><b>Obligation 135 – Gas Compendium clause 3.1(2)</b></p> <p>The non-compliant rating is carried forward from the previous audit period. Although Alinta implemented stronger processes from May 2012, which were designed to achieve compliance, this audit identified the following additional process improvement opportunities (without the carried forward non-compliant rating, this audit would assess this obligation as “Compliant 4” from May 2012):</p> <ul style="list-style-type: none"> <li>• Requests for gas (RFGs) received by post continue to be at risk of not being processed in the required timeframe because: <ul style="list-style-type: none"> <li>○ The time of receipt is not recorded consistently, so in some instances Alinta is unable to effectively demonstrate whether mail is received before or after 3pm on any given day. Our sample testing noted two RFGs that were received by post but had no indication of the time of receipt, it may be possible that these requests were received before 3pm and therefore not processed on the right day</li> <li>○ Alinta’s processes continue to be unable to readily distinguish between original RFGs and those already received via fax or online. We understand that the majority of RFGs received by post are copies of RFGs already submitted by fax or online. We also understand that gas fitters have been encouraged to send RFGs by fax or online and that has contributed to a significant reduction in the number of RFGs received by post.</li> </ul> </li> <li>• Alinta continues to lack clear processes for ensuring those RFGs, which are held pending the provision of additional information, are addressed and actioned in a timely manner. We also recognise that the majority of requests for gas connection are made during the construction of new premises with the customer not actually requiring the supply of gas for a number of weeks or months later. However, Alinta should be in a position to demonstrate that it has not unduly delayed the processing of completing/validating RFGs.</li> </ul>	
<p><b>Recommendation 5/2013</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>(a) Further strengthen its time stamping process so that all postal RFGs are time stamped as they are received</li> <li>(b) Ensure its staff are adequately trained to time stamp RFGs received by post</li> <li>(c) Consider documenting its processes for ensuring those RFGs, which are held pending the provision of additional information, are addressed and actioned in a timely manner.</li> </ul>	<p><b>Action Plan 5/2013</b></p> <p>Alinta will strengthen its new connection processes in accordance with the recommended action plan by:</p> <ul style="list-style-type: none"> <li>(a) Recording the delays in processing RFGs in the appropriate reporting system with commentary that will be managed by the relevant new-connection staff member on a daily basis and verified and signed off daily by the Team Leader</li> <li>(b) Providing refresher training to all staff relating to RFGs received by post in order to re-enforce the date and time stamping requirement</li> <li>(c) Conducting a review of the new connection process from an end to end perspective to ensure that all RFGs are actioned in an appropriate and timely manner, particularly RFGs that are held pending the provision of further information</li> <li>(d) Generating and reviewing a detailed report of findings and identified business improvement opportunities.</li> </ul> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 March 2014</p>

<p><b>Issue 6/2013</b></p> <p><b>Obligation 137 – Gas Compendium clause 4.1(b)</b></p> <p><b>Obligation 59 – Customer Contracts Regulation 15(1)</b></p> <p>Despite the revision to Alinta’s Licence (effective from 18 September 2012), allowing bills to be issued at least every 110 days (increased from 3 months) Alinta has continued to experience a relatively small number of instances (9,256 accounts out of over 632,669) where a customer has not been billed within the 110 day requirement.</p> <p>Via a daily report of accounts not billed within 100 days, Alinta identifies those accounts that are at risk of breaching the 110 day requirement and attempts to take the necessary action to resolve the issue. There are a limited number of reasons for accounts remaining unbilled for more than 110 days, some of which appear to be not within Alinta’s control (e.g. where a meter has not yet been installed).</p> <p>Although these daily reports continue to record those instances where the 110 requirements has been exceeded, Alinta processes do not currently provide for:</p> <ul style="list-style-type: none"> <li>• Breaches to be specifically recognised and reported</li> <li>• A distinction to be made between avoidable and non-avoidable breaches</li> <li>• The customer’s consent to be obtained for billing outside the required timeframe.</li> </ul>	
<p><b>Recommendation 6/2013</b></p> <p>Alinta:</p> <p>(a) Further improve its billing exception reporting practices to:</p> <ul style="list-style-type: none"> <li>• Further minimise the number of unprocessed bills in breach of the billing frequency requirements</li> <li>• Proactively identify those accounts at risk of breaching billing frequency requirements</li> <li>• Specifically recognise and report on all such breaches</li> </ul> <p>(b) Consider providing for customer consent to be obtained for billing outside the required timeframe</p> <p>(c) Establish a plan for determining what may constitute an acceptable type and/or volume of unbilled accounts (breaches) in order to achieve effective compliance with clause 4.1 of the Compendium.</p>	<p><b>Action Plan 6/2013</b></p> <p>Alinta will:</p> <p>(a) Implement new exception reporting to identify accounts at risk of breaching this requirement</p> <p>(b) Compile weekly/monthly/annual reporting to ensure reporting of such breaches are conducted</p> <p>(c) Implement procedures and appropriate plans to investigate further the types of delays, the causes in order to determine those that may be acceptable types, along with reporting of volumes in order to achieve compliance.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 28 February 2014</p>

