

Wesfarmers Kleenheat Gas Pty Ltd

Gas Trading Licence (GTL10)

2018 Performance Audit Report

January 2019

Ms Sarah York
General Manager, Natural Gas and Electricity
Wesfarmers Kleenheat Gas Pty Ltd
Building 161, Murdoch University
Murdoch, WA 6150

24 January 2019

Dear Sarah

Wesfarmers Kleenheat Gas Pty Ltd: 2018 GTL10 Performance audit report

We have completed the Gas Trading Licence Performance audit for Wesfarmers Kleenheat Gas Pty Ltd for the period 1 September 2016 to 31 August 2018 and are pleased to submit our report to you.

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

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin on 9365 7236 or me on 0414 565 019.

Yours sincerely

Hendri Mentz

Chartered Accountant
Partner, Deloitte Risk Advisory Pty Ltd

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1 Independent assurance practitioner's report

Qualified opinion

We have undertaken a reasonable assurance engagement on Wesfarmers Kleenheat Gas Pty Ltd's (**Kleenheat**) compliance, in all material respects, with its Gas Trading Licence (GTL10) (the **Licence**) as evaluated against the conditions within the Licence for the period from 1 September 2016 to 31 August 2018 for the purpose of reporting to the Economic Regulation Authority (the **ERA**).

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph below, Kleenheat has complied, in all material respects, with the conditions within the Licence for the period from 1 September 2016 to 31 August 2018.

Basis for qualified opinion

During the period from 1 September 2016 to 31 August 2018, Kleenheat did not comply with conditions within the Licence Conditions in the following instances:

Reporting Manual number and Licence obligation		Issue
135	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. <i>Compendium clause 3.1(2)</i>	In 16 instances during the audit period, Kleenheat did not forward the customer's connection request within the required timeframe.
136	A licensee must not issue a bill no more than once a month unless agreed otherwise. <i>Compendium Clause 4.1</i>	In 337 instances during the audit period, Kleenheat issued customers a bill more than once in a month without agreeing with the customer to do so.
137	A licensee must issue a bill to a customer at least once every 105 days, unless agreed otherwise. <i>Compendium Clause 4.1(b)</i>	In 371 instances during the audit period, Kleenheat did not comply with the requirement to bill a customer within 105 days, without agreeing with the customer to do so.
59	A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise. <i>Customer Contracts Regulations, Regulation 15 (1), Clause 4.2.1 AGA Code</i>	
149	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. <i>Compendium clause 4.5(3)</i>	In one instance during the audit period, Kleenheat did not specify on a customer's bill an explanation of the required details of the historical debt billed.

Reporting Manual number and Licence obligation		Issue
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>	Part way through the current audit period, Kleenheat addressed an issue in its billing process which had previously allowed instances where an actual meter read was not obtained within the required 12 month period. This matter was raised during the 2016 Performance Audit and carries forward into this audit period until such time as it was addressed. As a result, Kleenheat is assessed as non-compliant during the current audit period.
64	A licensee must base a customer's bill on a meter reading and meters must be read at least once per year. <i>Customer Contracts Regulations, Regulation 15 (1), Clause 4.2.1 AGA Code</i>	
165	If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer. <i>Compendium clause 4.14(2)</i>	In six instances during the audit period, Kleenheat did not comply with the requirement to refund a credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.
188	A retailer must not charge a residential customer more than 3 late payment fees in relation to the same bill, or more than 12 late payment fees in a year. <i>Compendium clause 5.6(4)</i>	In 291 instances during the audit period, Kleenheat breached the late fee requirements prescribed in the Compendium by charging customers more than: <ul style="list-style-type: none"> • Three late payment fees relating to the same bill (290 instances) • 12 late payment fees in a year (one instance).
189	If a residential customer has been assessed as being in financial hardship, a retailer must retrospectively waive any late payment fee charged to the residential customer's last bill prior to the assessment being made. <i>Compendium Clause 5.7(1)</i>	In one instance during the audit period, Kleenheat did not comply with the requirement to retrospectively waive a late payment fee of a financial hardship customer.

	Reporting Manual number and Licence obligation	Issue
222 33 34	<p>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).</p> <p><i>Compendium Clause 7.1</i></p> <p>Before disconnecting supply for non-payment of a bill, a licensee must give a written reminder notice to a customer not less than 14 business days after the day on which a bill was issued advising the customer that payment is overdue and requiring payment to be made on or before the day specified in the reminder notice (being a day not less than 20 business days after the billing day).</p> <p>Before disconnecting supply for non-payment of a bill, a licensee must give a disconnection warning to a customer not less than 22 business days after the billing day advising the customer that disconnection will occur unless payment is made on or before the day specified in the disconnection warning (being a day not less than 10 business days after the day on which the disconnection warning is given).</p> <p><i>Customer Contracts Regulations, Regulation 12(4)(a)-(b)</i></p>	<p>In three instances during the audit period, Kleenheat did not follow one or more of the procedures specified in clause 7.1(1) of the Compendium and Regulation 12(4) of the Customer Contract Regulations prior to arranging for disconnection of a customer's supply address for failure to pay a bill.</p>
223 40	<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>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.</p> <p><i>Customer Contracts Regulations, Regulation 12 (6) Clause 5.1.1.2 AGA Code</i></p>	<p>In two instances during the audit period, Kleenheat wrongfully disconnected customers who were on payment arrangements.</p>

Reporting Manual number and Licence obligation		Issue
229	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. <i>Compendium clause 8.1(2)</i>	In three instances during the audit period, Kleenheat was non-compliant with the reconnection timeframes prescribed in the Compendium and the Customer Contract Regulations.
52	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. <i>Customer Contracts Regulations Regulation 12 (6), Clause 5.2.2.2 AGA Code</i>	
254	When responding to a complaint, a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor. <i>Compendium Clause 12.1(3)(a)</i>	In one instance during the audit period, Kleenheat breached the Compendium requirements, where a customer was not appropriately advised of their right to have their complaint escalated to a senior employee within Kleenheat.

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements (ASAE 3100)* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Kleenheat's responsibilities for compliance with the conditions within the Licence

Kleenheat is responsible for:

- (a) Compliance with the Licence as evaluated against the conditions within the Licence, for the period 1 September 2016 to 31 August 2018
- (b) Identifying risks that threaten the conditions within the Licence identified above being met
- (c) Identifying suitable compliance requirements as specified by the conditions within the Licence
- (d) Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Assurance practitioner's responsibilities

Our responsibility is to express an opinion on Kleenheat's compliance, in all material respects, with the Licence as evaluated against the conditions within the Licence for the period from 1 September 2016 to 31 August 2018. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether, Kleenheat has complied, in all

material respects, with the Licence as evaluated against the conditions within the Licence for the period from 1 September 2016 to 31 August 2018.

An assurance engagement to report on Kleenheat's compliance with the Licence as evaluated against the conditions within the Licence involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the conditions within the Licence. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the Licence as evaluated against the conditions within the Licence.

Our procedures included the following:

- Utilising the April 2014 issue of the Audit and Review Guidelines: Electricity and Gas Licences and the January 2017 issue of the Gas Compliance Reporting Manual (**Reporting Manual**) issued by the ERA as a guide for development of a risk assessment and document review to assess controls
- Development of an Audit Plan for approval by the ERA and an associated work program, set out in Appendix A
- Interviews with and representations from relevant Kleenheat staff to gain an understanding of process controls
- Review of documents and walkthrough of processes and controls to assess the overall compliance and effectiveness in accordance with Licence obligations
- Sample testing where relevant for obligations rated as an audit priority 3 and above in the approved Audit Plan.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement relating to the period from 1 September 2016 to 31 August 2018 does not provide assurance on whether compliance with the Licence will continue in the future.

Restricted use

This report has been prepared for use by Kleenheat for the purpose of satisfying its obligation under section 11ZA of the Energy Coordination Act 1994. We disclaim any assumption of responsibility for any reliance on this report to any person other than Kleenheat, or for any other purpose other than that for which it was prepared. We understand that a copy of the report will be provided to the ERA for the purpose of reporting on Kleenheat's compliance with the Licence. We agree that a copy of this report will be given to the ERA in connection with this purpose, however we accept no responsibility to the ERA or to anyone who is provided with or obtains a copy of our report.

DELOITTE RISK ADVISORY PTY LTD

Hendri Mentz

Chartered Accountant
Perth, 24 January 2019

2 Executive summary

2.1 Introduction and background

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

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

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

Section 11ZA of the Energy Coordination Act requires Kleenheat to provide to the ERA a performance audit (the **audit**) conducted by an independent expert acceptable to the ERA not less than once in every 24 month period. The ERA set the period to be covered by the performance audit as 1 September 2016 to 31 August 2018 (the **audit period**).

At the request of Kleenheat, Deloitte Risk Advisory Pty Ltd (**Deloitte**) has undertaken a reasonable assurance audit of Kleenheat's compliance with its Licence. The audit has been conducted in accordance with the April 2014 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (the **Guidelines**). The reasonable assurance audit was undertaken in order to state whether, based on the procedures we have performed and the evidence we have obtained, Kleenheat has complied, in all material respects, with the conditions within the Licence for the period from 1 September 2016 to 31 August 2018.

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

2.2 Observations

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

- Maintained and further established its control framework through tailored policies and procedures which are explicitly aligned with Licence obligations
- Maintained a commitment to its Oracle system, with a number of information system improvements implemented
- Provided a mix of general and targeted compliance based training to staff with customer facing responsibilities
- Demonstrated an appetite for continuous improvement in its compliance performance, particularly in recognition that the volume of transactions and customer related scenarios continue to grow in line with the growth in its customer base (Kleenheat's customer base increased from 87,648 as at 30 June 2016 to 196,274 as at 30 June 2018)
- Further developed its internal compliance reporting process, through an online Compliance Tracker for recording potential breaches and near misses
- Implemented further rigour in its investigation of incidents that result in breaches or near misses, including obtaining legal advice, assessing root causes of any breaches and identifying corrective actions
- Appropriately completed all action plans in response to the 2016 audit recommendations
- Further developed its suite of exception reporting designed to prevent and/or detect and report non-compliances, specifically in relation to timing requirements. There are further opportunities for Kleenheat to make more effective use of preventative exception reporting.

2.3 Findings

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

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

Table 1: Control adequacy and compliance 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

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

Table 2: Summary of findings, by audit priority and control adequacy

Audit Priority	Control adequacy rating				NP ¹	Total
	A	B	C	D		
Priority 1	-	-	-	-	-	-
Priority 2	6	4	-	-	-	10
Priority 3	-	-	-	-	-	-
Priority 4	2	6	-	-	145	153
Priority 5	2	-	-	-	78	80
Total:	10	10	-	-	223	243

Table 3: Summary of findings, by audit priority and compliance rating

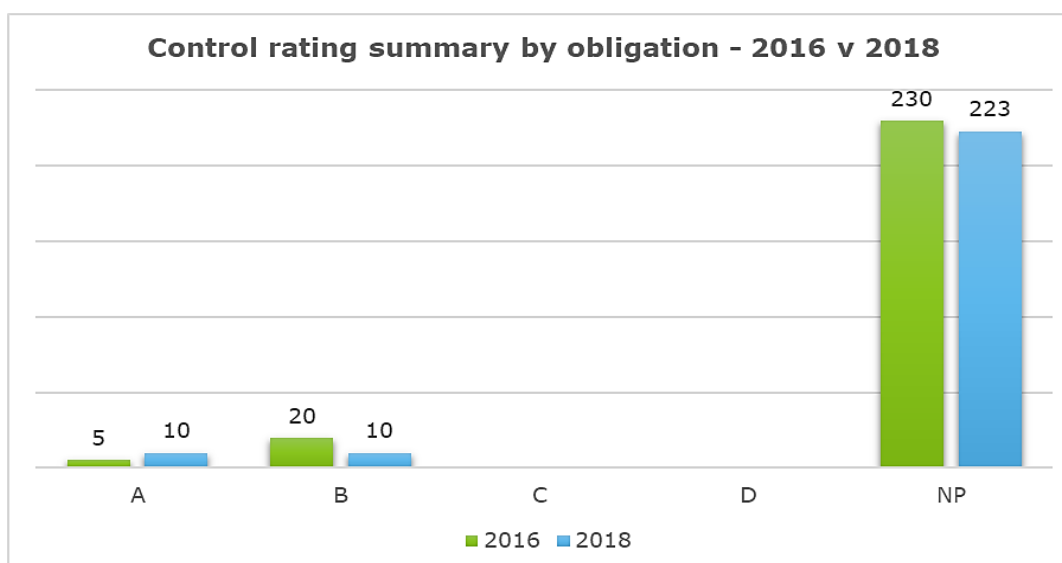
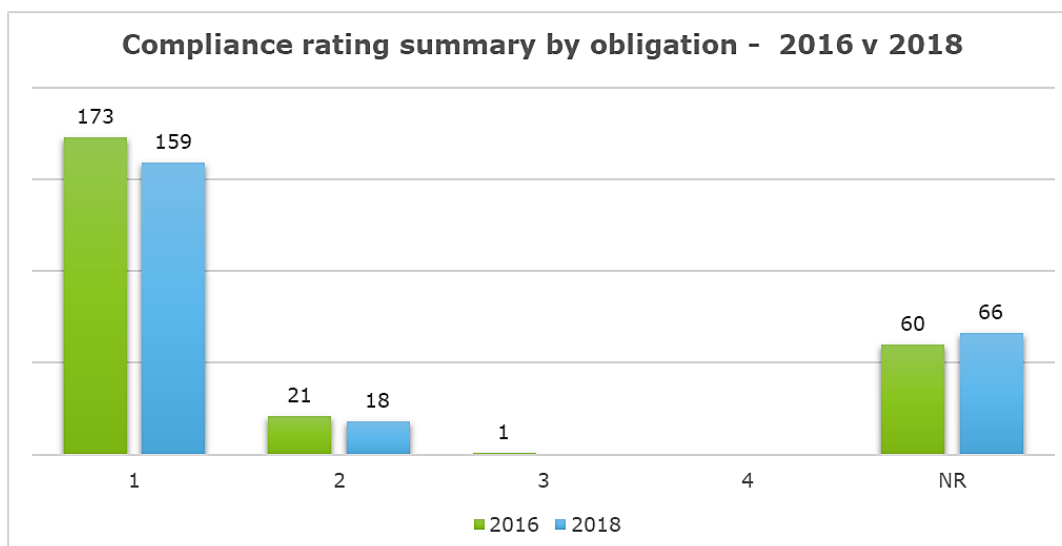
Audit Priority	Compliance rating				NR	Total
	1	2	3	4		
Priority 1	-	-	-	-	-	-
Priority 2	2	8	-	-	-	10
Priority 3	-	-	-	-	-	-
Priority 4	110	8	-	-	35	153
Priority 5	47	2	-	-	31	80
Total:	159	18	-	-	66	243

¹ 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).

Note that, in accordance with the Guidelines:

- Obligations assessed as being “not applicable” to Kleenheat’s operations have not been included within this report
- A control rating is only provided for obligations with a Priority 1, 2 or 3 rating, where an obligation is assessed as non-compliant, or where an improvement opportunity is identified.

The following graphs show an improvement in Kleenheat’s overall compliance and control ratings as compared to 2016 previous audit, in the context of an increase of approximately 124% in Kleenheat’s customer base over the two years to 30 June 2018. Note that the total number of obligations assessed has reduced from 255 to 243 due to a number obligations being removed from the Gas Compendium for Small Use Customers.



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

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

2.4 Kleenheat’s response to previous audit recommendations

This audit considered Kleenheat’s progress in completing the action plans detailed in the 2016 performance audit report.

Based on our examination of relevant documents, discussion with staff and consideration of the results of this audit’s testing against the associated licence obligations, we determined that Kleenheat has completed all five of the action plans detailed in the 2016 performance audit report.

Refer to section 5 of this report for further detail.

2.5 Current audit non-compliances, recommendations and action plans

A. Resolved during current audit period

Reporting manual no. and Licence obligation reference	Non-compliance / Controls improvement (Rating / Details of non-compliance or inadequacy of controls)	Date resolved and management action taken	Auditor's comments
<p>135 - Compendium 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.</p>	<p>A2 In 16 instances during the audit period, Kleenheat did not forward the customer's connection request within the required timeframe, due to an isolated Flowtalk system fault.</p>	<p>Resolved March 2017 The system fault was remedied within three days and is considered to be an isolated occurrence.</p>	<p>No further action required.</p>
<p>149 - Compendium 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.</p>	<p>A2 In one instance during the audit period, Kleenheat did not specify on a customer's bill an explanation of the required details of the historical debt billed.</p>	<p>Resolved May 2017 Kleenheat implemented an exception report that flags instances where the required historical debt information is to be provided on the customer's bill.</p>	<p>No further action required.</p>
<p>153 - Compendium 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).</p> <p>64 - Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code A licensee must base a customer's bill on a meter reading and meters must be read at least once per year.</p>	<p>A2 Part way through the current audit period, Kleenheat addressed an issue in its billing process which had previously allowed instances where an actual meter read was not obtained within the required 12 month period. This matter was raised during the 2016 Performance Audit and carries forward into this audit period until such time as it was addressed. As a result, Kleenheat is assessed as non-compliant during the current audit period.</p>	<p>Resolved February 2017 Kleenheat implemented an automated process in Oracle to identify customer accounts with three consecutive estimate reads, plus a related manual process to ensure that the actual read is obtained.</p>	<p>No further action required.</p>

Reporting manual no. and Licence obligation reference	Non-compliance / Controls improvement (Rating / Details of non-compliance or inadequacy of controls)	Date resolved and management action taken	Auditor's comments
<p>165 - Compendium clause 4.14(2)</p> <p>If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.</p>	<p>A2</p> <p>In six instances during the audit period, Kleenheat did not comply with the requirement to refund a credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer. All seven instances were attributed to human error.</p>	<p>Resolved May 2018</p> <p>Kleenheat implemented the following technology solutions and process improvements:</p> <ul style="list-style-type: none"> • A new automated Service Request process to initiate the credit refund • Automated daily reports of all credit refunds due within five days, enabling the Credit team to monitor and action refunds • Refresher training for all relevant staff. 	<p>No further action required.</p>
<p>188 - Compendium clause 5.6(4)</p> <p>A retailer must not charge a residential customer more than 3 late payment fees in relation to the same bill, or more than 12 late payment fees in a year.</p>	<p>A2</p> <p>In 291 instances during the audit period, Kleenheat breached the late fee requirements prescribed in the Compendium by charging customers more than:</p> <ul style="list-style-type: none"> • Three late payment fees relating to the same bill (290 instances) • 12 late payment fees in a year (one instance). <p>These instances were attributed to a combination of manual processing errors and system design deficiencies.</p>	<p>Resolved August 2017</p> <p>Kleenheat implemented a system improvement in Oracle to prevent:</p> <ul style="list-style-type: none"> • More than three late payment fees being raised for each outstanding bill • More than 12 late payment fees to be charged to a residential customer in a year. 	<p>No further action required.</p>