<p><b>Issue 7/2013</b></p> <p><b>Obligation 227 – Gas Compendium clause 7.6</b></p> <p><b>Obligation 51 – Customer Contracts Regulation 12(6)</b></p> <p>We note that Alinta reported to the Authority, in accordance with type 1 obligation reporting requirements, two instances of non-compliance with the requirements in clause 7.6 of the Compendium, where Alinta’s field services provider, SSL, had inadvertently disconnected customers on a Friday instead of the following Monday, per the work order schedule. The non-compliance was immediately recognised by Alinta staff and both customers were reconnected the same day.</p> <p>Of a further sample of disconnections tested:</p> <ul style="list-style-type: none"> <li>• No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection (clause 7.6(d))</li> <li>• No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)).</li> </ul> <p>However, for one of the disconnections tested by this audit, the time of disconnection was not recorded and we were unable to confirm whether the disconnection had been performed before 3pm.</p> <p>Examination of the customer complaints register did not identify instances of complaints in relation to being disconnected in the circumstances specified under the Gas Compendium clause 7.6.</p>	
<p><b>Recommendation 7/2013</b></p> <p>Alinta seek assurances from its contracted field services provider that its disconnection procedures are adequate for fully complying with the requirements for disconnection timing. In particular, those procedures should include:</p> <ol style="list-style-type: none"> <li>Ensuring that the time of disconnection is always recorded</li> <li>Implementing sufficient checks and restrictions instead of placing sole reliance on the training and awareness of individual staff carrying out the disconnection service order.</li> </ol>	<p><b>Action Plan 7/2013</b></p> <p>Alinta will adopt the following procedures and processes to monitor compliance:</p> <ol style="list-style-type: none"> <li>The responsible Manager from the contracted field services company will be required to provide a written monthly assurance regarding compliance for this area</li> <li>Alinta’s Credit Manager will <ul style="list-style-type: none"> <li>• Monitor compliance by conducting monthly audits</li> <li>• Sign-off on a monthly basis to confirm compliance</li> </ul> </li> <li>Alinta will investigate the implementation of new technology and equipment for service orders which will replace the existing manual processes by automated processes. The new technology will enable programming and configuration of equipment to prevent disconnections from being performed outside of permitted timeframes.</li> </ol> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 June 2014</p>