Reporting manual no. and Licence obligation reference	Non-compliance / Controls improvement (Rating / Details of non-compliance or inadequacy of controls)	Date resolved and management action taken	Auditor's comments
<p>229 - Compendium 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.</p> <p>52 - Energy Coordination (Customer Contract) Regulations 2004 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.</p>	<p>A2 In three instances during the audit period, Kleenheat was non-compliant with the reconnection timeframes prescribed in the Compendium and Customer Contract Regulations, due to system human processing issues.</p>	<p>Resolved March 2018 To remedy the instances of non-compliance identified in the 2016 audit and further breaches during the current period, Kleenheat has provided refresher training to staff and communicated the importance of the compliance requirements.</p>	<p>No further action required.</p>

B. Unresolved at end of current audit period

Reporting manual no. and Licence obligation reference	Control adequacy	Issue 1/2018
<p>Obligation 136 <i>Compendium Clause 4.1</i> A licensee must not issue a bill no more than once a month unless agreed otherwise.</p>	<p>Generally adequate controls – improvement needed (B)</p> <p>Compliance rating</p> <p>Non-compliant – minor impact on customers or third parties (2)</p>	<p>In response to recommendation 4/2016 of the 2016 Performance Audit, Kleenheat tailored its exception reporting to identify multiple meter reads listed as 'billed' within a 30 day period.</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 324 instances (within the audit period) where a customer was issued a bill more than once in a month without agreeing with the customer to do so. A further 13 instances occurred in July 2018.</p> <p>These instances have been attributed to Kleenheat continuing to receive multiple meter reads from ATCO within a month (including instances where the submission of meter reads have been delayed). As Kleenheat's automated billing process is based on the receipt of meter reads, multiple bills may be issued within a month. We note the ERA's intention to consider this matter (which impacts all gas trading licensees) in the next review of the Compendium.</p>
<p>Recommendation 1/2018 Kleenheat:</p> <p>(a) Pursue making further changes to its billing engine to prevent the billing system automatically billing customers more than once in a month where billing matters are pending resolution</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month</p>		<p>Action Plan 1/2018 Kleenheat will:</p> <p>(a) Investigate its current billing engine and make changes to the billing engine that will prevent bills being issued more than once in a month to customers</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>

Reporting manual no. and Licence obligation reference	Control adequacy	Issue 2/2018
<p>Obligation 137 <i>Compendium Clause 4.1(b)</i> A licensee must issue a bill to a customer at least once every 105 days, unless agreed otherwise.</p> <p>Obligation 59 <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code</i> A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise.</p>	<p>Generally adequate controls – improvement needed (B)</p> <p>Compliance rating</p> <p>Non-compliant – minor impact on customers or third parties (2)</p>	<p>In response to recommendation 2/2016 of the 2016 Performance Audit, Kleenheat further developed its exception reporting mechanism and has worked collaboratively with ATCO on matters impacting on the timing of meter reads for billing purposes. We confirmed that Kleenheat has used daily exception reports containing customers who have not been billed for 100 days or more.</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 315 further instances where a customer had not been issued a bill within 105 days without the customer’s agreement. A further 56 instances occurred in July and August 2018.</p> <p>These instances have been attributed to the following:</p> <ul style="list-style-type: none"> • Kleenheat’s processing of customer transfer requests, which involves a request to ATCO to hold the scheduled read for 21 days to allow for a final read to be taken for inclusion on the final bill. In some instances where the customer cancelled the transfer request, this process extended the billing period beyond the 105 day timeframe • An isolated instance where bills to 60 customers were held beyond the 105 day timeframe while Kleenheat reviewed and resolved meter reading issues impacting customer bills • An isolated instance of human processing error, which was addressed through further training.
<p>Recommendation 2/2018 Kleenheat remove the ‘hold’ function within its billing engine to prevent the delay of issuing bills.</p>		<p>Action Plan 2/2018 Kleenheat will:</p> <p>(a) Remove the ‘hold’ function on its 21 day switch billing to allow the relevant bill to be issued based on the scheduled meter read</p> <p>(b) Set up a project team to specifically review further changes that may be necessary to prevent bills being issued beyond 105 days and implement any changes required in the billing engine system.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>

Reporting manual no. and Licence obligation reference	Control adequacy	Issue 3/2018
<p>Obligation 189 <i>Compendium Clause 5.7(1)</i> 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>Generally adequate controls – improvement needed (B)</p> <p>Compliance rating</p> <p>Non-compliant – minor impact on customers or third parties (2)</p>	<p>Kleenheat disclosed one instance where a financial hardship customer did not have their late payment fee retrospectively waived. The non-compliance was attributed to an error by the staff member assigned to the customer electing not to waive the fees in contravention of Kleenheat's procedures. The late payment fee was waived after Kleenheat's investigation and resolution of a complaint made by the customer.</p> <p>Subsequent to this incident, Kleenheat:</p> <ul style="list-style-type: none"> • Strengthened its controls over managing financial hardship customers in the following manner: <ul style="list-style-type: none"> ○ Established a dedicated Financial Hardship team ○ Provided training and guidance to staff • Plans to implement additional quality control checks and focussed staff training.
<p>Recommendation 3/2018</p> <p>Kleenheat:</p> <ul style="list-style-type: none"> • Pursue its plans to implement additional quality control and focussed staff training • Further strengthen system based controls and/or exception reports to identify instances where late payment fees should be waived on account of the customer being assessed as being in financial hardship. 		<p>Action Plan 3/2018</p> <p>Credit will increase one on one coaching with front line Credit team staff, with a view to further improving the quality of such calls.</p> <p>Credit will also consider whether exception reporting can be implemented to review and if needed to, reverse, late payment fees applied to customers' accounts who are in financial hardship.</p> <p>Responsible person: Credit Manager</p> <p>Target date: December 2019</p>

Reporting manual no. and Licence obligation reference	Control adequacy	Issue 4/2018
<p>Obligations 222, 33 and 34 <i>Compendium Clause 7.1</i> <i>Customer Contracts Regulations 12(4)(a)-(b)</i></p> <p>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).</p> <p>Before disconnecting supply for non-payment of a bill, a licensee must give a written reminder notice to a customer not less than 14 business days after the day on which a bill was issued advising the customer that payment is overdue and requiring payment to be made on or before the day specified in the reminder notice (being a day not less than 20 business days after the billing day).</p> <p>Before disconnecting supply for non-payment of a bill, a licensee must give a disconnection warning to a customer not less than 22 business days after the billing day advising the customer that disconnection will occur unless payment is made on or before the day specified in the disconnection warning (being a day not less than 10 business days after the day on which the disconnection warning is given).</p> <p>Obligation 223 and 40 <i>Compendium Clause 7.2(1)</i></p> <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>Customer Contracts Regulations 2004, regulation 12 (6) Clause 5.1.1.2 AGA Code</i></p> <p>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.</p>	<p>Generally adequate controls – improvement needed (B)</p> <p>Compliance rating</p> <p>Non-compliant – minor impact on customers or third parties (2)</p>	<p>Obligations 222, 33 and 34</p> <p>During the audit period, Kleenheat self-reported one instance of a wrongful disconnection where an LPG Retic customer was not provided with sufficient notice prior to disconnection for failure to pay. The cause of this non-compliance was attributed to human error in failing to follow standard operating procedure.</p> <p>Two further wrongful disconnections were identified during this audit where NG customers were not provided with sufficient notice prior to disconnection for failure to pay:</p> <ul style="list-style-type: none"> • One instance was identified through sample testing, where the customer had defaulted on their payment arrangement and Kleenheat staff had not recognised the need to renew the notification process • One instance was identified by Kleenheat as a result of an internal investigation (including receipt of legal advice), where duplicate notices were issued in error and Kleenheat staff had incorrectly reset the credit strategy. <p>Kleenheat implemented a new disconnection procedure in February 2018, requiring staff to follow a more rigorous checking process, and for the Credit Manager to approve all street level disconnection requests.</p> <p>Obligation 223 and 40</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported two instances where it wrongfully arranged disconnections for customers who were on payment arrangements.</p> <p>Both instances of non-compliance can be attributed to human error, where staff had not identified that customers had entered into or maintained a payment arrangement.</p>

<p>Recommendation 4/2018</p> <p>Kleenheat develop system based controls to assist in ensuring its disconnection process meets the specified Compendium requirements.</p>	<p>Action Plan 4/2018</p> <p>Other improvements already made to the disconnection process include:</p> <ul style="list-style-type: none"> • The inclusion of a process and decision tree work flow to the Credit team’s knowledge base on OneNote to assist staff in relation to following the disconnection strategy • Implementing a street level disconnection tracker to monitor accounts and ensure prompt follow up. <p>Kleenheat will investigate and make recommendations for a system improvement to better highlight disconnection issues and prevent non-compliances. There is already an improvement project underway which is looking at automating some of the manual tasks currently carried out in relation to disconnections.</p> <p>Responsible person: Credit Manager Target date: December 2019</p>
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Reporting manual no. and Licence obligation reference	Control adequacy	Issue 5/2018
<p>Obligation 254 <i>Compendium Clause 12.1(3)(a)</i> <i>When responding to a complaint, a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor.</i></p>	<p>Generally adequate controls – improvement needed (B)</p> <p>Compliance rating</p> <p>Non-compliant – minor impact on customers or third parties (2)</p>	<p>Kleenheat disclosed one instance where a customer was not appropriately advised of their right to have their complaint escalated to a senior employee within Kleenheat.</p> <p>This instance highlighted a gap in the customer service team member’s understanding of Kleenheat’s complaints handling requirements.</p> <p>We acknowledge that Kleenheat has initiated a review of its complaints handling process and procedure, as well as the need for targeted staff training.</p>
<p>Recommendation 5/2018</p> <p>Kleenheat complete the planned review of its complaints handling process.</p>		<p>Action Plan 5/2018</p> <p>Kleenheat will amend its Complaints Policy & Procedure to make it clear that it is mandatory for an agent to advise the customer of their right to have their complaint considered by a senior employee.</p> <p>Training will be rolled out to all front line agents who deal with complaints on the amended Procedure, with emphasis on escalating complaints.</p> <p>Scripting will also be provided to agents which makes this escalation process clear and is accessible to agents at the time of handling a complaint.</p> <p>Responsible person: Customer Service Operations Manager Target date: June 2019</p>

2.6 Scope and objectives

As described in our letter of engagement with Kleenheat, dated 20 August 2018, we have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, Kleenheat has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated 14 September 2018) during the period 1 September 2016 to 31 August 2018.

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 ERA 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 January 2017 Gas Compliance Reporting Manual (**Reporting Manual**).

The Audit Plan approved by the ERA for this audit sets out Kleenheat's Licence obligations confirmed to be included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation.

Revision to audit scope

Subsequent to the preparation of the Audit Plan, three minor amendments were made to correct the risk assessment:

- For obligations 64 and 153, the Audit Priority was amended from priority 3 to priority 5, in accordance with the Audit Plan's *Table 3: Assessment of audit priority*
- For obligation 229, the audit priority remains unchanged, however the assessed Likelihood and Inherent risk ratings were corrected.

2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period August to November 2018:

- Utilising the Guidelines and Reporting Manuals as a guide, developed a risk assessment, which involved discussions with key staff and document review to assess controls
- Developed an Audit Plan (see **Appendix A**) for approval by the ERA and an associated work program
- Interviews with relevant Kleenheat staff to gain understanding of process controls (see **Appendix B** for staff involved)
- Reviewed relevant documentation and walked through processes and controls to assess overall compliance and effectiveness in accordance with Licence obligations (see **Appendix B** for reference listing)
- Sample tested relevant obligations (assessed as an audit priority 3 or 2) and where there was relevant activity, determine whether transactions complied with the requirements of the obligation
- Reporting of findings to Kleenheat for review and response.

3 Summary of findings

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

The remainder of this report provides:

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

Table 4: Compliance Ratings

Refer to Detailed Findings at section 4 and Audit Plan at Appendix A for descriptions of the obligations.

Note:

- Obligations marked with a (*) are relevant only for the period from 1 January 2017 to 31 August 2018
- Obligations marked with a (**) are relevant only for the period from 1 September 2016 to 31 December 2016
- Detailed findings are not presented for those obligations assessed to be not applicable to Kleenheat's operations for the period subject to audit - refer to the Audit Plan at Appendix A for further explanation.

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating				
			A	B	C	D	NP		1	2	3	4	NR
9 Licence Compliance Requirements - Energy Coordination Act 1994													
1	Section 11Q(1-2)	NG & LPG					✓	Priority 4	✓				
2	Section 11WG(1)	NG & LPG					✓	Priority 4	✓				
3	Section 11WG(2)	NG & LPG					✓	Priority 4					✓
4	Section 11WK(1-2)	NG & LPG					✓	Priority 5	✓				
5	Section 11WK(3)	NG & LPG					✓	Priority 5	✓				
6	Section 11X(3)	NG & LPG					✓	Priority 5					✓
10	Section 11ZA(1)	NG & LPG					✓	Priority 4	✓				
11	Section 11ZAF(a)	NG & LPG					✓	Priority 5					✓
12	Section 11ZAF(b)	NG & LPG					✓	Priority 5					✓
13	Section 11ZAF(c)	NG & LPG					✓	Priority 4					✓
14	Section 11ZAH(2)	NG & LPG					✓	Priority 5					✓
15	Section 11ZAJ	NG & LPG					✓	Priority 4					✓
16	Section 11ZAJ	NG & LPG					✓	Priority 5					✓
17	Section 11ZK(3)	NG & LPG					✓	Priority 5					✓
19	Section 11ZOR(2)	NG & LPG					✓	Priority 4	✓				
20	Section 11ZOV(1)	NG & LPG					✓	Priority 4	✓				
21	Section 11ZOV(2)	NG & LPG					✓	Priority 4	✓				
22	Section 11ZOZ(3)	NG & LPG					✓	Priority 4					✓
24	Section 11ZQH	NG & LPG					✓	Priority 4	✓				
11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000													
29	Regulation 5(1)	NG & LPG					✓	Priority 4	✓				
30	Regulation 6(2)	NG & LPG					✓	Priority 4	✓				

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating					
			A	B	C	D	NP		1	2	3	4	NR	
31	Regulation 6(4)	NG & LPG					✓	Priority 4	✓					
12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004														
32	Regulation 12 (2)	NG & LPG					✓	Priority 5	✓					
33	Regulation 12 (4)(a)	NG & LPG		✓				Priority 4		✓				
34	Regulation 12 (4)(b)	NG & LPG		✓				Priority 4		✓				
35	Regulation 12 (5)(a)	NG & LPG					✓	Priority 5	✓					
36	Regulation 12 (5)(b)	NG & LPG					✓	Priority 5						✓
37	Regulation 12 (5)(c)	NG & LPG					✓	Priority 5	✓					
38	Regulation 12 (5)(d)	NG & LPG					✓	Priority 5						✓
39	Regulation 12 (5)(e)	NG & LPG					✓	Priority 5						✓
40	Regulation 12 (6), Clause 5.1.1.2 AGA Code	NG & LPG		✓				Priority 4		✓				
41	Regulation 12 (6), Clause 5.1.1.3 AGA Code	NG & LPG					✓	Priority 4	✓					
42	Regulation 12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code	NG & LPG					✓	Priority 5						✓
43	Regulation 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	NG & LPG					✓	Priority 5						✓
44	Regulation 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	NG & LPG					✓	Priority 5						✓
45	Regulation 12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	NG & LPG					✓	Priority 5						✓
46	Regulation 12 (6), Clause 5.1.7.2 AGA Code	NG & LPG					✓	Priority 5						✓
47	Regulation 12 (6), Clause 5.1.8.1(a) AGA Code	NG & LPG					✓	Priority 5	✓					
48	Regulation 12 (6), Clause 5.1.8.1(b) AGA Code	NG & LPG					✓	Priority 5	✓					
49	Regulation 12 (6), Clause 5.1.8.1(c) AGA Code	NG & LPG					✓	Priority 4	✓					
50	Regulation 12 (6), Clause 5.1.8.1(d) AGA Code	NG & LPG					✓	Priority 4	✓					
51	Regulation 12 (6), Clause 5.1.8.1(e) and (f) AGA Code	NG & LPG					✓	Priority 5	✓					
52	Regulation 12 (6), Clause 5.2.2.2 AGA Code	NG & LPG	✓					Priority 4		✓				
53	Regulation 13 (1), Clause 4.4.6.2 AGA Code	NG & LPG					✓	Priority 5						✓
54	Regulation 13 (3)	NG & LPG					✓	Priority 5						✓
55	Regulation 13 (4)	NG & LPG					✓	Priority 5						✓
56	Regulation 14 (2)	NG & LPG					✓	Priority 5	✓					
57	Regulation 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	NG & LPG					✓	Priority 5	✓					
58	Regulation 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	NG & LPG					✓	Priority 5	✓					
59	Regulation 15 (1), Clause 4.2.1 AGA Code	NG & LPG		✓				Priority 4		✓				
60	Regulation 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	NG & LPG					✓	Priority 5	✓					
61	Regulation 15 (1), Clause 4.2.3.2 AGA Code	NG & LPG					✓	Priority 5						✓
62	Regulation 15 (1) and (2)	NG & LPG					✓	Priority 5						✓
63	Regulation 15(1), 47(2)&(4), Clause 4.2.3.4 AGA Code	NG & LPG					✓	Priority 5						✓
64	Regulation 15 (1), Clause 4.2.4.1 AGA Code	NG & LPG	✓					Priority 5		✓				
65	Regulation 15 (1), Clause 4.2.4.2 AGA Code	NG & LPG					✓	Priority 5						✓

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating					
			A	B	C	D	NP		1	2	3	4	NR	
66	Regulation 15 (1), Clause 4.2.4.4 AGA Code	NG & LPG					✓	Priority 5	✓					
67	Regulation 15 (1), Clause 4.2.4.5 AGA Code	NG & LPG					✓	Priority 5	✓					
68	Regulation 15 (1), Clause 4.3.2.1 AGA Code	NG & LPG					✓	Priority 5	✓					
69	Regulation 15 (1), Clause 4.3.2.2 AGA Code	NG & LPG					✓	Priority 5	✓					
70	Regulation 16 (3)	NG & LPG					✓	Priority 5	✓					
71	Regulation 19	NG & LPG					✓	Priority 5	✓					
72	Regulation 20 (2) Clause 4.3.5.1 AGA Code	NG & LPG					✓	Priority 5	✓					
73	Regulation 27 (4) and 40 (3)	n/a					✓	Priority 5						✓
74	Regulation 20 (3) and 48	NG & LPG					✓	Priority 5	✓					
75	Regulation 22 and 49 (2)	NG & LPG					✓	Priority 5	✓					
76	Regulation 49 (3)	NG & LPG					✓	Priority 5	✓					
77	Regulation 49 (4)	NG & LPG					✓	Priority 5						✓
78	Regulation 49 (5)	NG & LPG					✓	Priority 5						✓
79	Regulation 50	NG & LPG					✓	Priority 5	✓					
80	Regulation 44	NG & LPG					✓	Priority 5	✓					
81	Regulation 45 (1)	NG & LPG					✓	Priority 5						✓
82	Regulation 45 (2)	NG & LPG					✓	Priority 5	✓					
83	Regulation 46 (1) & (2)	NG & LPG					✓	Priority 5	✓					
84	Regulation 46 (4)	NG & LPG					✓	Priority 5	✓					
85	Regulation 28, clause 3.1.1(a) AGA Code	NG & LPG					✓	Priority 5	✓					
86	Regulation 28, clause 3.1.1(b) AGA Code	NG & LPG					✓	Priority 5	✓					
90	Regulation 33 (3), clause 3.5.2.2 AGA Code	NG & LPG					✓	Priority 5	✓					
91	Regulation 42	NG & LPG					✓	Priority 5						✓
13 Licence Compliance Requirements - Licence Conditions														
96	Clause 16.2	NG & LPG					✓	Priority 4	✓					
97	Clause 16.4	NG & LPG					✓	Priority 5	✓					
98	Clause 17	NG & LPG					✓	Priority 5						✓
99	Clause 20	NG & LPG					✓	Priority 5	✓					
100	Clause 21.1	NG & LPG					✓	Priority 4	✓					
101	Clause 22.1	NG & LPG					✓	Priority 4						✓
102	Clause 23.1	NG & LPG					✓	Priority 4	✓					
103	Clause 24	NG & LPG					✓	Priority 4	✓					
106	Clause 12.2	NG & LPG					✓	Priority 5						✓
107	Clause 12.3	NG & LPG					✓	Priority 5						✓
108	Clause 13.1	NG & LPG					✓	Priority 4						✓
109	Clause 15.1 and 15.2	NG & LPG					✓	Priority 4	✓					
110	Schedule 3 clause 1.5	NG & LPG					✓	Priority 4						✓
111	Schedule 3 clause 1.7	NG & LPG					✓	Priority 4						✓
112	Schedule 3 clause 2.1 to 2.2	NG & LPG					✓	Priority 4	✓					
113	Schedule 3 clause 3.1	NG & LPG					✓	Priority 4	✓					

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating				
			A	B	C	D	NP		1	2	3	4	NR
14 Licence Compliance Requirements – Gas Marketing Code of Conduct													
114	Energy Coordination Act section 11ZPP	NG & LPG					✓	Priority 4	✓				
115	Energy Coordination Act section 11ZPP and 11M	NG & LPG					✓	Priority 4	✓				
116	Clause 2.1	NG & LPG					✓	Priority 4	✓				
117	Clause 2.2(1)	NG & LPG					✓	Priority 4	✓				
118	Clause 2.2(2) and 2.2(3)	NG & LPG					✓	Priority 4	✓				
119	Clause 2.3(1)	NG & LPG					✓	Priority 4	✓				
120	Clause 2.3(2)	NG & LPG					✓	Priority 4	✓				
121	Clause 2.3(3),(4)	NG & LPG	✓					Priority 2	✓				
122	Clause 2.4(1)	NG & LPG					✓	Priority 4	✓				
123	Clause 2.4(2)	NG & LPG					✓	Priority 4	✓				
124	Clause 2.5(1)	NG & LPG					✓	Priority 4	✓				
125	Clause 2.5(2)	NG & LPG					✓	Priority 4	✓				
126	Clause 2.6	NG & LPG					✓	Priority 4				✓	
127	Clause 2.8	NG & LPG					✓	Priority 4	✓				
128	Clause 2.9	NG & LPG					✓	Priority 4	✓				
129	Clause 2.10	NG & LPG					✓	Priority 4	✓				
15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations													
Part 3 Connection													
134	Clause 3.1(1)	NG & LPG					✓	Priority 4	✓				
135	Clause 3.1(2)	NG & LPG	✓					Priority 2		✓			
Part 4 Billing													
136	Clause 4.1	NG & LPG		✓				Priority 2		✓			
137	Clause 4.1(b)	NG & LPG		✓				Priority 2		✓			
138	Clause 4.2(1)	NG & LPG					✓	Priority 4				✓	
139	Clause 4.2(2)	NG & LPG					✓	Priority 4				✓	
140	Clause 4.2(3)	NG & LPG					✓	Priority 4				✓	
141	Clause 4.2(4)	NG & LPG					✓	Priority 4				✓	
142	Clause 4.2(5)	NG & LPG					✓	Priority 4				✓	
143	Clause 4.2(6)	NG & LPG					✓	Priority 4				✓	
144	Clause 4.3(1)	NG & LPG					✓	Priority 4				✓	
145	Clause 4.3(2)	NG & LPG					✓	Priority 4				✓	
146	Clause 4.4	NG & LPG					✓	Priority 4	✓				
147	Clause 4.5(1)	NG & LPG					✓	Priority 4	✓				
148	Clause 4.5(2)	NG & LPG					✓	Priority 4	✓				
149	Clause 4.5(3)	NG & LPG	✓					Priority 2		✓			
150	Clause 4.6(1)	NG & LPG					✓	Priority 4	✓				
152	Clause 4.7 (1)	NG & LPG					✓	Priority 5	✓				
153	Clause 4.7(2)	NG & LPG	✓					Priority 5		✓			
154	Clause 4.8(1)	NG					✓	Priority 4	✓				
155	Clause 4.8(2)	NG & LPG					✓	Priority 4	✓				
156	Clause 4.8(3)	NG & LPG					✓	Priority 4	✓				

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating					
			A	B	C	D	NP		1	2	3	4	NR	
157	Clause 4.9	NG & LPG					✓	Priority 4	✓					
158	Clause 4.10	NG & LPG					✓	Priority 5	✓					
159	Clause 4.11(1)	NG & LPG					✓	Priority 4	✓					
160	Clause 4.11(2)	NG & LPG					✓	Priority 4						✓
161	Clause 4.12(1)	NG & LPG					✓	Priority 4	✓					
162	Clause 4.12(2)	NG & LPG					✓	Priority 4	✓					
163	Clause 4.13	NG & LPG					✓	Priority 4						✓
164	Clause 4.14(1)	NG & LPG					✓	Priority 5	✓					
165	Clause 4.14(2)	NG & LPG	✓					Priority 2		✓				
165A*	Clause 4.14(3)	NG & LPG					✓	Priority 4						✓
166	Clause 4.15	NG & LPG					✓	Priority 4	✓					
167	Clause 4.16(1)(a)	NG & LPG					✓	Priority 4	✓					
168	Clause 4.16(1)(b)	NG & LPG					✓	Priority 4	✓					
169	Clause 4.16(2)	NG & LPG					✓	Priority 4	✓					
170	Clause 4.16(3)	NG & LPG					✓	Priority 4	✓					
171	Clause 4.17(2)	NG & LPG					✓	Priority 4	✓					
171A**	Clause 4.17(3)	NG & LPG					✓	Priority 4	✓					
172	Clause 4.18(2) and 4.18(5)	NG & LPG					✓	Priority 5	✓					
173	Clause 4.18(3)	NG & LPG					✓	Priority 4	✓					
174	Clause 4.18(4)	NG & LPG					✓	Priority 5	✓					
175	Clause 4.18(6)	NG & LPG					✓	Priority 5	✓					
175A	Clause 4.18(7)	NG & LPG					✓	Priority 5						✓
176	Clause 4.19(1)	NG & LPG					✓	Priority 4	✓					
177	4.19(2) and 4.19(6)	NG & LPG					✓	Priority 4	✓					
178	4.19(3)	NG & LPG					✓	Priority 4	✓					
179	4.19(4)	NG & LPG					✓	Priority 5	✓					
180	4.19(5)	NG & LPG					✓	Priority 5	✓					
180A	4.19(7)	NG & LPG					✓	Priority 4						✓
Part 5 Payment														
181	Clause 5.1	NG & LPG					✓	Priority 4	✓					
182	Clause 5.2	NG & LPG					✓	Priority 4	✓					
183	Clause 5.3	NG & LPG					✓	Priority 4	✓					
184	Clause 5.4	NG & LPG					✓	Priority 4						✓
185	Clause 5.5	NG & LPG					✓	Priority 4	✓					
186	Clause 5.6(1)	NG & LPG					✓	Priority 4	✓					
186A	Clause 5.6(2)	NG & LPG					✓	Priority 4	✓					
187	Clause 5.6(3)	NG & LPG					✓	Priority 4	✓					
188*	Clause 5.6(4)	NG & LPG	✓					Priority 4		✓				
189	Clause 5.6(5)	NG & LPG		✓				Priority 4		✓				
190	Clause 5.7(1)	NG & LPG					✓	Priority 4	✓					
191	Clause 5.7(2)	NG & LPG					✓	Priority 4	✓					
192	Clause 5.7(3)	NG & LPG					✓	Priority 4	✓					

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating					
			A	B	C	D	NP		1	2	3	4	NR	
193	Clause 5.7(4)	NG & LPG					✓	Priority 4	✓					
195	Clause 5.8(1)	NG & LPG					✓	Priority 4	✓					
196	Clause 5.8(2)	NG & LPG					✓	Priority 4	✓					
196A**	Clause 5.9	NG & LPG					✓	Priority 4	✓					
197	Clause 5.9	NG & LPG					✓	Priority 4						✓
Part 6 Payment Difficulties and Financial Hardship														
198	Clause 6.1(1)	NG & LPG					✓	Priority 4	✓					
198A	Clause 6.1(2)	NG & LPG					✓	Priority 5	✓					
199	Clause 6.1(3)	NG & LPG					✓	Priority 5	✓					
200	Clause 6.1(4)	NG & LPG					✓	Priority 4	✓					
200A	Clause 6.2(1)	NG & LPG					✓	Priority 4	✓					
201	Clause 6.2(2)	NG & LPG					✓	Priority 4	✓					
202	Clause 6.2(3)	NG & LPG					✓	Priority 4	✓					
203	Clause 6.2(4)	NG & LPG					✓	Priority 5	✓					
204	Clause 6.3(1)	NG & LPG					✓	Priority 4	✓					
205	Clause 6.4(1)	NG & LPG					✓	Priority 4	✓					
206	Clause 6.4(2)	NG & LPG					✓	Priority 4	✓					
206A	Clause 6.4(3)	NG & LPG					✓	Priority 4	✓					
207	Clause 6.4(4)	NG & LPG					✓	Priority 5	✓					
208	Clause 6.6(1)	NG & LPG					✓	Priority 5	✓					
209	Clause 6.6(2)	NG & LPG					✓	Priority 4	✓					
210	Clause 6.7	NG & LPG					✓	Priority 5	✓					
211	Clause 6.8	NG & LPG					✓	Priority 4	✓					
212	Clause 6.9(1)	NG & LPG					✓	Priority 4						✓
213	Clause 6.9(2)	NG & LPG					✓	Priority 5						✓
214	Clause 6.10(1)	NG & LPG					✓	Priority 4	✓					
215	Clause 6.10(2)	NG & LPG					✓	Priority 4	✓					
215A	Clause 6.10(3)	NG & LPG					✓	Priority 4	✓					
216	Clause 6.10(4)	NG & LPG					✓	Priority 4	✓					
217	Clause 6.10(5)	NG & LPG					✓	Priority 4	✓					
219	Clause 6.10(6)	NG & LPG					✓	Priority 4						✓
220	Clause 6.10(7)	NG & LPG					✓	Priority 4						✓
220A	Clause 6.10(8)	NG & LPG					✓	Priority 4						✓
221	Clause 6.11	NG & LPG					✓	Priority 4	✓					
Part 7 Disconnection														
222	Clause 7.1	NG& LPG		✓				Priority 2		✓				
223	Clause 7.2(1)	NG & LPG		✓				Priority 2		✓				
224	Clause 7.3	NG & LPG					✓	Priority 4						✓
225	Clause 7.4	NG					✓	Priority 4						✓
227	Clause 7.6	NG & LPG	✓					Priority 2	✓					
Part 8 Reconnection														
228	Clause 8.1(1)	NG & LPG					✓	Priority 4	✓					
229	Clause 8.1(2)	NG	✓					Priority 2		✓				

#	Obligation Reference	NG or LPG	Controls adequacy rating					Audit Priority	Compliance Rating				
			A	B	C	D	NP		1	2	3	4	NR
Part 10 Information and Communication													
231	Clause 10.1(1)	NG & LPG					✓	Priority 4	✓				
232	Clause 10.1(2)	NG					✓	Priority 4	✓				
233	Clause 10.1(3)	NG					✓	Priority 4	✓				
234	Clause 10.2(1)	NG & LPG					✓	Priority 4	✓				
235	Clause 10.2(2)	NG & LPG					✓	Priority 4					✓
236	Clause 10.2(3)	NG & LPG					✓	Priority 4					✓
237	Clause 10.2(4)	NG & LPG					✓	Priority 4	✓				
238	Clause 10.3	NG & LPG					✓	Priority 4					✓
239*	Clause 10.4	NG & LPG					✓	Priority 4	✓				
240	Clause 10.5	NG & LPG					✓	Priority 4	✓				
241	Clause 10.5A(1)	NG & LPG					✓	Priority 4					✓
242	Clause 10.5A(2)	NG & LPG					✓	Priority 4					✓
243	Clause 10.5A(3)	NG & LPG					✓	Priority 4					✓
245	Clause 10.9	NG & LPG					✓	Priority 5	✓				
246	Clause 10.10(1)	NG & LPG					✓	Priority 4	✓				
249	Clause 10.11(1)	NG & LPG					✓	Priority 4	✓				
Part 12 Complaints and Dispute Resolution													
250	Clause 10.11(2)	NG & LPG					✓	Priority 4	✓				
251	Clause 12.1(1)	NG & LPG					✓	Priority 4	✓				
252	Clause 12.1(2)(a),(b) and (d)	NG & LPG					✓	Priority 4	✓				
253	Clause 12.1(2)(c)	NG & LPG					✓	Priority 4	✓				
254	Clause 12.1(3)(a)	NG & LPG		✓				Priority 4		✓			
255	Clause 12.1(3)(b)	NG & LPG					✓	Priority 4	✓				
255A*	Clause 12.1(4)	NG & LPG					✓	Priority 4	✓				
256	Clause 12.2	NG & LPG					✓	Priority 4	✓				
257	Clause 12.3	NG & LPG					✓	Priority 4	✓				
258	Clause 12.4	NG & LPG					✓	Priority 4	✓				
Part 13 Record Keeping and Reporting													
281	Clause 13.1	NG & LPG					✓	Priority 4	✓				
282	Clause 13.2	NG & LPG					✓	Priority 4	✓				
283	Clause 13.3	NG & LPG					✓	Priority 4	✓				

4 Detailed findings, recommendations and action plans

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

- 4.1 Energy Coordination Act 1994
- 4.2 Energy Coordination (Gas Tariffs) Regulations 2000
- 4.3 Energy Coordination (Customer Contracts) Regulations 2004
- 4.4 Licence Conditions
- 4.5 Gas Marketing Code of Conduct
- 4.6 Compendium.

Each section contains:

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

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

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

Controls adequacy rating						Compliance rating					
A	B	C	D	NP	Total	1	2	3	4	NR	Total
<i>4.1 Energy Coordination Act 1994</i>											
-	-	-	-	19	19	9	-	-	-	10	19
<i>4.2 Energy Coordination (Gas Tariffs) Regulations 2000</i>											
-	-	-	-	3	3	3	-	-	-	-	3
<i>4.3 Energy Coordination (Customer Contracts) Regulations 2004</i>											
2	4	-	-	51	57	31	6	-	-	20	57
<i>4.4 Licence Conditions</i>											
-	-	-	-	16	16	9	-	-	-	7	16
<i>4.5 Gas Marketing code of Conduct</i>											
1	-	-	-	15	16	15	-	-	-	1	16
<i>4.6 Compendium</i>											
7	6	-	-	119	132	92	12	-	-	28	132

4.1 Energy Coordination Act 1994

No.	Obligation under condition			Findings
9 Licence Compliance Requirements				
1	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5) <i>Energy Coordination Act section 11Q(1-2)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of annual invoices and remittances for FY17 and FY18, we determined that: <ul style="list-style-type: none"> Payment is made in accordance with Kleenheat's accounts payable process through Oracle, typically following receipt of the applicable invoice from the ERA, however should the ERA not provide an applicable invoice, Kleenheat is aware of and monitors its obligation to pay licence fees within one month of the licence anniversary The licence fees due during the audit period were paid in accordance with the requirements of the Regulations.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
2	A licensee must, subject to the regulations, not supply gas to a customer other than under a standard form or non-standard contract. <i>Energy Coordination Act section 11WG(1)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's customer account set up procedures, we determined that: <ul style="list-style-type: none"> Kleenheat supplies gas to small use residential customers under a Standard Form Contract The latest version of the Standard Form Contract has been approved by the ERA and located on each of the ERA's and Kleenheat's websites Kleenheat also uses a Non-Standard Form Contract to supply gas to small use residential customers at discounted rates For small use business customers, Kleenheat contracts via a non-standard form contract only.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
3	A licensee must comply with a direction given to the licensee under section 11WI. <i>Energy Coordination Act section 11WG(2)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of clause 28 of the standard form contract we determined that: <ul style="list-style-type: none"> Kleenheat has provided primary and secondary contact details to the ERA Should the ERA request changes to the standard form contract, Kleenheat has processes in place to review and progress, in accordance with section 11WI, within the conditions specified by the ERA Kleenheat has processes in place designed to comply with the Energy Coordination Act 1994 when amending Standard Form Contracts and report accordingly to the ERA after legal review and Regulatory Manager sign off. <p>The Regulatory Specialist Natural Gas & Electricity confirmed (supported by the ERA website) that the Kleenheat has not received a direction from the ERA to review its standard form contract during the audit period.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition			Findings
4	Gas is deemed to be supplied under the standard form contract if a customer commences to take a supply of gas at premises without entering into a contract with the holder of a trading licence. <i>Energy Coordination Act section 11WK(1-2)</i>			<p>Through discussion with Credit Team Leader and examination of Kleenheat's connection procedures, we determined that Kleenheat has applied the following processes to:</p> <ul style="list-style-type: none"> • Create an owner/occupier account in Oracle and set the customer up under a Standard Form Contract when the customer commences to take a supply of gas at the premise • Consider the customer to be under a Standard Form Contract with Kleenheat until the customer contacts Kleenheat regarding their account.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
5	A standard form contract continues in force until it is terminated or supply becomes subject to a non-standard contract with the supplier. <i>Energy Coordination Act section 11WK(3)</i>			<p>Through discussion with Credit Team Leader and examination of Kleenheat's connection and disconnection procedures, we determined that Kleenheat's processes outline that the Standard Form Contract continues to be in force unless:</p> <ul style="list-style-type: none"> • The customer requests to be disconnected; or • Kleenheat progresses with the disconnection strategy due to non-payment; or • The supply becomes subject to a non-standard contract.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
6	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause. <i>Energy Coordination Act section 11X(3)</i>			<p>The Regulatory Specialist Natural Gas & Electricity confirmed that there were no interruptions, suspensions or restrictions of the supply of gas to a customer due to an accident, emergency, potential danger or other unavoidable cause during the audit period.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
10	A licensee must provide the ERA with a performance audit by an independent expert acceptable to the ERA within 24 months of commencement and every 24 months thereafter (or longer if the ERA allows). <i>Energy Coordination Act section 11ZA(1)</i>			<p>On 6 August 2018, with the ERA's approval, Kleenheat appointed Deloitte as the independent auditor to undertake the audit for the period 1 September 2016 to 31 August 2018.</p> <p>The previous performance audit report for the period 1 September 2014 to 31 August 2016 (published January 2017), was conducted in accordance with ERA's requirements.</p>
	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 ERA within 3 months (or longer if the ERA allows) of being designated with that role. <i>Energy Coordination Act section 11ZAF(a)</i>	<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.					
	Priority: 5			Control Adequacy: NP	Compliance Rating: NR		
12	A licensee must consult with the ERA with a view to obtaining approval of its draft last resort supply plan. <i>Energy Coordination Act section 11ZAF(b)</i>			<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.			
	Priority: 5					Control Adequacy: NP	Compliance Rating: NR
13	A licensee must carry out the arrangements and other provisions in the approved last resort supply plan if it comes into operation. <i>Energy Coordination Act section 11ZAF(c)</i>					<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.	
	Priority: 4						
14	A licensee must submit any proposed amendment to its last resort supply plan to the ERA for approval. <i>Energy Coordination Act section 11ZAH(2)</i>	<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.					
	Priority: 5						
15	A licensee, who is designated as a supplier of last resort, must perform the functions of the supplier of last resort and carry out the arrangements and provisions of the last resort supply plan if it comes into operation. <i>Energy Coordination Act section 11ZAJ</i>			<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.			
	Priority: 4						
16	A licensee, (supplier of last resort) must supply a transferred customer for at least 3 months after the date of transfer unless the transferred customer terminates the contract. <i>Energy Coordination Act section 11ZAJ</i>					<i>Obligations 11 to 16</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been designated as a Supplier of Last Resort.	
	Priority: 5						