<p><b>Issue 8/2013</b></p> <p><b>Obligation 266 - Gas Compendium clause 13.3(2)</b></p> <p>Although Alinta's processes and systems appear to provide for details of all complaints records required by clause 13.3(1) to be kept, we observed that some of those complaints records are not retained in a structured and easily traceable manner, increasing the likelihood that the records are incomplete or inaccurate. For example, the time taken to conclude the complaint can be difficult to identify from existing records. The spreadsheet extract from CIS-OV relating to complaints received and handled by Alinta was also not structured in a user friendly manner.</p> <p>Alinta does not maintain a separate customer complaints handling system or register.</p>	
<p><b>Recommendation 8/2013</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>(a) Consider implementing a designated Customer Complaints system, which records details of all complaints records required by clause 13.3(1) in a readily accessible manner</li> <li>(b) Prior to any new system implementation, consider making practical modifications to its existing customer complaints records to improve the accessibility of details of all complaints records required by clause 13.3(1). A structured complaints register may be a viable improvement.</li> </ul>	<p><b>Action Plan 8/2013</b></p> <p>Alinta will:</p> <ul style="list-style-type: none"> <li>(a) Review options for a Customer Complaints Management and Reporting system which interfaces to the Customer Information System, therefore removing the reliance on manual reporting</li> <li>(b) Modify existing processes, procedures and reports to enable records to be more accessible along with modifying this into a structured complaints register, which will improve the existing reporting process.</li> </ul> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 June 2014</p>

<p><b>Issue 9/2013</b></p> <p><b>Obligation 135 - Gas Compendium Clause 3.1(2)</b></p> <p><b>Obligation 170 - Gas Compendium Clause 4.16(3)</b></p> <p><b>Obligation 173 - Gas Compendium Clause 4.18(5)</b></p> <p><b>Obligation 174 - Gas Compendium Clause 4.18(6)</b></p> <p><b>Obligation 198 - Gas Compendium Clause 6.1(1)</b></p> <p><b>Obligation 222 - Gas Compendium Clause, 7.1</b></p> <p><b>Obligation 229 - Gas Compendium Clause 8.1(2)</b></p> <p>Alinta has a number of obligations under the Gas Compendium (listed above), which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Alinta is exposed to breaching its obligations in the event that its standard business processes are not upheld. An effective monitoring and exception reporting arrangement will provide Alinta with greater certainty that breaches have not occurred, as well as the opportunity to forecast transactions at risk of breaching target timeframes.</p> <p>Previous performance audit reports recommended Alinta investigate the feasibility of implementing an exception reporting and monitoring regime. As Alinta had expected to replace its existing customer information system CIS-OV, it decided not to further update or change its existing systems. However, Alinta's plans for the development and implementation of a new customer information system and associated processes have now been deferred, with no timeframe set for completion.</p> <p>We acknowledge that Alinta's standard business processes and existing system protocols minimise the risk of compliance breaches relevant to these obligations. Alinta has also not recognised any specific complaints by customers in relation to possible breaches of the obligations.</p> <p>In lieu of system driven exception reports, Alinta is in a position where it can supplement its reliance on the effectiveness of its standard business processes and existing system protocols with more targeted monitoring of customer complaints, in order to recognise any such complaints that may be an indicator of actual or potential compliance breach.</p>	
<p><b>Recommendation 9/2013</b></p> <p>Alinta enhance its customer complaints monitoring practices to identify and monitor those complaints that may be an indicator of actual or potential compliance breach.</p>	<p><b>Action Plan 9/2013</b></p> <p>Alinta will investigate options for business and system improvements, including an automated solution, along with enhancing the existing complaints monitoring practices and reports, with a view to implementing processes to identify timeframes, therefore identifying those complaints that have the potential to be a breach, or where a breach may have occurred.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 March 2014</p>

# Appendix B– References

## Key Alinta staff who participated in the audit

- Catherine Rousch      Manager Regulatory Compliance
- Ray Myles              Manager Customer Services
- Caroline Shepherd    WA Sales Manager
- Matt Andel             WA Sales Manager Commercial & Industrial
- Graeme Antczak      Revenue Assurance & Billing Manager
- Peter Davis-McCabe    Call Centre Manager
- Leroy Parkinson      Credit Manager
- Ryan McKenzie      Team Leader – Billing Services
- Kelly Smith            Team Leader – Customer Services
- Raun Sutton            Team Leader – Customer Advocacy
- Jasmina Lucas        Credit Controller
- Emma Livesey        Business Account Consultant
- Ray Cresswell        Retail Services Officer – New Connections
- Michael Firth         Finance Manager