No.	Obligation under condition			Findings
17	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority. <i>Energy Coordination Act section 11ZK(3)</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that, in relation to the purposes of operating under the Licence, Kleenheat had not taken an interest or easement in respect of land held by a public authority during the audit period.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
19	A licensee that sells gas that is transported through a distribution system must be a member of an approved retail market scheme if a scheme is in force. <i>Energy Coordination Act section 11ZOR(2)</i>			The Australian Energy Market Operator (AEMO) (formally the Retail Energy Market Company Ltd) was appointed as the administrator of the approved retail market scheme covering the distribution systems in which Kleenheat is licensed to operate. From examination of the AEMO website and discussion with the Regulatory Specialist Natural Gas & Electricity, we confirmed that Kleenheat was a member of AEMO for the duration of the audit period.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
20	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme. <i>Energy Coordination Act section 11ZOV(1)</i>			<p><i>Obligations 20 and 21</i></p> <p>Prohibited conduct is defined by the Energy Coordination Act s.11ZOV as preventing or hindering the operation of the retail market scheme.</p> <p>The Regulatory Specialist Natural Gas & Electricity advised that for the period subject to audit, he is not aware of Kleenheat engaging or assisting another party to engage in prohibited conduct relating to the operation of the retail market scheme. From discussions with staff and observation of Kleenheat's policies and procedures, we observed that Kleenheat maintains a compliance culture which promotes continuous improvement and self-reporting.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
21	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme. <i>Energy Coordination Act section 11ZOV(2)</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been given a direction by the ERA to amend the scheme within the audit period.
	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 ERA to amend the scheme, and to do so within a specified time. <i>Energy Coordination Act section 11ZOZ(3)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Gas Trading Licence and, its annual invoices and remittances for FY17 and FY18 to the ombudsman, we determined that Kleenheat: <ul style="list-style-type: none"> 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 Has remained a gas industry member of the ombudsman scheme during the audit period.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
24	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme. <i>Energy Coordination Act section 11ZQH</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

4.2 Energy Coordination (Gas Tariffs) Regulations 2000

No.	Obligation under condition	Findings	
11 Licence Compliance Requirements – Energy Coordination (Gas Tariffs) Regulations 2000			
29	<p>A licensee supplying gas in an area referred to in Regulation 3(a), (b), or (c) is required to have at least one capped tariff for any supply of gas in that area.</p> <p><i>Energy Coordination (Gas Tariffs) Regulations 5(1)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat’s standard & non-standard form contracts and the Public Utilities Office website we determined that:</p> <ul style="list-style-type: none"> • Kleenheat supplies gas to the Mid-West/South-West, Albany and Kalgoorlie-Boulder areas • Kleenheat applies capped tariffs to each of those areas of supply • Those tariffs do not exceed the regulated price cap on gas tariffs. 	
	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 discussion with the Regulatory Specialist Natural Gas & Electricity, examination of Kleenheat’s standard & non-standard form contracts and consideration of Kleenheat’s customer connection processes, we determined that Kleenheat’s processes provide for:</p> <ul style="list-style-type: none"> • Tariffs (capped and not exceeding the regulated price cap on gas tariffs) to be set within Kleenheat’s Oracle system and only amended by the Pricing team with explicit management approval • All existing and new customers who are supplied gas under a standard form contract to be offered gas supply at the capped tariffs • Those tariffs to be automatically attached to customer accounts. 	
	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>Through discussion with the Regulatory Specialist Natural Gas & Electricity, examination of Kleenheat’s standard & non-standard form contracts and consideration of Kleenheat’s customer connection processes, we determined that Kleenheat’s processes provide for:</p> <ul style="list-style-type: none"> • Tariffs (capped and not exceeding the regulated price cap on gas tariffs) to be set within Kleenheat’s Oracle system and only amended by the Pricing team with explicit management approval • All existing and new customers who are supplied gas under a standard form contract to be offered gas supply at the capped tariffs • Those tariffs to be automatically attached to customer accounts. 	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

4.3 Energy Coordination (Customer Contracts) Regulations 2004

Background

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

A large number of the Contract Regulations are directly addressed in the requirements of the new Compendium. As such, the obligations outlined in Table 5 are reported on in section 4.6 below with reference to the audit work performed for the relevant obligation of the Compendium and have not been reported on in this section.

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

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

Throughout the remainder of this report, common obligations under the Compendium are referenced to the relevant Regulation. Accordingly, with the exception of obligations 32, 48 and 51, the compliance rating for the relevant Regulation obligation is based on the corresponding Compendium obligation compliance rating.

Table 5 – Contract Regulations matched to Compendium

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

No.	Obligation under condition	Findings	
12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004			
35	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. <i>Customer Contracts Regulations 12(5)(a)</i>	<p><i>Obligations 35 to 37 (link to obligation 228, however obligations 35 to 37 include timeframe requirements that are not addressed at obligation 228)</i></p> <p><u>NG</u></p> <p>Current market arrangements provide for ATCO Gas (as the distributor) to physically reconnect the customer's gas supply at the request of Kleenheat (refer to obligation 228 findings). Under these market rules and the Compendium clause 8.1(2), Kleenheat must send reconnection service orders to ATCO Gas in a specified timeframe (obligation 229). Customer Contracts Regulation 12(5)(a) requires Kleenheat, considering the market relationship, to monitor the timing of reconnection of a customer's gas supply.</p> <p>Through discussion with the NG Admin Team Leader and Credit Team Leader, and examination of disconnection/reconnection spreadsheets produced from Oracle, we determined that Kleenheat:</p> <ul style="list-style-type: none"> • Monitors the completion of reconnection service requests • Has implemented a system control within Oracle which sets the default reconnection appointment date (for ATCO) one business day after the request for reconnection has been received. 	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
36	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. <i>Customer Contracts Regulations 12(5)(b)</i>	<p><u>LPG Retic</u></p> <p>Through discussion with the Administration team and examination of the reconnections spreadsheet we determined that:</p> <ul style="list-style-type: none"> • Kleenheat has maintained a longstanding relationship with its independent contractors who perform reconnections for the LPG retic system • Reconnection status is monitored via an overarching spreadsheet (with additional detail provided in the customer account notes). <p>Across each of the NG and LPG Retic businesses, examination of the spreadsheets did not identify any instances where the timeframe of 10 business days was exceeded. Through discussion with the above staff, we determined that Kleenheat has not performed disconnections for 'denial of access to a meter' during the period subject to audit.</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
37	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. <i>Customer Contracts Regulations 12(5)(c)</i>	<p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.</p>	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1
38	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. <i>Customer Contracts Regulations 12(5)(d)</i>		
	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>Customer Contracts Regulations 12(5)(e)</i></p>			<p><i>Obligations 39, 43 to 45 (41 is reported separately below)</i></p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that no disconnections have occurred due to an emergency situation during the audit period.</p> <p>From examination of the Kleenheat KHG CST Emergency Health and Safety and Maintenance Disconnections policies for NG and LPG retic (23568), we determined that those policies:</p> <ul style="list-style-type: none"> • Provide timeframes for reconnection which align with the obligation requirements • Outline expected responsibilities of Kleenheat and its interaction with ATCO which includes: <ul style="list-style-type: none"> ○ Provision of a 24 hour information service ○ Requirements to provide notice and provide the customer with opportunity to remove the reason where the customer is able ○ Where maintenance is required, provide the customer 4 days written notice and use best endeavours to minimise disruption and restore supply.
	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>Customer Contracts Regulations 12(6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code</i></p>			
	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>Customer Contracts Regulations 12(6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code</i></p>			
	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>Customer Contracts Regulations 12(6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code</i></p>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition	Findings
41	<p>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.</p> <p><i>Customer Contracts Regulations 12(5)(e) Clause 5.1.1.3 AGA Code</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's documented procedures relating to disconnection for failure to pay, we determined that during the audit period, Kleenheat has applied the following processes and systems for managing the disconnection of business customers:</p> <ul style="list-style-type: none"> • Prior to arranging for disconnection of a customer's supply address, Kleenheat staff are required to complete a mandatory checklist, which is designed to ensure each of the requirements of Regulation 12(5)(e) are considered and addressed • Disconnecting a customer is the last resort Kleenheat will employ • Credit management staff are aware to only disconnect customers for specified reasons.
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
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>Customer Contracts Regulations 12(6), Clause 5.1.7.2 AGA Code</i></p>	<p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.</p>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
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>Customer Contracts Regulations 12(6), Clause 5.1.8.1(a) AGA Code</i></p>	<p>Through discussion with the Credit Team Leader, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's procedures do not allow a disconnection request to be submitted if the outstanding bill is lower than the average bill for the past 12 months or if Kleenheat has entered an payment arrangement with the customer • Service requests for disconnection can only be submitted when Kleenheat has exhausted its methods for contacting the customer and the outstanding bill is greater than \$100 • Kleenheat has not identified any instance where such procedures have not been complied with.
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
49	<p>A licensee must not disconnect supply where an application for a government concession has not been decided.</p> <p><i>Regulation 12(6), Clause 5.1.8.1(c) AGA Code</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's disconnection procedures and financial hardship policy and procedure, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat does not offer customers concessions, however in accordance with the HUGS guidelines, will provide eligible customers information regarding the HUGS scheme • Kleenheat's procedures prevent disconnection requests to be submitted where an application for a government concession is still pending.
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition	Findings		
50	A licensee must not disconnect supply where a customer has failed to pay a debt that is not a direct service charge. <i>Regulation 12(6), Clause 5.1.8.1(d) AGA Code</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1	Through discussion with the Credit Team Leader and examination of Kleenheat's procedures relating to disconnection for failure to pay, we determined that during the audit period, Kleenheat maintained procedures and practices whereby a customer will not be disconnected where amounts owing do not relate to the supply of gas (i.e. a direct service charge).
53	If a licensee uses a refundable advance to offset an amount owed, it must provide to the customer an account of its use and pay any balance within 10 business days to the customer. <i>Customer Contracts Regulations 13(1), Clause 4.4.6.2 AGA Code</i>	Priority: 5	Control Adequacy: NP Compliance Rating: NR	
54	A licensee must place refundable advances in separate trust accounts and separately identify the amounts in its accounting records. <i>Customer Contracts Regulations 13(3)</i>	Priority: 5	Control Adequacy: NP Compliance Rating: NR	<i>Obligations 53 to 55</i> The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not require customers to pay a refundable advance as security over consumption in case of default.
55	A licensee must return interest earned on refundable advances accounts to customers. <i>Customer Contracts Regulations 13(4)</i>	Priority: 5	Control Adequacy: NP Compliance Rating: NR	
56	A licensee must inform customers that the supply charge is either for residential or non-residential supply; includes a specified fixed component and specified usage component; and describes the circumstances a customer needs to meet to qualify for residential tariffs. <i>Customer Contracts Regulations 14(2)</i>	Priority: 5	Control Adequacy: NP Compliance Rating: 1	Through discussion with the Regulatory Specialist Natural Gas & Electricity and observation of Kleenheat's training materials, customer welcome pack and publicly available information on the Kleenheat website, we determined that Kleenheat provides a breakdown of supply charges by contract type, in accordance with the requirement of Regulation 14(2).
61	A licensee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services). <i>Customer Contracts Regulations 15(1), Clause 4.2.3.2 AGA Code</i>	Priority: 5	Control Adequacy: NP Compliance Rating: NR	<i>Obligations 61 and 62</i> Through discussion with the Credit Team Leader we confirmed that Kleenheat does not currently offer its gas customers other goods and services not relating to gas services.

No.	Obligation under condition	Findings	
62	<p>If a customer does not direct how a payment is to be allocated, a licensee must apply the payment:</p> <p>(i) to charges for the supply of gas before applying any portion of it to such goods or services; or</p> <p>(ii) if such goods or services include electricity, to the charges for gas and the charges for electricity in equal proportion before applying any portion of it to any other such goods or services.</p> <p><i>Customer Contracts Regulations 15(1) and (2)</i></p>		
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
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>Customer Contracts Regulations 15(1), Clause 4.2.4.2 AGA Code</i></p>		The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat does not accept a customer meter reading as an actual read. ATCO Gas requires a read to be performed by a meter reader before a customer's read will be updated.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR
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>Customer Contracts Regulations 16(3)</i></p>		<p>Through discussion with the Credit Team Leader and consideration of Kleenheat's disconnection processes, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's processes provide for: <ul style="list-style-type: none"> ○ Disconnection of a customer to be Kleenheat's last resort ○ Disconnection to only be effected if a customer breaches the conditions of the contract ○ Credit Management staff to only request disconnection of customers for specified reasons, in accordance with the Compendium. • Kleenheat has not identified any instance where such processes have not been complied with.
	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>Customer Contracts Regulations 19</i></p>		Kleenheat's connection procedures provide for a welcome pack to be sent to all new customers. The pack includes a copy of the contract, which consists of the plan details and outlines all terms and conditions required by the Licence and Compendium requirements.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

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

No.	Obligation under condition	Findings	
79	<p>A licensee must include information about its complaint handling process and contact details of the energy ombudsman on any disconnection warning given to a customer.</p> <p><i>Customer Contracts Regulations 50</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's template Disconnection Notice, we determined that Kleenheat has established and applied processes to inform customers of their ability to make a complaint to a Supervisor or Manager, contact Kleenheat's Customer Advocate or refer to the Ombudsman.</p>	
	<p>Priority: 5</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>
80	<p>When a non-standard contract is due to expire, a licensee must issue a notice in writing to a customer not more than 2 months and not less than one month before the day on which the contract is due to expire (or at the commencement of the contract if the contract is less than 1 month) with information about: the expiry date; alternative supply options, and the terms and conditions for continued supply post contract expiry.</p> <p><i>Customer Contracts Regulations 44</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Customer (Business) Renewal Process flow diagram and non-standard customer contract, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's residential customer contracts do not have terms or expiry dates and as such, this requirement is only applicable to small SME customers who are on contracts with expiry dates • Every month, a renewal report is sent to the NG business inbox and a sales support agent identifies any SME customers due for renewals within two months. The relevant Business Sales Consultant or Energy Sales Executive originally assigned to the customer is required to make contact with the customer and present new plan details no longer than two months from current end date and no less than one month from the current end date • The customer is provided with information such as the expiry date of their current contract, alternative supply options and terms and conditions for continued supply post contract. • Kleenheat has not identified any instance where its contract renewal procedures have not been complied with. 	
	<p>Priority 5</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>
81	<p>Upon request, a licensee must provide a customer free of charge with a copy of its customer service charter within 2 business days of the request.</p> <p><i>Customer Contracts Regulations 4 (1)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the Kleenheat website, we determined that the Customer Service Charter is available upon request by post, on Kleenheat's website or available for collection at Kleenheat's office. These provisions enable customers to obtain a copy of the customer service charter with making a direct request to a Kleenheat officer. However, Kleenheat does not maintain records of customers' use of the website or collection of documents from its office. As the Customer Contact Supervisor confirmed that Kleenheat had not received a direct request from a customer during the audit period to provide a copy of the customer service charter, we are unable to assess whether compliance with this obligation was achieved.</p>	
	<p>Priority: 5</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: NR</p>
82	<p>A licensee must from time to time provide the customer with advice with their bill that a customer service charter is available free of charge.</p> <p><i>Customer Contracts Regulations 45(2)</i></p>	<p>Through inquiry with a Customer Service Officer and examination of sample customer invoices, we determined that Kleenheat's customer invoices state that the Customer Service Charter is available free of charge. The invoices also state that a copy can be obtained from Kleenheat's website or by calling its offices.</p>	
	<p>Priority: 5</p>	<p>Control Adequacy: NP</p>	<p>Compliance Rating: 1</p>

No.	Obligation under condition			Findings
83	Upon request, a licensee must provide a customer with a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code. <i>Customer Contracts Regulations 46(1) & (2)</i>			<p><i>Obligations 83 and 84</i></p> <p>We observed that clause 30 of Kleenheat's standard form contract, provides for a copy of the:</p> <ul style="list-style-type: none"> Energy Coordination (Customer Contract) Regulations 2004 to be available to customers on request, at no cost Regulations to be available at Kleenheat's offices for viewing, upon request.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
84	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. <i>Customer Contracts Regulations 46(4)</i>			<p>The Customer Contact Supervisor confirmed that to the best of his knowledge, there was at least one instance during the audit period where a customer requested and was provided with a copy of the Customer Contract Regulations and/or a relevant code.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
85	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain equipment for the supply of gas up to the point of supply. <i>Customer Contracts Regulations 28, clause 3.1.1(a) AGA Code</i>			<p><i>Obligations 85 and 86</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's standard form contract we determined that clauses 2 and 11.1 detail Kleenheat's requirements to provide, install and maintain:</p> <ul style="list-style-type: none"> Equipment for the supply of gas up to the point of supply Metering and necessary equipment at the supply address.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
86	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain metering and necessary equipment at the supply address. <i>Customer Contracts Regulations 28, clause 3.1.1(b) AGA Code</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
90	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification. <i>Customer Contracts Regulations 33(3), clause 3.5.2.2 AGA Code</i>			<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the Customer Service Team Gas Marketing Code of Conduct Training Modules, we determined that all personnel (with a focus on customer-facing staff, e.g. kiosk staff) are issued with an ID card, which is required to be carried at all times when interacting with customers.</p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat did not conduct door-to-door marketing during the audit period.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
91	A licensee must notify a customer of any amendment to a non-standard contract. <i>Customer Contracts Regulations 42</i>			<p>The Regulatory Specialist Natural Gas & Electricity confirmed there has been no amendment to Kleenheat's non-standard form contract during the audit period.</p>
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	