## Deloitte staff who participated in the audit

Name	Position	Actual hours
• Kobus Beukes	Partner	12
• Michael Wood	Account Director	57
• Amy Hinson	Manager	68
• David Herbert	Senior Analyst	116
• Esther Ong	Analyst	151
• Richard Thomas	QA Partner	2.5
• Andrew Baldwin	Specialist, Regulatory Compliance	7

## Key documents and other information sources examined (non-exhaustive)

- Account oversight notice - example
- Adjustment notice (bill) and accompanying letter
- Alinta Hardship Policy (2013 and 2015)
- Alinta's website screenshots
- Appliance Running Costs brochure 1 July 2015
- Applying the 10 discount tariff - Copy
- ATCO Rebate Information Aug 2014
- Bill Inserts & Large Print
- Billing AQ daily report
- Business RFA New Connection January 2015
- Change of Name form
- CIS-OV tariff screenshots
- Cognos and CIS-OV daily payment summary report
- Complaints handing process

- Complaints Procedure
- Complaints procedure training document
- Complaints register for 2013-2016
- Compliance Reports for 2013-14, 2014-2015 and 2015-16
- Continuous Energy Program information brochure
- Copy of Billing templates
- Correspondence with ERA on various matters
- Credit Control Participant Manual
- Credit Management in Customer Service procedure - October 2013
- Credit management procedure
- Credit –Outstanding credit report (example)
- Deceased Estates Handout
- Disconnection Notice Credit Control Participant Manual
- Disconnection Notice Quicksheet
- Disconnection reminder notice - example
- Disconnection warning notice - example
- Door knock letter - example
- End of month complaints report - example
- Estimated Accounts process
- Estimated bill - example
- Estimated read codes - example
- Exercise (Disconnection) 24th September 2015
- Explicit Informed Consent Scripts
- Fair Go 10 - Contact Centre QAs
- Financial Hardship - Payment Schedule Letter
- Financial Hardship Policy
- Financial statements for 2015 and 2016
- Flow chart EXISTING FAIR GO 10
- Four-in-a-row letter - example
- Gas customer charter
- Geographical Areas Intranet
- Hardship refresher training documents
- High Account Enquiries
- High Account Enquiries Booklet July 2015
- High Account Enquiries July 2015
- High Account Record Sheet
- HUGS assessment procedure
- HUGS contact logs
- HUGS guidelines training
- HUGS Handout
- Induction training documents
- Information pack mailed to customers for marketing
- Interim Readings and Bills
- Legal action advice letter
- Letter for inclusion with estimated accounts - example
- Listing of disconnections performed during the audit period
- Lost connections letter - example
- Lost Cons Letter Sample
- Marketing information for *Fair Go Bonus* and *Fair Go Advantage* offers
- Marketing Suppression Spreadsheet
- Meter obstruction card - example
- Miscellaneous Debit and Credit Handout
- Missing Payments Handout
- Move In Manual
- Move Out Manual