4.4 Licence Conditions

No.	Obligation under condition			Findings
13 Licence Compliance Requirements – Licence Conditions				
96	A licensee must comply and require its expert to comply with the ERA's standard guidelines dealing with the performance audit. <i>Licence Conditions Clause 16.2</i>			The Audit Plan approved by the ERA in September 2018 commits Kleenheat and Deloitte (as the appointed independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the ERA. Deloitte confirms that this audit was undertaken utilising the April 2014 issue of the Audit Guidelines: Electricity and Gas Licences.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
97	A licensee's independent auditor must be approved by the ERA prior to the audit. <i>Licence Conditions Clause 16.4</i>			Deloitte was appointed as the independent auditor by Kleenheat and approved by the ERA on 6 August 2018.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
98	A licensee may be subject to individual performance standards. <i>Licence Conditions Clause 17</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been subject to individual performance standards during the audit period.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
99	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters. <i>Licence Conditions Clause 20</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and observation of email and letter communications, we determined that Kleenheat retains records of its formal communications with the ERA, which are made via post or email.
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
100	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards. <i>Licence Conditions Clause 21.1</i>			Through examination of Wesfarmers Limited's (Wesfarmers) (of which Kleenheat is a wholly owned subsidiary) 2016 and 2017 Annual Reports and confirmation from the Chief Financial Officer - WesCEF, we determined that Wesfarmers' financial reports: <ul style="list-style-type: none"> • Are prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) • Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
101	A licensee must report to the ERA if the licensee is under external administration or experiences a significant change in its corporate,			

	financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring. <i>Licence Conditions Clause 22.1</i>			The Chief Financial Officer WesCEF confirmed that during the audit period, Kleenheat: <ul style="list-style-type: none"> Was not under external administration Did not experience a significant change in its corporate or financial circumstances that may affect its ability to meet its licence obligations.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
102	A licensee must provide to the ERA any information that the ERA may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the ERA. <i>Licence Conditions Clause 23.1</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the 2016/17 and 2017/18 annual compliance reports and performance datasheets submitted to the ERA we determined that the required information had been submitted to the ERA within the prescribed timeframe. The annual compliance reports were approved by the General Manager and include a schedule of the non-compliance items (such as the ERA obligation reference number, the nature and extent of the breach, reasons for the breach and expectations for remediation).
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
103	A licensee must publish any information it is directed by the ERA to publish, within the timeframes specified. <i>Licence Conditions Clause 24</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the 2016/17 and 2017/18 and performance datasheets submitted to the ERA we determined that Kleenheat published a copy of its 2016/17 and 2017/18 performance datasheets on its website by the due date set by the ERA.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
106	A licensee must, if directed by the ERA, review the standard form contract and submit to the ERA the results of that review within the time specified by the ERA. <i>Licence Conditions Clause 12.2</i>			<i>Obligations 106 to 108</i> Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of clause 28 of the standard form contract we determined that Kleenheat: <ul style="list-style-type: none"> Has provided primary and secondary contact details to the ERA. Should the ERA request changes to the standard form contract, Kleenheat would review and progress, according to clause 12.2, within a time frame specified by the ERA. Recognises and would comply with the Energy Coordination Act 1994 when amending standard form contracts and report accordingly to the ERA after legal review and Regulatory Manager sign off.
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
107	A licensee must comply with any direction given by the ERA in relation to the scope, process and methodology of the standard form contract review. <i>Licence Conditions Clause 12.3</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
108	A licensee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations. <i>Licence Conditions Clause 13.1</i>			The Regulatory Specialist Natural Gas & Electricity confirmed (supported by the ERA website) that Kleenheat has not received direction from the ERA to review the current standard form contract during the audit period.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

109	A licensee must maintain supply to a customer if it supplies, or within the last 12 months supplied, gas to that customer's premises unless another supplier starts supplying the customer. <i>Licence Conditions Clause 15.1 and 15.2</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's customer transfer documentation and exception reporting, we determined that Kleenheat: <ul style="list-style-type: none"> • Maintains supply to all customers until either: <ul style="list-style-type: none"> ○ The customer breaches the terms and conditions such as for failure to pay, in which case, Kleenheat follows its disconnection procedures, or ○ A transfer process is initiated through the distributor, which is detailed in Kleenheat's disconnection procedures • Has renewal procedures specifically for small SME customers on a non-standard form contract and will continue to supply gas until transfer or disconnection is requested by the customer.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
110	A licensee must provide the ERA within 3 business days of a request by the ERA with reasons for refusing to commence supply to a customer if requested by the ERA. <i>Licence Conditions Schedule 3 Clause 1.5</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that the ERA has not made a request for information relating to the refusal of supply to a customer during the audit period.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
111	A licensee must comply with a direction from the ERA to supply a customer, subject to specified conditions. <i>Licence Conditions Schedule 3 Clause 1.7</i>			The Regulatory Specialist Natural Gas & Electricity confirmed that the ERA has not made a direction to supply a customer during the audit period.
	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 Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period: <ul style="list-style-type: none"> • Kleenheat has not refused information requested by ATCO Gas • Kleenheat maintained communication with ATCO Gas on a regular basis via face-to-face meetings and email correspondence between the two parties to facilitate the automatic invoice distribution after receiving meter read receipts by ATCO Gas • ATCO Gas has not raised complaints about Kleenheat.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
113	A licensee must notify the Minister at least one month before a change to any price, price structure, fee or interest rate under the standard form contract is to come into effect. <i>Licence Conditions Schedule 3 Clause 3.1</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of records of formal communications with the Minister for Energy, we determined that Kleenheat notified the Minister at least one month before changes were made to fees and prices, effective from 16 March 2017 (fees only), 15 July 2017 and 2 July 2018.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

4.5 Gas Marketing Code of Conduct

No.	Obligation under condition			Findings
14 Licence Compliance Requirements – Gas Marketing Code of Conduct				
114	A licensee must comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act section 11ZPP</i>			<i>Obligations 114 and 115</i> Through discussion with the Regulatory Specialist Natural Gas & Electricity and the Customer Services Operations Manager and examination of the Customer Service Team Training Modules we determined that Kleenheat’s processes cover the Gas Marketing Code of Conduct in the compulsory employee induction training.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
115	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct. <i>Energy Coordination Act sections 11ZPP and 11M</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

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>Gas Marketing Code of Conduct clause 2.1</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity, Customer Service Team Trainer and examination of the Annual compliance report submitted by Kleenheat to the ERA we determined that:</p> <ul style="list-style-type: none"> • Kleenheat has internal protocols which require staff to complete Code of Conduct training on an annual basis and monitors training attendance through Oracle, which notifies the Customer Service Team Trainer of any outstanding employee training requirements for further attention • Kleenheat has developed a Gas Marketing Code of Conduct Training Module and Kiosk Training Manual, which are subject to review on a periodic basis • The Regulatory team maintains a yearly training schedule and has provided the following training pertaining to the Code of Code of Conduct during the audit period: <ul style="list-style-type: none"> ○ Gas Marketing Code of Conduct, Consent and T&C's Refresher training to CST team ○ Customer Protection training ○ Compliance refresher training to Kiosk staff on a quarterly basis • Regular team meetings are held to update and train CST staff on any improvements in call scripts or to discuss appropriate responses to any specific queries from customers • Kleenheat CST staff are trained to provide services to customers in accordance with the Compendium, which specifically encapsulate the standards required under the Gas Marketing Code • 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 • Kleenheat expects all agents and employees to comply with both the Compendium and the Gas Marketing Code. <p>The Regulatory Specialist Natural Gas & Electricity confirmed there were no internally reported issues of employees failing to attend scheduled training sessions during the period subject to audit.</p> <p>As detailed in the findings for obligations 117 to 129 below, we determined that there are no known instances where Kleenheat or its agents and employees have not complied with the Gas Marketing Code of Conduct during the audit period.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

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>Gas Marketing Code of Conduct clause 2.2(1)</i></p> <table border="1" data-bbox="253 1102 1128 1155"> <tr> <td data-bbox="253 1102 539 1155">Priority: 4</td> <td data-bbox="551 1102 824 1155">Control Adequacy: NP</td> <td data-bbox="835 1102 1128 1155">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Clause 2.2(1) of the Code of Conduct states:</i></p> <p><i>(1) When entering into a standard form contract that is not an unsolicited consumer agreement, a retailer or gas marketing agent must –</i></p> <p><i>(a) record the date the standard form contract was entered into;</i></p> <p><i>(b) give, or make available to the customer at no charge, a copy of the standard form contract - (i) at the time the standard form contract is entered into, if the standard form contract was not entered into over the telephone; or (ii) as soon as possible, but not more than 5 business days after the standard form contract was entered into, if the standard form contract was entered into over the telephone.</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas & Electricity, examination of Kleenheat’s Customer Welcome Pack and website, and consideration of Kleenheat’s customer connection procedures, we determined that Kleenheat has applied processes to ensure that for all standard form contracts entered into during the audit period, the:</p> <ul style="list-style-type: none"> • Date the contract was entered into is recorded within Kleenheat’s systems • Contract was given to or made available to the customer at no charge. <p><u>Related matter</u></p> <p>Refer to obligation 121 below for details of a matter, which was reported by Kleenheat in its 2017 Annual Compliance Report to be a breach of clause 2.3 of the Customer Code (relating to non-standard contracts). Subsequent investigations undertaken by Kleenheat considered the applicability of clause 2.2 obligations and concluded that in the absence of an actual contract being established with any of the effected customers, there is no relevant obligation contained within the Code of Conduct to address this matter and therefore, no resulting breach of clause 2.2.</p>
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
118	<p>A retailer or gas marketing agent must ensure that the information specified in clause 2.2(2) is given to the customer no later than on or with the customer’s first bill, unless the retailer or gas marketing agent has provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer has requested to receive the information).</p> <p><i>Gas Marketing Code of Conduct clause 2.2(2) and clause 2.2(3)</i></p>	<p><i>Clause 2.2(2) of the Code of Conduct states:</i></p> <p><i>(2) Subject to subclause (3), a retailer or gas marketing agent must give the following information to a customer no later than on or with the customer’s first bill –</i></p> <p><i>(a) how the customer may obtain –</i></p> <p><i>(i) a copy of the Code and Compendium; and</i></p> <p><i>(ii) details on all relevant tariffs, fees, charges, alternative tariffs and service levels that may apply to the customer,</i></p>			

No.	Obligation under condition	Findings	
		<p>(b) the scope of the Code;</p> <p>(c) that a retailer and gas marketing agent must comply with the Code;</p> <p>(d) how the retailer may assist if the customer is experiencing payment difficulties or financial hardship;</p> <p>(e) with respect to a residential customer, the concessions that may apply to the residential customer;</p> <p>(f) the distributor's 24 hour telephone number for faults and emergencies;</p> <p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Customer Service Team Gas Marketing Code of Conduct Training Modules and the customer welcome pack we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's staff are trained and aware that the following information must be provided to the customer no later than the first invoice: <ul style="list-style-type: none"> ○ How the customer may obtain a copy of the Code and Compendium and details on all relevant tariffs, fees, charges, alternative tariffs and service levels that may apply to a customer. ○ The scope of the code and that Kleenheat must comply with the code ○ How Kleenheat may assist if a customer experiences payment difficulties or financial hardship ○ How customers are able to make an enquiry or complaint • Kleenheat's contact details and website are provided on customer invoices in the event the customer wishes to obtain any further information. 	
119	<p>A retailer or gas marketing agent must ensure that non-standard contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.</p> <p><i>Gas Marketing Code of Conduct clause 2.3(1)</i></p>	<p><i>Obligations 119 and 120</i></p> <p>Through discussion with the Customer Service Operations Manager and examination of Kleenheat's Gas Marketing Code of Conduct Training Modules we determined that during the audit period, Kleenheat maintained processes designed to:</p> <ul style="list-style-type: none"> • Provide customers with a copy of its non-standard contract • Prior to entering into the contract, advise the customer of the availability of the information specified by the Code of Conduct (e.g. in relation to financial hardship, payment difficulties, concessions etc.) on Kleenheat's website • Obtain recorded consent prior to a customer entering into the contract • Inform the customer of the option of entering into a standard contract. 	
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>Gas Marketing Code of Conduct clause 2.3(2)</i></p>		

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>Gas Marketing Code of Conduct clause 2.3(3) and clause 2.3(4)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and the Customer Contact Supervisor, and consideration of Kleenheat's processes for signing-up new customers, we determined that during the audit period, Kleenheat maintained processes designed to:</p> <ul style="list-style-type: none"> • Obtain customers' explicit informed consent (EIC) that the specified information has been provided prior to processing the sign-up. That EIC can be obtained verbally (using pre-recorded EIC statements and scripts), via email, via a request for gas form or via an on-line form • Maintain records of EIC obtained • Test compliance with the requirements for obtaining EIC via review of daily call recordings for telephone sign ups, performed by the Customer Services Operations Manager • Train customer service operators on all key requirements for obtaining and recording customer EIC. <p>Our testing of a sample of new customers confirmed that for each of those customers, the customer had provided EIC that the specified information had been provided.</p> <p><u>Related matter</u></p> <p>In its 2017 and 2018 Annual Compliance Reports to the ERA, Kleenheat disclosed incidents where customers had been transferred to Kleenheat without having entered into a contract and providing their verifiable consent. In all instances, the transfers were not authorised, or in accordance with Kleenheat's procedures and resulted in a breach of the Australian Energy Market Operator (AEMO) rules. Kleenheat duly reported this matter to AEMO.</p> <p>As part of its full investigation and resolution of this issue (including implementation of additional audits and compliance training), Kleenheat concluded that these incidents did not also result in a breach of the Code of Conduct on the basis that no actual contracts were entered into and therefore neither of clauses 2.3 (relating to non-standard contracts) or 2.2 (relating to standard form contracts) were triggered.</p> <p>We conclude that in the absence of a contract with the customer, there is no relevant obligation contained within the Code of Conduct to address this matter and therefore, no resulting breach of clause 2.3.</p>
	Priority: 2	Control Rating: A
		Compliance Rating: 1

No.	Obligation under condition	Findings
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>Gas Marketing Code of Conduct clause 2.4(1)</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's website, we determined that during the audit period:</p> <ul style="list-style-type: none"> Information about available concessions was made available on Kleenheat's website Kleenheat did not provide any direct concessions for its NG customers as the energy rebate for gas and electricity usage (HUGS) is funded by the State Government. Kleenheat facilitates customers' application of the HUGS grant as outlined in its Financial Hardship Policy.
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
123	<p>A retailer or gas marketing agent must ensure that a customer is able to contact the retailer or gas marketing agent on the retailer's or gas marketing agent's telephone number during the normal business hours of the retailer or gas marketing agent for the purposes of enquiries, verifications and complaints.</p> <p><i>Gas Marketing Code of Conduct clause 2.4(2)</i></p>	<p>Through discussion with the Customer Contact Supervisor and examination of sample customer bills and Kleenheat's website, we determined that during the audit period:</p> <ul style="list-style-type: none"> Kleenheat phone contact details were made available to Kleenheat Customers The Customer Service Call Centre phone lines were open during business hours from Monday to Friday (8.30am to 5.30pm).
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
124	<p>A retailer or gas marketing agent who contacts a customer for the purposes or marketing must, on request, provide the customer with the retailer's complaints telephone number, the Energy & Water Ombudsman's telephone number and, for contact by a gas marketing agent, the gas marketing agent's marketing identification number.</p> <p><i>Gas Marketing Code of Conduct clause 2.5(1)</i></p>	<p>Through discussion with the Customer Contact Supervisor and the Customer Advocate and examination of Kleenheat's customer information documentation (e.g. the "You Talk, We Listen" brochure) we determined that Kleenheat applied processes throughout the audit period, which require staff to provide the customer with the necessary information (including relevant telephone numbers and identification numbers) to enable the customer to:</p> <ul style="list-style-type: none"> Lodge a complaint Escalate a complaint Contact the Customer Advocate for unresolved complaints Contact the WA Energy & Water Ombudsman.
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

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"> - 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. <p><i>Gas Marketing Code of Conduct clause 2.5(2)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Code of Conduct Training Modules we determined that Kleenheat's kiosk staff:</p> <ul style="list-style-type: none"> • Meet customers face to face at shopping centre kiosks • Are required to wear their identity cards at all times which include: <ul style="list-style-type: none"> • Name • Photograph • Marketing ID number • Kleenheat logo • Are not allowed to work if they do not have their name badges. 	
126	<p>A retailer or gas marketing agent who visits a person's premises for the purposes of marketing, must comply with any clearly visible signs at the premises indicating that canvassing is not permitted or no advertising material is to be left at the premises.</p> <p><i>Gas Marketing Code of Conduct clause 2.6</i></p>	<p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not conducted door-to-door marketing during the audit period.</p>	
127	<p>A person who carries out any marketing activity in the name of or for the benefit of a retailer or a gas marketing agent is to be taken to have been employed or authorised by the retailer or gas marketing agent to carry out that activity, unless the contrary is proved.</p> <p><i>Gas Marketing Code of Conduct clause 2.8</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Code of Conduct Training Modules, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat kiosk staff are specifically trained and informed that any marketing activity conducted by them would be regarded as having been conducted on behalf of Kleenheat • Kleenheat has provided Compliance refresher training to Kiosk staff on a quarterly basis • Staff are provided with call scripts that have been specifically designed to comply with the requirements of the Code of Conduct • Regular team meetings are held to update and train call centre staff on any improvements in call scripts or to discuss appropriate responses to any specific queries from customers • Kleenheat call centre staff are also trained to provide services to customers in accordance with the Compendium, which specifically encapsulates the standards required under the Gas Marketing Code • As part of Kleenheat's 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 Code of Conduct. 	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings			
128	<p>A gas marketing agent must:</p> <ul style="list-style-type: none"> - 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 Energy & Water Ombudsman in relation to a particular complaint, give to the Energy & Water Ombudsman all information that the gas marketing agent has relating to the complaint within 28 days of receiving the request. <p><i>Gas Marketing Code of Conduct clause 2.9</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Code of Conduct Training Modules, we determined that Kleenheat applies the following processes for maintaining customer complaint records relating to marketing:</p> <ul style="list-style-type: none"> • The kiosk staff are trained in managing and handling customer complaints • Customer complaints are logged into the Oracle system and are reviewed by the Channel Sales Representative • The Channel Sales Representative assesses, forwards and follows up each complaint with the relevant Kleenheat department • A Customer Complaint Form is available to the customer via the Kleenheat website • Staff are trained to forward required complaint information on request of the Energy Ombudsman in relation to a particular complaint, within 28 days of receiving the request. 			
	<table border="1"> <tr> <td data-bbox="253 683 539 730">Priority: 4</td> <td data-bbox="551 683 824 730">Control Adequacy: NP</td> <td data-bbox="835 683 1128 730">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
129	<p>Any record that a gas marketing agent is required to keep by the Code of Conduct, must be kept for at least 2 years after the last time the person to whom the information relates was contacted by or on behalf of the gas marketing agent.</p> <p><i>Gas Marketing Code of Conduct clause 2.10</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's Code of Conduct Training Modules, we determined that Kleenheat has established the following processes to ensure customer contact records established or in existence during the audit period were:</p> <ul style="list-style-type: none"> • Stored within the Oracle system with appropriate traceable information (e.g. account details, date and commentary) • Kept for at least 2 years for each instance where a person is contacted for the purposes of marketing • To be provided to the Energy & Water Ombudsman if requested. 			
	<table border="1"> <tr> <td data-bbox="253 994 539 1042">Priority: 4</td> <td data-bbox="551 994 824 1042">Control Adequacy: NP</td> <td data-bbox="835 994 1128 1042">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			