- Move Out On Offer Manual
- New Connection CIS-OV Manual
- NEW Customer Enquiry Form Templates
- No access to meter letter - example
- No Marketing Special Condition
- Non-standard contract and terms and conditions
- Notification of Fees and charges for 2012 and 2013
- Other Info for New Connections
- Overdue account reminder notice - example
- Performance Report for 20131-142 and , 2012-134-15 and 2015-16
- Privacy Policy Information
- Public Utilities Office and Energy Safety Handout
- Quicksheet Fair Go 10
- Re- Bill Calculation for Heating
- Reactive Retention - Fair Go 10 Customer Segments
- Reactive Retention - Fair Go 10 Inbound Script
- Reactive Retention - Fair Go 10 Objection Handling
- Reactive Retention Business Product Rules
- Reactive Retention Fair Go10%
- Rebill on previous misread - example
- Regulatory Obligations Register
- Report showing correct tariffs on customer accounts
- Representations from Credit Manager
- Representations from Finance Manager
- Representations from Manager Customer Services
- Representations from Manager Regulatory Compliance
- Representations from Team Leader – Billing Services
- Request for Account (RFA) form template
- Request for Account WEB
- Request for Gas (RFG) form template
- Reversing Adjustments Handout
- RFA New Connection Templates September 2015
- Service Order Numbers in ARMA
- Smoothing instalment plan bill - example
- Spreadsheet for tracking RFGs
- Standard bill - example
- Standard bill with balance outstanding - example
- Standard delay letter with bill smoothing - example
- Standard Form Contract for supply of gas
- Strata Connections - NOA Residential Letter NEW (2012)
- Sub Meters Interpreter Service
- Tariff sheets for 20142, 2015 and 2016 and 2013
- Three-in-a-row letter - example
- WAS Lock Handout 14102016
- Weekly dashboard report – example.

# Appendix C – Post Audit Implementation Plan

<p><b>Issue 1/2016</b></p> <p><b>Obligation 59</b> - <i>Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</i></p> <p><b>Obligation 137</b> - <i>Compendium Clause Clause 4.1(b)</i></p> <p>Through discussions with the Team Leader – Billing Services, and Retail Services Officer – Billing, examination of the Standard Form Contract and Alinta’s late billing reports provided to the Authority and we determined that:</p> <ul style="list-style-type: none"> <li>• During the period 1 October 2013 to 30 September 2016 Alinta reported that it did not bill, on average ~0.3% (expressed as a percentage of invoices processed during the quarter) of customers at least once in 110 days. Alinta failed to report the non-compliance in the 2014 and 2015 compliance reports, but has since included the non-compliance in its annual report in 2016.</li> <li>• Alinta has daily reporting processes in place designed to minimise the number of customers being billed at intervals in excess of 110 days</li> <li>• Section 6.1 of the Standard Form Contract, which covers all residential customers contracted to Alinta, states: “We can decide how often we bill you. It will normally be either [approximately] once every three months or once every month. We can change how often we bill”.</li> </ul>	
<p><b>Recommendation 1/2016</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>(a) Update its policy on Billing to identify the billing procedure considered within the interpretation of its contractual terms</li> <li>(b) Develop a review and escalation process based on the timing bracket beyond 110 days</li> <li>(c) If non-compliances occur, differentiate between non-compliances considered to be beyond and within its control as a retailer.</li> </ul>	<p><b>Action plan 1/2016</b></p> <p>Alinta will update its billing procedure to:</p> <ul style="list-style-type: none"> <li>(a) Ensure its billing practices are aligned with contractual terms;</li> <li>(b) Include a process to manage bills identified as being issued outside the required billing timeframe. Alinta notes amendments to the Compendium clause 4.1 will require a retailer to issue a bill at least once every 105 days from 1 Jan 2017;</li> <li>(c) Differentiate non-compliances beyond Alinta’s control.</li> </ul> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager</p> <p><b>Target Date:</b> 30 June 2017</p>

<p><b>Issue 2/2016</b></p> <p><b>Obligation 64</b> - Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code</p> <p><b>Obligation 153</b> - Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)</p> <p>Alinta has experienced ongoing non-compliance with the obligation to obtain actual metering data and bill accordingly at least once a year for a small number of customers. The non-compliance is driven by the inability of the distributor (ATCO Gas) to access a customer's property to perform a meter reading.</p> <p>While Alinta monitors when customers have had three consecutive estimated meter reads (and initiates a communication process to obtain a priority actual read), in the interest of customer service, Alinta allows for four estimated reads before initiating the disconnection process for 'denied access' to a meter.</p> <p>From our discussions with the Team Leader – Billing Services we determined that between July 2013 and March 2016 ATCO Gas ceased its reporting on 'Four in a row' meter readings.</p>	
<p><b>Recommendation 2/2016</b></p> <p>Alinta:</p> <ul style="list-style-type: none"> <li>a) Reconfirm its reporting requirements of ATCO Gas</li> <li>b) Recognise the technical non-compliance in its Annual Compliance Report (similar to late billing) and provides context for the non-compliance and statistics on the number of customers affected.</li> </ul>	<p><b>Action plan 2/2016</b></p> <p>Alinta will:</p> <ul style="list-style-type: none"> <li>(a) Confirm reporting obligations with ATCO Gas, including "four-in-a-row" meter reading reporting requirements;</li> <li>(b) Report technical non-compliances in the Annual Compliance Report.</li> </ul> <p><b>Responsible Person:</b> Revenue Assurance and Billing Manager for (a) &amp; Manager Regulatory Compliance for (b)</p> <p><b>Target Date:</b> 30 June 2017</p>

## Issue 3/2016

**Obligation 51 – Customer Contracts Regulation 12(6)**

Through discussion with the Credit Manager we determined that owing to system constraints, Alinta has implemented the following manual process:

- SSL and ATCO Gas are required to document the time disconnection is effected on a completed service order, which is then returned to
- Alinta performs on-going 'spot checks' of disconnection service orders to determine whether disconnection times are being recorded. Any service orders without documented times are raised at monthly management meetings.

Alinta previously received monthly reports from the distributor and its contractors confirming compliance with the 3pm requirements. From December 2013, the reporting process ceased and was not enforced by Alinta.

Of the sample of disconnections tested:

- No customers had been disconnected where they had lodged a complaint specific to the reason for disconnection (clause 7.6(d))
- No disconnections had been performed on a Friday, Saturday, Sunday, public holiday or on the day before a public holiday (clause 7.6(f)).

Note: Upon performing sample testing we identified that Alinta does not maintain the actual time of disconnections within CIS-OV. CIS-OV logs the time where a user has logged into the system to update disconnection status. Where a user has updated the status beyond 3pm, the actual service order was sighted to support that the disconnection had been performed before 3pm.

Alinta maintains completed service orders in physical form in archived boxes. In the event Alinta could not locate the physical service order, it would not be able to demonstrate that the disconnection occurred before 3pm.

## Recommendation 3/2016

Alinta:

- Reconfirm its reporting requirements of ATCO Gas and its independent contractors
- Consider recording the actual disconnection time within its systems
- Update its document management processes to require all completed service orders to be scanned and maintained online
- Explore a digital reporting solution to capture and report disconnection times.

## Action plan 3/2016

Alinta will:

- Reconfirm its reporting requirements of ATCO Gas and its independent contractors;
- Consider a methodology to record actual disconnection times within its systems;
- Update its document management processes to require all completed service orders are scanned and maintained online;
- Explore a digital reporting solution to capture and report disconnection times.

**Responsible Person:**

Credit Manager

**Target Date:**

30 June 2017

**Issue 4/2016****Obligation 135 – Compendium Clause Clause 3.1(2)**

From discussions with the Retail Service Officer – New Connections, examination of Alinta’s new connection monitoring spreadsheets and walkthrough of the new connections process we determined that:

- Alinta continues to lack clear processes in place for ensuring those RFGs, which are held pending the provision of additional information, are addressed and actioned in a timely manner. We recognise that the majority of requests for gas connection are made during the construction of new premises with the customer not actually requiring the supply of gas for a number of weeks or months later. However, Alinta should be in a position to demonstrate that it has not unduly delayed the processing of completed/validated RFGs
- Alinta runs daily AQ exception reports to identify failed service requests in the system, however as the system could not produce an audit history of closed out reports we were unable to identify whether failed requests had been actioned in a timely manner.

From our testing of 15 new connection requests and the data listing of customer complaints we did not identify any instances where a new connection was not processed in the timeframe required.

**Recommendation 4/2016**

Alinta develops an internal reporting mechanism to identify the time taken to resolve failed and pending requests (and whether it falls within obligation requirements).