4.6 Compendium of Gas Customer Licence Obligations

No.	Obligation under condition	Findings
15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)		
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><u>NG</u></p> <p>Through discussion with the NG Admin Officer and examination of Kleenheat's new connection processes, exception reporting framework and Training Modules, we determined that during the audit period, Kleenheat maintained the following processes and activities for receiving Request for Gas forms via email and logging new connection service requests within Oracle:</p> <ul style="list-style-type: none"> • Procedures for creating customer accounts • Prescribed methods for reviewing daily exception reports and the purpose behind each report (aligning with compliance requirements) • A 'Blank Account Status' report is generated daily prior to 3pm and used by the NG Admin team to identify exceptions in forwarding connection requests in a timely manner • CSOs are trained to check the status of the service request in Flowtalk • Staff refresher training has been provided <p>Through discussion with the NG Admin Officer, Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's 2017 Annual Compliance Report submitted to the ERA, we determined:</p> <ul style="list-style-type: none"> • On 10 March 2017, Kleenheat experienced system errors when processing service requests for new connection for 16 accounts, resulting in a non-compliance with the prescribed Compendium timeframes for forwarding a connection request (obligation 135, Compendium Clause 3.1(2)) • The non-compliance arose from the service requests sent to ATCO not being processed in the Flowtalk system. The system fault was remedied within three days and is considered to be an isolated occurrence • Kleenheat has established manual work around processes with ATCO, should there be further system outages with Flowtalk • Kleenheat has not reported any further instances of non-compliance in its FY18 annual compliance reports submitted to the ERA.
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
135	<p>Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.</p> <p><i>Compendium Clause 3.1(2)</i></p>	

No.	Obligation under condition	Findings
		<p>From sample testing of 15 new connection requests for the period, we did not identify any instances of non-compliance with the requirements of Clauses 3.1(1) and (2).</p> <p><u>LPG Retic</u></p> <p>As Kleenheat acts as both the retailer and distributor in relation to the LPG retic network, obligation 134 is not applicable to the LPG Retic business as both steps are performed by the same legal entity.</p>
	<p>Priority: 2</p> <p>Control Adequacy: A</p> <p>Compliance Rating: 2</p> <p>Recommendation (Obligations 134 and 135)</p> <p>Not Applicable – Refer to 2.5 Recommendations and action plans, A. Resolved during the audit period</p>	<p>Action Plan (Obligations 134 and 135)</p> <p>No further action required.</p>
Part 4 Billing		
136	<p>A retailer must issue a bill no more than once a month unless the conditions specified 4.1(a)(i)-(iii) apply.</p> <p><i>Compendium Clause 4.1</i></p>	<p>Section 4.1 of the Compendium requires Kleenheat to bill each customer no more than once a month, and at least once every three months unless the customer has provided verifiable consent to bill more or less frequently.</p> <p><u>NG</u></p> <p>Through discussion with the NG Admin Team Leader and examination of Kleenheat’s billing policies and procedures, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat’s billing process is driven by the meter reads received from ATCO • Kleenheat has applied the following process for issuing and monitoring bills. The NG Admin team generates: <ul style="list-style-type: none"> ○ Daily exception reports, which identify where a customer has received a meter reading outside of the scheduled read ○ A monthly compliance report using Oracle data to identify accounts, which have been billed more than once within a 30 day period. <p>Through discussion with the NG Admin Team Leader, Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat’s Annual Compliance Reports to the ERA, we determined:</p> <ul style="list-style-type: none"> • In response to recommendation 4/2016 of the 2016 Performance Audit, Kleenheat tailored its exception reporting to identify multiple meter reads listed as ‘billed’ within a 30 day period • In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 324 instances (within the audit period) where a customer was issued a bill more than once in a month without agreeing with the customer to do so

No.	Obligation under condition	Findings			
		<ul style="list-style-type: none"> • These instances have been attributed to Kleenheat continuing to receive multiple meter reads from ATCO within a month (including instances where the submission of meter reads have been delayed). As Kleenheat’s automated billing process is based on the receipt of meter reads, multiple bills may be issued within a month. We note the ERA’s intention to consider this matter (which impacts all gas trading licensees) in the next review of the Compendium. <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader, examination of Kleenheat’s Sending, Receiving and Checking Schedules and Reticulated Monthly Retic Invoicing Procedure document, and testing of a sample of bills issued to LPG customers, we determined that Kleenheat applied the following process for issuing bills to LPG customers during the audit period:</p> <ul style="list-style-type: none"> • Bills are issued to LPG customers when scheduled listing meter reads are received from Kleenheat’s contracted meter readers • Kleenheat sends reticulated gas schedules through to meter readers on a monthly basis so that the meter can be read, with processes in place in place to send reminder notices should a read not be performed • The frequency of bills varies on a monthly, bimonthly or quarterly basis depending on when meter reads are conducted • Meter reads received from Kleenheat’s contracted meter readers are uploaded to Oracle by the LPG Retic CST team • Customer invoicing only occurs once the schedule has been received. The scheduling process prevents bills being issued more than once in a month due to the received read being the trigger to initiate the billing process • Customer invoices are automatically generated via Oracle based on meter reading data and the validation processes built into the system’s invoicing process. 			
	<table border="1"> <tr> <td data-bbox="241 1086 526 1141">Priority: 2</td> <td data-bbox="533 1086 846 1141">Control Adequacy: B</td> <td data-bbox="853 1086 1146 1141">Compliance Rating: 2</td> </tr> </table>	Priority: 2	Control Adequacy: B	Compliance Rating: 2	
Priority: 2	Control Adequacy: B	Compliance Rating: 2			
	<p>Recommendation 1/2018</p> <p>Kleenheat:</p> <p>(a) Pursue making further changes to its billing engine to prevent the billing system automatically billing customers more than once in a month where billing matters are pending resolution</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month.</p>	<p>Action Plan 1/2018</p> <p>Kleenheat will:</p> <p>(a) Investigate its current billing engine and make changes to the billing engine that will prevent bills being issued more than once in a month to customers</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>			

No.	Obligation under condition	Findings
137	<p>A retailer must issue a bill at least every 105 days unless the conditions specified are met. <i>Compendium Clause 4.1(b)</i></p>	<p><u>NG</u> Through discussion with the NG Admin Team Leader and examination of Kleenheat's billing procedures and annual compliance reporting, we determined that:</p>
59	<p>A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise. <i>Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</i></p> <p><i>Note that the Audit Plan assessed obligation 59 as a Priority 4 obligation.</i></p>	<ul style="list-style-type: none"> • Kleenheat's billing process is driven by meter reads received from ATCO • Where ATCO fails to provide an actual read within a 3 month period, Kleenheat will issue a bill based upon an estimated read • Kleenheat's system is set up to automatically initiate the billing process upon an estimated or actual read being entered in the system • When a customer submits a transfer request, Kleenheat's billing system will hold the invoice for 21 days before billing a customer • The compliance reporting parameters are designed to detect billing outside of 100 days, which only provides a detective control for identifying non-compliance, rather than preventing the non-compliance occurring. <p>In response to recommendation 2/2016 of the 2016 Performance Audit, Kleenheat further developed its exception reporting mechanism and has worked collaboratively with ATCO on matters impacting on the timing of meter reads for billing purposes. We confirmed that Kleenheat has used daily exception reports containing customers who have not been billed for 100 days or more.</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 315 further instances where a customer had not been issued a bill within 105 days without the customer's agreement. A further 56 instances occurred in July and August 2018. These instances have been attributed to the following:</p> <ul style="list-style-type: none"> • Kleenheat's processing of customer transfer requests, which involves a request to ATCO to hold the scheduled read for 21 days to allow for a final read to be taken for inclusion on the final bill. In some instances where the customer cancelled the transfer request, this process extended the billing period beyond the 105 day timeframe • An isolated instance where bills to 60 customers were held beyond the 105 day timeframe while Kleenheat reviewed and resolved meter reading issues impacting customer bills • An isolated instance of human processing error, which was addressed through further training. <p>Note that until approximately May 2017, records were not maintained in Oracle or the exception report to justify why the relevant bill was not issued in the prescribed 105 day timeframe, particularly whether an agreement had been made with the customer to do so.</p>

No.	Obligation under condition	Findings
		<p>Our sample testing of invoices included in 100 day exception reports confirmed that the practice of holding scheduled meter reads for customers submitting transfer requests resulted in bills being issued outside of the 105 day timeframe.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader and examination of Kleenheat's Sending Schedules, Receiving and Checking Schedules and Reticulated Monthly Retic Invoicing Procedure, we determined that Kleenheat has the following processes in place to issue invoices to LPG customers:</p> <ul style="list-style-type: none"> • Once the scheduled meter reads are received from Kleenheat's contracted meter readers, customers are billed on a monthly or bimonthly basis, depending on when meter reads are received, which satisfies the minimum requirements of billing every 105 days • Kleenheat sends reticulated gas schedules through to meter readers on a monthly basis so that the meter can be read, with processes in place to send reminder notices should a read not be performed • Meter reads received from Kleenheat's contracted meter readers are uploaded to Oracle by the LPG Retic CST team • Customer invoicing only occurs once the schedule has been received • Customer invoices are automatically generated via Oracle based on meter reading data and the validation processes built into the system invoicing process
	<p>Priority: 2</p> <p>Control Adequacy: B</p> <p>Compliance Rating: 2</p>	
	<p>Recommendation 2/2018</p> <p>Kleenheat remove the 'hold' function within its billing engine to prevent the delay of issuing bills.</p>	<p>Action Plan 2/2018</p> <p>Kleenheat will:</p> <p>(a) Remove the 'hold' function on its 21 day switch billing to allow the relevant bill to be issued based on the scheduled meter read</p> <p>(b) Set up a project team to specifically review further changes that may be necessary to prevent bills being issued beyond 105 days and implement any changes required in the billing engine system.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</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).</p> <p><i>Compendium Clause 4.2(1)</i></p>	<p><i>Obligations 138 to 143</i></p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period, Kleenheat did not place any customer on a shortened billing cycle as described by clause 4.2 of the Compendium.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	

No.	Obligation under condition	Findings	
139	Notwithstanding clause 4.1(a)(ii), a retailer must not place a residential customer on a shortened billing cycle without the customer's verifiable consent in circumstances specified in clauses 4.2(2)(a)-(b). <i>Compendium Clause 4.2(2)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
140	A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision. <i>Compendium Clause 4.2(3)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
141	A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days. <i>Compendium Clause 4.2(4)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
142	Upon request, a retailer must return a customer, who is subject to a shortened billing cycle and has paid 3 consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer. <i>Compendium Clause 4.2(5)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
143	At least once every 3 months, a retailer must inform a customer, who is subject to a shortened billing cycle, of the conditions upon which a customer can be returned to its previous billing. <i>Compendium Clause 4.2(6)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
144	In respect of any 12 month period, on receipt of a request by a customer, a retailer may provide a customer with estimated bills under a bill smoothing arrangement. <i>Compendium Clause 4.3(1)</i>	Priority: 4	Control Adequacy: NP Compliance Rating: NR
		<p><i>Obligations 144 and 145</i></p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period, Kleenheat did not offer bill smoothing arrangements as described by clause 4.3 of the Compendium.</p>	

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>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: NR
146	<p>A retailer must issue a bill to a customer at the address nominated by the customer, which may be an email address.</p> <p><i>Compendium Clause 4.4</i></p>		<p>Through discussion with the NG Admin Team Leader, walkthrough of Kleenheat's customer accounts creation process with the Customer Contact Supervisor and examination of Kleenheat's Training Modules, we determined that Kleenheat's billing procedures provide for the following:</p> <ul style="list-style-type: none"> • Customers on standard form contracts are issued with bills to the supplied address or an alternative mailing address nominated by the customer during the customer sign-up • Customers on the Monthly Smart Saver plan are issued with bills to their nominated electronic mailing address • Customer mailing address and other contact details are updated in the customer account in Oracle.
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
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><u>NG</u></p> <p>Through discussion with the NG Admin Team Leader, we determined that customer invoices are automatically generated through the Oracle system and published through Zip Form. Our testing of two sample NG customers (one on a standard form contract and one on Monthly Smart Saver contract), confirmed that those invoices contained the minimum prescribed information as outlined in clauses 4.5(1)(a)-(cc).</p>
60	<p><i>Energy Coordination (Customer Contracts) Regulation 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 60 as a Priority 5 obligation.</i></p>		<p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader and examination of LPG customer invoices, we determined that Kleenheat's LPG Retic invoices contain the minimum prescribed information in clauses 4.5(1)(a)-(cc) of the Compendium.</p>
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
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 NG Admin Team Leader and CST LPG Retic Team Leader, examination of sample invoices (for NG and LPG Retic customers) we determined that Kleenheat's customer bills include a graph (based on units), which illustrates last year's consumption, last bill consumption and current bill consumption.</p>
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
149	<p>If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.</p> <p><i>Compendium Clause 4.5(3)</i></p>	<p><u>NG</u></p> <p>Through discussion with the NG Admin Team Leader, we determined that Kleenheat has applied the following procedures to bill customers for historical debt in accordance with clause 4.5 (3) of the Compendium:</p> <ul style="list-style-type: none"> • Customers are to be contacted no later than on the next bill to advise them of the undercharge amount and the reason for the undercharge • The incorrect invoice is credited and a new invoice created to reflect the correct tariff or usage figures • Customers are to be offered extra time to pay for any amount owing. The amount of time given relates directly to the period of time the amount is being backdated. <p>In its FY17 Annual Compliance Report submitted to the ERA, Kleenheat reported one instance where it had not provided on a customer's bill an explanation of the required details of the historical debt.</p> <p>In May 2017, Kleenheat implemented an exception report that flags instances where the required historical debt information is to be provided on the customer's bill. We confirmed that this exception report was operating through the remainder of the audit period.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader and examination of Kleenheat's CST Retic Historical Billing procedure, we determined that Kleenheat has applied the following procedures to advise customers of historical debt in accordance with clause 4.5 (3) of the Compendium:</p> <ul style="list-style-type: none"> • Undercharging: <ul style="list-style-type: none"> ○ Customers are to be contacted no later than on the next bill to advise them of the undercharge amount and the reason for the undercharge ○ The incorrect invoice is credited and a new invoice created to reflect the correct tariff or usage figures using the corrective invoice procedure ○ Customers are to be offered extra time to pay for any amount owing • Extended billing period: <ul style="list-style-type: none"> ○ If Kleenheat fails to bill a customer within the 105 day period specified in the Compendium, the customer is subject to an extended billing period and is invoiced for the usage and charges during the period ○ Customers are to be contacted no later than on the next bill to advise them of the undercharge amount and the reason for the extended billing period ○ An invoice is to be created using the monthly retic invoicing procedure that reflects the usage and charges

No. Obligation under condition			Findings
	Priority: 2	Control Adequacy: A	Compliance Rating: 2
150	<p>A retailer must base a customer’s bill on the distributor’s or metering agent’s reading of the meter at the customer’s supply address, or the customer’s reading of the meter provided the retailer and the customer agreed that the customer will read the meter.</p> <p><i>Compendium Clause 4.6(1)</i></p>		<p><u>NG</u></p> <p>Through discussion with the NG Admin Team Leader, we determined that Kleenheat has applied the following processes and systems for generating bills based on the metering agent’s meter readings:</p> <ul style="list-style-type: none"> • ATCO is responsible for all meter readings, which are uploaded into Kleenheat’s Oracle system via Flowtalk • Customer invoices are automatically generated via Oracle based on meter reading data • ATCO requires a meter read to be undertaken by a meter reader and Kleenheat does not accept customer self-reads (customer read may be undertaken for meter data verification purposes). <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader and consideration of Kleenheat’s Sending Schedules procedure, Receiving and Checking Invoice Procedures and Invoicing procedures we determined that Kleenheat’s LPG Retic business applies the following process for generating a customer’s bill:</p> <ul style="list-style-type: none"> • Kleenheat sends reticulated gas schedules to its contracted meter readers on a monthly basis, with processes in place in place to send reminder notices should a read not be performed • Meter reads received from Kleenheat’s contracted meter readers are uploaded to Oracle by the LPG Retic CST team • Customer invoices are automatically generated via Oracle based on meter reading data and the validation processes built into the system invoicing process.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings	
152	<p>A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills.</p> <p><i>Compendium clause 4.7(1)</i></p>	<p><i>Obligations 152 and 153:</i></p> <p><u>NG</u></p> <p>Through discussion with the NG Admin Team Leader and consideration of Kleenheat’s billing process, we determined that Kleenheat’s meter reading schedules are managed by ATCO, with meters scheduled to be read on a quarterly basis to coincide with Kleenheat’s current billing arrangements. In the event that meter access is denied or unavailable for that billing cycle, ATCO provides an estimated meter read to enable an estimated bill to be produced.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader and consideration of Kleenheat’s Sending Schedules procedure, Receiving and Checking Invoice Procedures and Invoicing procedures we determined that Kleenheat’s LPG Retic business applies the following process for generating a customer’s bill:</p> <ul style="list-style-type: none"> • Kleenheat sends reticulated gas schedules to its contracted meter readers on a monthly basis, with processes in place to send reminder notices should a read not be performed • Meter reads received from Kleenheat’s contracted meter readers are uploaded to Oracle by the LPG Retic CST team • Customer invoices are automatically generated via Oracle based on meter reading data and the validation processes built into the system invoicing process. 	
	Priority: 5	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings			
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). <i>Compendium Clause 4.7(2)</i></p> <p><i>Customer Contracts Regulations 2004, Reg 15 (1), Clause 4.2.4.1 AGA Code</i></p>	<p><u>NG</u></p> <p>In response to recommendation 3/2016 of the 2016 Performance Audit, in February 2017 Kleenheat addressed an issue in its billing process which had previously allowed instances where an actual meter read was not obtained within the required 12 month period. As the issue was addressed part way through the audit period, non-compliances continued to occur until the implementation of the required process change.</p> <p>Through discussion with the NG Admin Team Leader and walkthrough of Kleenheat’s new “Actual read required” process, we determined that Kleenheat has implemented the following process improvements to obtain metering data in accordance with clause 4.6(1)(a):</p> <ul style="list-style-type: none"> • Upon receiving a third consecutive estimate read on a customer’s account, a service request is created in the NG Admin Universal work queue in Oracle • The Customer Service Team will email the customer to arrange for an actual read of the supply address to be conducted • If the customer cannot be contacted, Kleenheat will issue a follow up email and use its best endeavours to contact the customer and upon last resort will issue a disconnection notice in accordance with the Compendium <p>Through testing a sample of 10 accounts with three consecutive estimate reads, we did not identify any instances of non-compliance with Clause 4.7(2) of the Compendium, with an actual read obtained for all samples.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the CST LPG Retic Team Leader, we determined that Kleenheat has applied its billing processes, which are designed to schedule and monitor meter reads for the purpose of preparing bills on a monthly, bi-monthly or quarterly basis (depending on customer location).</p> <p><i>No further action is required to address the non-compliance.</i></p>			
	<table border="1"> <tr> <td data-bbox="230 1082 526 1134">Priority: 5</td> <td data-bbox="526 1082 846 1134">Control Adequacy: A</td> <td data-bbox="846 1082 1144 1134">Compliance Rating: 2</td> </tr> </table>	Priority: 5	Control Adequacy: A	Compliance Rating: 2	
Priority: 5	Control Adequacy: A	Compliance Rating: 2			
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. <i>Compendium Clause 4.8(1)</i></p>	<p>Through examination of Clause 7(f)-(h) of Kleenheat’s standard form contract and non-standard form contract, we observed that in the event where Kleenheat (LPG Retic) or ATCO (NG) is unable to perform a meter read, Kleenheat will issue an estimated bill based on either of:</p> <ul style="list-style-type: none"> • The customer’s reading of the meter equipment (note that Kleenheat currently does not accept customers’ readings) • The customer’s prior billing history • Where the Customer does not have a prior billing history, the average usage of gas at the relevant price, the average usage for the type of gas installation or the average usage at the supply address. 			
	<table border="1"> <tr> <td data-bbox="230 1433 526 1477">Priority: 4</td> <td data-bbox="526 1433 846 1477">Control Adequacy: NP</td> <td data-bbox="846 1433 1144 1477">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	
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>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 155 and 156</i></p> <p>Through discussion with the NG Admin Team Leader and CST LPG Retic Team Leader and consideration of Kleenheat's estimated billing process, we determined that:</p> <ul style="list-style-type: none"> CSOs are trained to advise customers on the basis and reason for estimations The customer profile in Oracle provides relevant information required for the CSOs when advising customers. <p>Examination of the current bill templates and a sample bill indicates that an estimated bill complies with the minimum information required by section 4.8(2) of the Compendium. In particular, the estimated bill:</p> <ul style="list-style-type: none"> Informs the customer that the invoice is based on an estimated meter reading Provides a contact number for Kleenheat if the customer wishes to: <ul style="list-style-type: none"> Discuss the basis and reason for the meter reading estimate Request a meter verification or reading.
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>	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, Customer Contracts Regulations 15 (1), Clause 4.2.4.4 AGA Code</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p>Through discussion with the NG Admin Team Leader and CST LPG Retic Team Leader and examination of clause 7 of Kleenheat's non-standard form contract and standard form contract terms and conditions, we determined that Kleenheat has applied its processes, which require adjustments, if any, to the estimated bill to be made on the next bill in accordance with the meter reading data if the estimate does not match the actual usage (unless the estimated read was used to finalise the customer's account).</p>
66					
158	If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and provides access to the meter, and pays the retailer's reasonable charge for reading the meter (if any), the retailer must do so. <i>Compendium Clause 4.10</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 158 to 160</i></p> <p>Through discussion with the Credit Team Leader, and examination of clause 7 of Kleenheat's non-standard form contract and standard form contract terms and conditions, and Kleenheat's Training Modules, we determined that during the audit period, Kleenheat applied processes:</p> <ul style="list-style-type: none"> Which allow the customer to request a: <ul style="list-style-type: none"> Special meter read to be conducted through a service request to ATCO Test of a meter to be conducted through a service request to ATCO, upon payment of a reasonable charge To refund the customer for any charge where a meter is found to be defective.
67	<i>Customer Contracts Regulations 15 (1), Clause 4.2.4.5 AGA Code</i>				
159	If a customer requests the meter to be tested and pays a retailer's reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.				

No.	Obligation under condition			Findings
	<i>Compendium Clause 4.11(1)</i>			Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of the meter testing requests for the audit period, we determined that there were no instances where the meter tested was found to be defective and no refund was required.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
160	If the meter is tested and found to be defective, the retailer's reasonable charge for testing the meter (if any) is to be refunded to the customer. <i>Compendium Clause 4.11(2)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
161	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. <i>Compendium Clause 4.12(1)</i>			<p>Through discussion with the NG Admin Team Leader and examination of the Price Change Process Procedure and Kleenheat Plans and Pricing Training Module, we determined that Kleenheat applied the following processes and procedures during the audit period:</p> <ul style="list-style-type: none"> • Customers may submit their change of plan request to Kleenheat via phone or email • New tariff rates are automatically updated when a service request is placed by Customer Service Team staff • New sign-up customers or customers who have changed their plan are entitled to a cooling off period of 10 business days. The cooling off period commences from the day Kleenheat accepts the customer or plan change • Kleenheat has exception reporting processes in place designed to identify changes in customer payment amounts. <p>An examination of a sample customer complaint records did not identify any complaints in relation to incorrect tariff application.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>			Through discussion with the NG Admin Team Leader and examination of Kleenheat's Price Change Process Procedure and Plans and Pricing Training Module, we determined that Kleenheat's Oracle system is designed to apply a plan change from the date of the last meter read when updated by Kleenheat staff.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>			The Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period, Kleenheat had not changed a customer to an alternate tariff.
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

No.	Obligation under condition	Findings			
164	<p>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.</p> <p><i>Compendium Clause 4.14(1)</i></p> <table border="1" data-bbox="230 371 1144 427"> <tr> <td data-bbox="230 371 528 427">Priority: 5</td> <td data-bbox="528 371 848 427">Control Adequacy: NP</td> <td data-bbox="848 371 1144 427">Compliance Rating: 1</td> </tr> </table>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<p>Through discussion with the NG Admin Team Leader and consideration of Kleenheat's billing processes, we determined that during the audit period, Kleenheat had 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.</p>
Priority: 5	Control Adequacy: NP	Compliance Rating: 1			
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><u>NG</u></p> <p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and Credit Team Leader, and examination of Kleenheat's Annual Compliance Reports submitted to the ERA, we determined that:</p> <ul style="list-style-type: none"> • In six instances during the audit period, Kleenheat did not comply with the requirement to refund a credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer. Each instance of non-compliance was the result of human error and the effected customers were issued refunds once the problem was identified • Kleenheat implemented the following process improvements to help manage its obligation to transfer customer credit in the prescribed timeframes: <ul style="list-style-type: none"> ○ An automated process was established in May 2018, where a Service Request is sent in the Universal Work Queue, for the CST team to initiate the refund process for the Credit team to action ○ Automated daily reports of all credit refunds that haven't been processed within five days, enabling the Credit team to monitor and action refunds ○ The Credit team has been provided with refresher Compliance training as a result of the new process implementation • Kleenheat's billing process includes requesting the Primary Account Holder to contact Kleenheat to provide refund instructions if the account is in a credit balance at the time of closure, subject to the following: <ul style="list-style-type: none"> ○ Refunds may be offered to customers who are on the Monthly Smart Saver once the funds have been deposited into Kleenheat's account ○ Refunds via cheque or electronic fund transfer can be arranged if the payment received by Kleenheat was through any prescribed payment method (e.g. cheque, BPay, credit card, Australia Post etc.) ○ Credit card payment refunds are made to the same credit card that was used to make the payment. A refund would not be made if the details of the credit card have changed, such as the expiry date. <p>Through sample testing of 15 customer requests to transfer credit during the audit period, we did not identify any instances of non-compliance.</p> <p><u>LPG Retic</u></p>			

No.	Obligation under condition			Findings	
				<p>Through discussions with the Customer Service Team Leader and examination of a final bill in credit, we determined that during the audit period, Kleenheat had the following processes in place for processing final bills for LPG customers:</p> <ul style="list-style-type: none"> • Providing notice on the final bill for the customer to contact Kleenheat to arrange for settlement of accounts if there is a credit balance and a refund is provided to customers with credit balances on their closed accounts. • Monitoring through a monthly Unapplied Payment Report. <p><i>No further action is required to address the non-compliance.</i></p>	
		Priority: 2	Control Adequacy: A	Compliance Rating: 2	
	Recommendation No further action required			Action Plan No further action required.	
165 A*	<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). <i>Compendium Clause 4.14(3)</i></p>				<p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat did not apply credit from a closed account to a previous debt during the audit period.</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. <i>Compendium Clause 4.15</i></p>				<p><i>Obligations 166 to 170</i></p> <p>Through discussions with the Customer Contact Supervisor and examination of Kleenheat's billing processes and Training Modules, we determined that during the audit period, Kleenheat applied the following processes to facilitate the review of a customer account on request:</p> <ul style="list-style-type: none"> • Kleenheat's CSOs are trained to perform bill reviews upon customer request • CSOs are trained to explain the possible reason for high usage. If the customer is not satisfied with the possible explanation, Kleenheat advises the customer of the option to have their meter tested at a fee if the meter is found to be in proper working condition • The CSO updates the diary notes to reflect the outcome of the discussion with the customer. If required, the CSO would also update the customer status if investigating is in process • CSOs are trained to be familiar with Kleenheat's Complaints Handling Process and Procedure and are required to advise customers of the existence and operation of that process and procedure • Requests for review of a customer's bill are resolved immediately, or referred to a relevant team for resolution. • Where the bill is assessed as correct by Kleenheat, depending on the issue relating to the bill, the CSO informs the customer of the options available
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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"> • may require a customer to pay the unpaid amount; • must advise the customer that the customer may request the retailer to arrange a meter test in accordance with applicable law; and • 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. <p><i>Compendium Clause 4.16(1)(a)</i></p>				
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>				

No.	Obligation under condition	Findings
	<p><i>Compendium Clause 4.16(1)(b)</i></p> <p>Priority: 4 Control Adequacy: NP Compliance Rating: 1</p>	<p>where the customer is not happy with the assessment, including the use of the complaints handling processes</p> <ul style="list-style-type: none"> Where the bill is assessed as incorrect by Kleenheat, the default process is for a credit to be applied to the customer's account. Alternatively, the customer may request a refund.
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>Priority: 4 Control Adequacy: NP Compliance Rating: 1</p>	<p>Our examination of a sample customer bill confirmed that the bill includes the Energy & Water Ombudsman and Kleenheat contact details.</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>
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>Priority: 4 Control Adequacy: NP Compliance Rating: 1</p>	<p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's response (and the timing of the response) to a request to review a customer account.</p>
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>Priority: 4 Control Adequacy: NP Compliance Rating: 1</p>	<p><i>Obligations 171 to 171A</i></p> <p>Through discussion with the Customer Service Team Leader and CST LPG Retic Team Leader, and examination of Kleenheat's Historical Billing procedure, we determined that during the audit period, Kleenheat applied the following procedures to recover historical debt from the customer:</p> <ul style="list-style-type: none"> Contact the customer no later than the next bill to advise them of the undercharge amount and the reason for the undercharge Credit the incorrect invoice and create a new invoice to reflect the correct tariff or usage figures Offer the customer extra time to pay for any amount owing. The amount of time given relates directly to the period of time the amount is being backdated Offer the customer the opportunity to enter into an instalment plan Kleenheat does not charge customers interest on amounts outstanding, however after performing the above procedures (per clause 4.17(2)(a)-(e)), may require the customer to pay a late payment fee.
171 A	<p>A retailer may charge the customer interest or require the customer to pay a late payment fee only if, after notifying a customer of the amount to be recovered under subclause (2)(c), the customer has failed to pay the amount and has not entered into an instalment plan under subclause (2)(e).</p> <p><i>Compendium Clause 4.17(3)</i></p> <p>Priority: 4 Control Adequacy: NP 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><i>Obligations 172 to 175</i></p> <p>Through discussion with the NG Admin Team Leader and consideration of Kleenheat's billing and refund procedures, we determined that:</p> <ul style="list-style-type: none"> There were instances where a customer had been overcharged during the audit period Kleenheat has applied the following processes to manage an overcharge: <ul style="list-style-type: none"> Contact is to be made with the customer immediately where possible, otherwise:

No.	Obligation under condition			Findings	
	No interest shall accrue to a credit or refund referred to in this clause. <i>Compendium Clause 4.18(2) & 4.18(5)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	<ul style="list-style-type: none"> ▪ Within 10 business days of the overcharge being identified if the amount of overcharge is greater than \$75 ▪ Prior to the next bill of the amount of overcharge identified is less than \$75 ○ Kleenheat is to obtain the customer’s instructions for the amount to be credited to their account or to be refunded ○ In the event that the customer had not provided instructions within five business days, the overcharge is to be credited to the customer’s account ○ The overcharge is to be refunded within 12 business days, via a cheque or to the payment card or bank account details held on the customer’s account. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat’s improper management of overcharges during the audit period.</p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat did not use an overcharge to offset a previous debt during the audit period.</p>
173	If a retailer receives instructions under clause 4.18(2), the retailer must pay the amount in accordance with the customer’s instructions within 12 business days of receiving the instructions. <i>Compendium Clause 4.18(3)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
174	If a retailer does not receive instructions under clause 4.18(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount overcharged to the customer’s account. <i>Compendium Clause 4.18(4)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
175	If the overcharged amount is less than \$100 the retailer may notify a 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 under clause 4.18(2), or credit the amount to the customer’s next bill. <i>Compendium Clause 4.18(6)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	
175 A*	If a 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 or financial hardship, 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 \$100. <i>Compendium Clause 4.18(7)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	

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

No.	Obligation under condition	Findings
179	<p>Where the adjustment amount owing to the customer is less than \$75, the retailer may notify the customer of the adjustment by no later than the next bill after the meter is read, and</p> <ul style="list-style-type: none"> ask the customer for instructions in accordance with subclause 4.19(2); or credit the amount to the customer's account. <p><i>Compendium Clause 4.19(4)</i></p>	<ul style="list-style-type: none"> The amount owing is to be refunded within 12 business days, via a cheque or to the payment card or bank account details held on the customer's account. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper management of billing adjustments and refunds during the period subject to audit.</p>
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
180	<p>If the adjustment amount owing to the customer is less than \$100, 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"> ask the customer for instructions under clause 4.19(2); or credit the amount to the customer's next bill. <p><i>Compendium Clause 4.19(5)</i></p>	
	<p>Priority: 5</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
180 A*	<p>If 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 or financial hardship, 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 clause (4.19(2): or 4.19(5) where the amount is less than \$100.<i>Compendium Clause 4.19(7)</i></p>	<p>The Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period, Kleenheat did not use an overcharge to offset a previous debt.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>	
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 otherwise agreed with the customer. The date of the dispatch is the date of the bill, unless the retailer specifies a later date.</p> <p><i>Compendium Clause 5.1</i></p>	<p>Through discussion with the Credit Team Leader and Credit Operations Team Leader, and walkthrough of payments processes, we determined that during the audit period, Kleenheat applied the following arrangements to manage the payments cycle of customer bills:</p> <ul style="list-style-type: none"> The bill due date is calculated automatically by Oracle, with the due date being 21 calendar days from the date of the bill as one of the pre-set conditions Existing Credit management policies and procedures acknowledge the timeframes specified in the Compendium. <p>We examined a sample NG bill and LPG bill and observed the due date was at least 12 business days from the date of the bill.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition	Findings	
182	<p>Unless otherwise agreed with a customer, a retailer must offer a customer at least the following payment methods:</p> <ul style="list-style-type: none"> • in person at 1 or more payment outlets located within the Local Government District of the customer's supply address; • by mail; • for residential customers, by Centrepay; and • electronically by means of BPay or credit card; and by telephone by means of a credit card or debit card. <p><i>Compendium Clause 5.2 Customer Contracts Regulations 15 (1), Clause 4.3.2.1 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 68 as a Priority 5 obligation.</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's Invoices and Payments Training Module and a sample bill, we determined that during the audit period, Kleenheat offered each of the payment methods prescribed in s.5.2(1) of the Compendium.</p>	
68	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>		
183	<p>Prior to a direct debit facility commencing, a retailer must obtain the customer's verifiable consent and agree with the customer the date of commencement of the direct debit facility and the frequency of the direct debits.</p> <p><i>Compendium Clause 5.3</i></p>	<p><u>NG</u></p> <p>Through discussion with the Customer Contact Supervisor and examination of Kleenheat's Invoices and Payments Training Modules and Direct Debit Consent Script, we observed that during the audit period, Kleenheat maintained processes for obtaining a customer's verifiable consent (either verbally recorded over the telephone or written through the online sign-up website) before commencing a direct debit.</p> <p><u>LPG Retic</u></p> <p>Through discussion with the Customer Contact Supervisor and examination of Kleenheat's customer sign-up documentation, we determined that during the audit period, Kleenheat applied processes designed to record direct debit consents for LPG customers as part of the general sign-up process (through customer completion of the manual direct debit form).</p> <p>Our examination of the direct debit consent form confirmed that the form includes details on how direct debit works, how customers can control payments and the frequency of the deductions.</p>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>		
184	<p>A retailer must accept payment in advance from a customer on request. The minimum amount a retailer will accept an advance payment is \$20, unless otherwise agreed with a customer.</p> <p><i>Compendium Clause 5.4</i></p>	<p>Through discussion with the Credit Team Leader and walkthrough of Kleenheat's payments process, we determined that while Kleenheat accepts payment in advance from customers and no minimum amount applies, no payments in advance have been received during the audit period.</p>	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: NR</p>		

No.	Obligation under condition	Findings
185	<p>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.</p> <p><i>Compendium Clause 5.5</i></p> <p>69 <i>Customer Contracts Regulations 15 (1), Clause 4.3.2.2 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 69 as a Priority 5 obligation.</i></p>	<p>Through a walkthrough of Kleenheat's billing process, discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship policy, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were a small number of occasions where customers were offered a redirection of their bill • Kleenheat applied its standard procedures for customers to have bills redirected to a third party at an alternative postal address, at no charge. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper management of billing addresses during the audit period.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
186	<p>A retailer must not charge a residential customer a late payment fee in the circumstances specified in subclause 5.6(1)(a)-(d).</p> <p><i>Compendium Clause 5.6(1)</i></p>	<p>Through discussion with the Credit Team Leader examination of Kleenheat's financial hardship policies and procedures, we determined that during the audit period, Kleenheat applied the following process and procedure to manage late payment fee charges, including withholding such charges:</p> <ul style="list-style-type: none"> • Kleenheat staff are trained and competent in supporting customers with government funded concessions and entitlements • Payment arrangements are offered to customers on the condition that the customer does not have more than two failed payment arrangements within the last 12 months • Disconnection and debt recovery activity is temporarily suspended for at least 15 days once Kleenheat is aware that the customer is experiencing financial difficulties • If disconnections have taken place prior to identifying a customer's financial hardship status, a request for reconnection is submitted that same business day if a request is received before 3pm on a business day, or no later than the following business day if the request is received after 3pm on a business day or on a Saturday, Sunday or public holiday, and in the absence of any evidence of unlawful use • Reasonable consideration is given for providing a reduction and/or waiver of fees, charges and debt to customers who are experiencing financial difficulties. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper charging of a late payment fee during the audit period.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	

No.	Obligation under condition	Findings	
186 A*	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>	Through discussion with the Credit Team Leader and Credit Operations Manager, and examination of Kleenheat's policies, procedures and Training Modules, we determined that: <ul style="list-style-type: none"> • During the audit period, there were instances where Kleenheat had refunded (via way of credit) a late payment fee after becoming aware of a complaint subsequent to the initial levy of the charge • Kleenheat's protocols require late fees to be suspended and where necessary, refunded as soon as it becomes aware of a customer's complaint. Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper management of late payment fees during the audit period.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
187	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. <i>Compendium Clause 5.6(3)</i>	<i>Obligations 187 and 188</i> <u>NG</u> In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 291 instances (during the audit period) where customers were charged more than three late fees per bill (obligation 188). These instances of non-compliance were attributed to a combination of manual processing errors and system design deficiencies. In all instances customers were credited the late fee.	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
188	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. <i>Compendium Clause 5.6(4)</i>	Through discussion with the Credit Operations Leader, Regulatory Specialist Natural Gas & Electricity and examination of overdue billing reports, we determined that: <ul style="list-style-type: none"> • Kleenheat rectified the system design deficiencies in August 2017 by implementing rules in Oracle to prevent more than: <ul style="list-style-type: none"> ○ Three late payment fees being raised for each outstanding bill ○ 12 late payment fees to be charged to a residential customer in a year • Kleenheat's Oracle system is configured to generate late payment fees based on scheduled reminder and disconnection notices, which are issued in timeframes not earlier than five business days (<i>obligation 187</i>) • There were no further instances of non-compliance reported after the system improvement implemented in August 2017. <i>No further action is required to address the non-compliance.</i> <u>LPG Retic</u> Through inquiry with the Credit Operations Team Leader and examination of Kleenheat's Retic billing procedures, we determined that during the audit period Kleenheat maintained manual processes for raising late payment fees once a month, and therefore had not raised more than 12 late payment fees within a year, nor within a five day period.	
	Priority: 4	Control Adequacy: A	Compliance Rating: 2