*Also refer to recommendation 5/2016.*

**Action plan 4/2016**

Alinta will develop an internal reporting mechanism to identify whether failed and pending RFG service requests are actioned in a timely manner.

**Responsible Person:**

Manager Customer Services

**Target Date:**

30 June 2017

**Issue 5/2016****Compendium of Gas Customer Licence Obligations****Obligation 135** – Clause 3.1(2)**Gas Compendium****Obligation 165** – Clause 4.14(2)**Obligation 170** – Clause 4.16(3)**Obligation 172** – Clause 4.18(2) and 4.18(5)**Obligation 173** – Clause 4.18(5)**Obligation 174** – Clause 4.18(6)**Obligation 176** – Clause 4.19(1)**Obligation 178** – Clause 4.19(3)**Obligation 179** – Clause 4.19(4)**Obligation 198** – Clause 6.1(1)**Obligation 222** – Clause 7.1**Obligation 229** – Clause 8.1(2)**Obligation 255A** – Clause 12.1(4)

Alinta has a number of obligations under the Gas Compendium (listed above), which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Alinta is exposed to breaching its obligations in the event that its standard business processes are not upheld.

Previous performance audit reports recommended Alinta investigate the feasibility of implementing an exception reporting and monitoring regime. During the current fieldwork period, the Manager Customer Services advised that Alinta is reviewing options to replace its existing customer information system CIS-OV within the next twelve months and has decided not to further update or change its existing systems whilst this review is underway.

We acknowledge that Alinta's standard business processes and existing system protocols minimise the risk of compliance breaches relevant to these obligations. Alinta has also not recognised any specific complaints by customers in relation to possible breaches of the obligations.

While Alinta benefits from long-serving management, there remains an underlying risk of key person reliance. In the event of management turnover, Alinta may have increased exposure to non-compliance.

In the absence of immediate system improvement, Alinta is in a position where it can enhance its training materials and an update of its suite of policies and procedures to provide explicit alignment with its compliance obligations.

**Recommendation 5/2016**

Alinta:

- (a) Continue to examine its system reporting capabilities
- (b) Update its staff training modules to provide focus on timeframe requirements
- (c) Update its suite of policies and procedures to include explicit alignment to timeframes as detailed by the obligations.

**Action plan 5/2016**

Alinta will:

- (a) Examine further its system reporting capabilities;
- (b) Review training modules to include timeframe requirements;
- (c) Update policies and procedures to include timeframes requirements.

**Responsible Person:**

Manager Customer Services

**Target Date:**

30 June 2017

**Issue 6/2016****Obligation 136 – Energy Coordination Act section 11M, Compendium clause 4.1**

Section 4.1(a) of the Compendium requires Alinta 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.

From discussions with the Team Leader – Billing Services and examination of Alinta’s Standard Form Contract it is our understanding that Alinta adopts the position that, as customers have agreed to the terms and conditions of the Standard Form Contract Alinta’s contracting arrangements enable it to bill the customer less frequently, or more frequently as required.

Under the Compendium definition, verifiable consent requires “the gas marketing agent or retailer (whichever is relevant) has in plain language appropriate to that customer disclosed all matters materially relevant to the giving of the consent, including each specific purpose for which the consent will be used”

The Standard Form Contract does not explicitly detail instances where a customer may be billed more than once a month (e.g. for re-bills or final bills).

As there have been instances during the period subject to audit where Alinta has issued re-bills or final bills within a one month period of the previous bill, Alinta has not fully complied with the requirements to issue a bill no more than once a month.

**Recommendation 6/2016**

Alinta reviews and, where necessary, amends its practices to ensure customers provide verifiable consent to be billed more than once a month in specific circumstances such as re-bills of final bills.

**Action plan 6/2016**

Alinta will review its practices to ensure, where practical, a customer’s verifiable consent is obtained in circumstances where a bill is to be issued inside a one month period.

**Responsible Person:** Revenue Assurance and Billing Manager & Manager Customer Services

**Target Date: 30 June 2017**