No.	Obligation under condition	Findings	
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 5.7(1)</i></p>	<p>Through discussion with the Credit Team Leader and the Customer Advocate, and examination of Kleenheat's financial hardship assessment procedure, we determined that during the audit period, Kleenheat applied its standard procedures, which require any late payment fee to be reversed the if the customer has been assessed as being in financial hardship.</p> <p>Kleenheat disclosed one instance where a financial hardship customer did not have their late payment fee retrospectively waived. The non-compliance was attributed to a staff error, where the credit agent assigned to the customer made a human error by not recognising the need to waive the fees in the moment. Feedback was provided to the agent involved in this matter regarding Kleenheat's obligations to waive payment fees under the Compendium.</p> <p>Subsequent to this incident, Kleenheat:</p> <ul style="list-style-type: none"> • Strengthened its controls over managing financial hardship customers in the following manner: <ul style="list-style-type: none"> ○ Established a dedicated Financial Hardship Team, enabling specialist staff to be assigned to handle these types of matters ○ Provided training and guidance to staff. • Plans to implement additional quality control checks and focussed staff training. <p>Our examination of the customer complaints register did not identify any further complaints in relation to Kleenheat's improper management of late payment fees during the audit period.</p>	
Priority: 4		Control Adequacy: B	Compliance Rating: 2
<p>Recommendation 3/2018</p> <p>Kleenheat:</p> <ul style="list-style-type: none"> • Pursue its plans to implement additional quality control and focussed staff training. • Further strengthen system based controls and/or exception reports to identify instances where late payment fees should be waived on account of the customer being assessed as being in financial hardship. 		<p>Action Plan 3/2018</p> <p>Credit will increase one on one coaching with front line Credit team staff, with a view to further improving the quality of such calls.</p> <p>Credit will also consider whether exception reporting can be implemented to review and if needed to, reverse, late payment fees applied to customers' accounts who are in financial hardship.</p> <p>Responsible person: Credit Manager</p> <p>Target date: December 2019</p>	
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), unless the retailer and the customer have agreed to an alternative date. <i>Compendium Clause 5.7(1)</i></p>	<p><i>Obligation 190 to 192</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Move Out procedure, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were instances in which customers had vacated the supply address, including due to being evicted or otherwise required to vacate 	
Priority: 4		Control Adequacy: NP	Compliance Rating: 1

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

No.	Obligation under condition	Findings	
195	A retailer must not commence proceedings for recovery of a debt from a residential customer who has informed a retailer that the customer is experiencing payment difficulties or financial hardship; or while a residential customer continues to make payments under an alternative payment arrangement. <i>Compendium Clause 5.8(1)</i>	<p>Through discussion with Credit Team Leader and examination of Kleenheat's collection strategy and Training Modules, we determined that during the audit period, Kleenheat applied the following processes, which are designed to ensure that it does not commence proceedings for recovery of a debt from a residential customer who has informed Kleenheat that they are experiencing payment difficulties or financial hardship; or while a residential customer continues to make payments under an alternative payment arrangement. Those processes require:</p> <ul style="list-style-type: none"> • Kleenheat's best endeavours to contact the customer prior to referring the collection to an external agency • Offering access to customers who have been assessed as experiencing payment difficulties to alternative interest-free and fee-free payment arrangements, such as: <ul style="list-style-type: none"> ○ Additional time to pay ○ An instalment payment plan; and/or ○ Other arrangements • Updating customer status in the diary notes in Oracle once successful payment arrangements have been agreed with the customer • Customers who have entered and maintained a payment arrangement with Kleenheat being shielded from legal action, additional recovery costs and restriction of supply. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's debt collection activities during the audit period.</p>	
74	<i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i> <i>Note that the Audit Plan assessed obligation 74 as a Priority 5 obligation.</i>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
196	A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of gas to that supply address. <i>Compendium Clause 5.8(2)</i>	<p>Through discussion with the Credit Team Leader and examination of Section 17.3 of Kleenheat's standard form contract, we determined that during the audit period, Kleenheat applied the following procedures to manage the account finalisation process in a manner which ensures that it does not attempt to recover a debt from a person other than the customer with whom it has entered a contract for the supply of gas to that supply address:</p> <ul style="list-style-type: none"> • The customer is not required to pay for any gas supplied at the supply address after the time when the new customer becomes liable to pay • The debt is recoverable only from the customer who entered into the contract with Kleenheat. <p>Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's debt collection activities during the audit period.</p>	
	Priority: 4		
196 A	If a customer with a debt owing to a retailer requests the retailer to transfer the debt to another customer, the retailer must obtain the other customer's verifiable consent to the transfer of debt. <i>Compendium Clause 5.9</i>	<p>Through discussion with the Credit Team Leader and walkthrough of Kleenheat's payment collection process, we determined that, for those instances during the audit period where a customer had requested Kleenheat to transfer a debt to another customer, Kleenheat's processes provided for the debt transfer to occur only after verifiable consent had been obtained from the new debt recipient.</p>	
	Priority: 4		

No.	Obligation under condition	Findings	
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 5.10.</p> <p><i>Compendium Clause 5.10</i></p>	<p>The Credit Team Leader and Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not entered into dual fuel contracts or provided separate customer contracts for the supply of electricity or gas under circumstances specified under clause 5.10 during the audit period.</p>	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: NR
Part 6 Payment Difficulties and Financial Hardship			
198	<p>A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within 5 business days from when the residential customer informs the retailer about the payment problems.</p> <p>If the retailer cannot make the assessment within 5 business days, it must refer the customer a consumer representative to make the assessment.</p> <p><i>Compendium Clause 6.1(1)</i></p>	<p><i>Obligations 198 to 200</i></p> <p>Through discussion with the Credit Team Leader and Customer Advocate, and examination of Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedures, we determined that:</p> <ul style="list-style-type: none"> • During the audit period there were instances where Kleenheat had assessed customers as being in payment difficulties or financial hardship • Kleenheat provides the following training and materials to staff: <ul style="list-style-type: none"> ○ Financial Hardship Training Outline, which details a number of topics that Credit Officers need to cover ○ Specific training on Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedure is provided for the Credit Team and Customer Service Team to engage with customers who are experiencing financial hardship and payment difficulties ○ Better Conversations – Domestic Violence & Financial Hardship Training • Kleenheat applied the following arrangements and processes during the audit period to facilitate the assessment of the customer's payment difficulties or financial hardship: <ul style="list-style-type: none"> ○ Kleenheat's Financial Hardship Assessment Procedure and Assessing for Hardship checklist clearly describes its approach to assessing and managing customers experiencing financial hardship and payment difficulties ○ Kleenheat maintains a Financial Hardship Handbook supplied by the Financial Councillors Association of WA (FCAWA) ○ Kleenheat CSOs are responsible for performing the following: <ul style="list-style-type: none"> ▪ Initial contact with customers who ring to enquire about payment assistance 	
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: 1
198 A*	<p>If a residential customer provides the retailer with an assessment from a relevant consumer representative, the retailer may adopt that assessment as its own assessment for the purposes of clause 6.1(1)(a).</p> <p><i>Compendium Clause 6.1(2)</i></p>		
	<p>Priority: 5</p>	Control Adequacy: NP	Compliance Rating: 1
199	<p>When undertaking an assessment regarding payment difficulties or financial hardship, a retailer must, unless a retailer adopts an assessment from an independent financial counsellor or consumer representative organisation, give reasonable consideration to the information given by the residential customer and requested or held by the retailer; or advice given by an independent financial counsellor or relevant consumer representative organisation.</p> <p><i>Compendium Clause 6.1(3)</i></p>		
	<p>Priority: 5</p>	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>	<ul style="list-style-type: none"> ▪ Entering customers into Standard Payment Arrangement on a single invoice owing ▪ For more complex matters and a financial hardship assessment, the CSO will transfer the customer to the Credit team ○ Kleenheat’s Credit team is responsible for performing the following in the initial assessment: <ul style="list-style-type: none"> ▪ Assessment of a customer’s financial position and the assessment for the eligibility of Hardship Utility Grant Scheme (HUGS) by having a detailed conversation with the customer to help determine into which of the definitions the customer’s circumstances falls ▪ Providing referrals to the FCAWA and Energy Ombudsmen ▪ Offering the range of payment options that are available to customers ○ Kleenheat has developed an “Assessing for Hardship Checklist” to assist Credit Officers in performing the assessment. In instances where the Credit Officer identifies that the customer may not be comfortable to discuss their circumstances, the following information is to be used during the assessment process: <ul style="list-style-type: none"> ▪ Information requested by the customer about alternative payment methods ▪ Where the customer’s payment history reflects payment difficulties in the past (previous defaulted payment arrangements) ▪ Where the customer makes a general statement about a change in financial circumstances that adversely affects their ability to commit to a short term or previously accepted payment arrangement ○ Credit Officers must also give reasonable consideration to advice given by a financial counsellor or relevant consumer representative organisation (Western Australia Council of Social Services (WACOSS)) ○ Credit Officers are authorised to adopt an assessment from an independent financial counsellor or WACOSS, only with the consent of the account holder ○ As outlined in the Financial Hardship Assessment Procedure, the Credit Officer is responsible for the assessment and must respond within 5 business days of being contacted by the customer, an authorised third party or a relevant representative organisation requesting assistance ○ The details of the assessment is to be provided to the customer on request.

No.	Obligation under condition			Findings	
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper management of its financial hardship assessment activities during the audit period.
200 A*	If a retailer refers a residential customer to a relevant consumer representative under clause 6.1(1)(b). The retailer must grant the residential customer a temporary suspension of actions. <i>Compendium Clause 6.2(1)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<p><i>Obligations 200A to 203</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Procedure and Training Modules, we determined that during the audit period, Kleenheat applied the following processes to:</p> <ul style="list-style-type: none"> • Provide information and advice on Government funded concession and financial assistance schemes such as HUGS • Investigate on behalf of the customer their eligibility for HUGS. If the customer is eligible, Kleenheat will negotiate the balance with the customer • Provide the customer with Kleenheat's Financial Hardship Policy • Provide customer access to the Translating and Interpreting Service (TIS) if they are from non-English speaking background • Renegotiate the customer's instalment amount if their circumstances change • Refer customers to an independent financial counsellor to receive independent advice • Grant a temporary suspension of action for 15 business days interest free in the event that Kleenheat refers a customer to an independent financial counsellor. During the pending establishment of the agreed payment arrangement, Kleenheat would cease any recovery actions against the customer • Not unreasonably deny a customer's request for temporary suspension of actions, if the customer demonstrates to the retailer that the customer has an appointment with a relevant consumer representative organisation to assess the customer's capacity to pay • Consider reasonable requests for extension of time if the relevant consumer representative organisation is unable to make the independent assessment within the 15 business day timeframe. <p>The Credit Team Leader confirmed that during the audit period, there were occasions in which customers made use of independent financial counsellors or a consumer representative organisation and were granted temporary suspension of actions, or additional time was given to allow the assessment of financial hardship.</p>
201	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 to assess the customer's capacity to pay. <i>Compendium Clause 6.2(2)</i>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
203	If a relevant consumer representative is unable to complete the assessment on time and the consumer representative or residential customer requests for additional time, a retailer must give reasonable consideration to the request. <i>Compendium Clause 6.2(4)</i>	Priority: 5	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
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>	Priority: 4	Control Adequacy: NP Compliance Rating: 1
205	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), Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i>	Priority: 4	Control Adequacy: NP Compliance Rating: 1
72	<i>Note that the Audit Plan assessed obligation 72 as a Priority 5 obligation.</i>		
206	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>	Priority: 4	Control Adequacy: NP Compliance Rating: 1
206 A*	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>	Priority: 4	Control Adequacy: NP Compliance Rating: 1
207	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. <i>Compendium Clause 6.4(4)</i>	Priority: 5	Control Adequacy: NP Compliance Rating: 1

Obligation 204 to 207

Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Procedure, we determined that during the audit period Kleenheat applied the following procedures and protocols to facilitate customer payment arrangements in the event that a customer was assessed (as described at obligation 198 above) as experiencing payment difficulties or financial hardship:

- Consideration is given to the customer's ability to meet the overall costs of their basic living needs in order to help determine their capacity to pay
- The customer is invited to contact Kleenheat to discuss alternative interest free and fee-free payment arrangements, provided that that customer has not had two failed instalment payment arrangements (and if Kleenheat is not satisfied that the customer will comply with a new instalment plan). Elements of a payment arrangement include:
 - Additional time to pay
 - An instalment payment plan
 - Other arrangements which give a customer additional time to pay
- If the customer has failed more than two payment instalment plans within the last 12 months, Kleenheat will investigate the reasons for the failure and may offer an additional instalment arrangement at its discretion
- Within two business days of a customer accepting a payment instalment plan, the customer is provided with written confirmation of the agreed arrangement, including the number of instalments and the instalment amount required to pay the arrears, commencement date and terms (including consequences of failure to adhere to the plan and the need to contact Kleenheat for assistance in the event that the plan cannot be met)
- The customer is to be notified of any changes to the arrangements within five business days of the change coming into effect
- The payment instalment plan is provided at no cost to the customer and is interest free.

Our examination of the customer complaints register did not identify complaints in relation to Kleenheat's improper management of its financial hardship assessment and payment instalment arrangement activities during the audit period.

No.	Obligation under condition			Findings
208	A retailer must give reasonable consideration to a request by a customer, or a relevant consumer representative, for a reduction of the customer's fees, charges, or debt. <i>Compendium Clause 6.6(1)</i>			<p><i>Obligations 208 and 209</i></p> <p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Assessment Procedure, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were occasions in which customers requested and were granted a reduction of fees and charges (other than consumption charges), in accordance with Kleenheat's Financial Hardship Assessment Procedure • Kleenheat applied its Financial Hardship Assessment Procedure, which requires Credit Officers to give reasonable consideration to a request by a customer or by a relevant consumer representative organisation for a reduction and/or waiver of fees, charges and debt.
		Priority: 5	Control Adequacy: NP	
209*	In giving reasonable consideration under clause 6.6(1), a retailer should refer to the hardship procedures referred to in clause 6.10(3). <i>Compendium Clause 6.6(2)</i>			<p>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Assessment Procedure, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were occasions in which customers were unable to meet the agreed payment arrangements • Kleenheat applied its Financial Hardship Assessment Procedure, which requires Credit Officers to: <ul style="list-style-type: none"> ◦ Factor in the customer's average consumption to the instalment plan and actively monitor and manage the arrangement if the customer feels they will not be able to pay future bills during the payment instalment period ◦ Revise the existing instalment plan if the customer is unable to meet the previous elected payment arrangement.
		Priority: 4	Control Adequacy: NP	
210	If 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. <i>Compendium Clause 6.7</i>			<p>Through discussion with the Credit Team Leader and examination of Kleenheat's financial hardship procedures and Training Modules, we determined that during the audit period Kleenheat applied the following processes to:</p> <ul style="list-style-type: none"> • Allow the customer's bill to be redirected to a nominated third person at no charge • Advise the customer of alternative payment arrangements and the availability of other financial assistance and grants schemes • Assist the customer with their application for financial assistance and grants schemes where applicable. <p>Our examination of the customer complaints register did not identify complaints relating to Kleenheat's advice to customers relating to financial hardship during the audit period.</p>
211	A retailer must advise a customer experiencing financial hardship of the options specified in clause 6.8. <i>Compendium Clause 6.8</i> <i>Customer Contracts Regulations 20 (2), Clause 4.3.2.2 AGA Code</i> <i>Note that the Audit Plan assessed obligation 72 as a Priority 5 obligation.</i>			
72				Control Adequacy: NP
				Compliance Rating: 1

No.	Obligation under condition			Findings
212	A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representatives. <i>Compendium Clause 6.9(1)</i>			<p>Obligations 212 & 213</p> <p>Through discussion with the Credit Team Leader we determined that during the audit period:</p> <ul style="list-style-type: none"> Kleenheat did not set a prescribed minimum payment in advance amount for residential customers experiencing financial hardship or payment difficulties Kleenheat's standard practices provided for Case Managers to negotiate a payment arrangement plan (including for payments in advance) with customers experiencing payment difficulties or financial hardship on a case by case basis. <p>The Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period there were no instances where a minimum payment in advance amount was determined.</p>
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
213	A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers. <i>Compendium Clause 6.9(2)</i>			
	Priority: 5	Control Adequacy: NP	Compliance Rating: NR	
214*	A retailer must develop a hardship policy and hardship procedures to assist customers in meeting their financial obligations and responsibilities to the retailer. <i>Compendium Clause 6.10(1)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
215	A retailer must ensure that its hardship policy complies with the criteria specified in clause 6.10(2). <i>Compendium Clause 6.10(2)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
215 A*	A retailer must ensure that its hardship procedures comply with clause 6.10(3). <i>Compendium Clause 6.10(3)</i>			
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
216	If requested, a retailer must give residential customers and relevant consumer representatives 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 Credit Team Leader we determined that Kleenheat has applied the following processes, which are designed to maintain:</p> <ul style="list-style-type: none"> • Version control of documentation through Kleenheat's Docova document management system, which includes the date the hardship policy was established and the amendment dates • A list of organisations consulted (the two main organisations being FCAWA and WACOSS). 	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
219	<p>If directed by the ERA, the retailer must review its hardship policy and hardship procedures and submit to the ERA 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 to 220A</i></p> <p>Through discussion with the Credit Team Leader and Regulatory Specialist Natural Gas & Electricity, we determined that Kleenheat has applied relevant processes to review the Financial Hardship Policy on a periodic basis for potential updates, to examine alignment with the ERA's Financial Hardship Policy Guidelines and to submit the review results and any amendment to the Policy to the ERA in a timely manner.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
220	<p>The retailer must comply with the ERA's Financial Hardship Policy Guidelines.</p> <p><i>Compendium Clause 6.10(7)</i></p>	<p>We confirmed that the most recent review of the Policy was conducted in 2015, with the copy of the amended Policy submitted to the ERA on 15 September 2015 (being the date on which the review concluded), prior to the effective date of the amendment from 22 October 2015 and therefore meeting the timing requirements of clause 6.10.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
220 A*	<p>If a retailer makes a material amendment to its hardship policy, the retailer must submit a copy of the amended policy to the ERA within 5 business days of the amendment.</p> <p><i>Compendium Clause 6.10(8)</i></p>	<p>The Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not been directed by the ERA to review its Financial Hardship Policy since the most recent review in 2015.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
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>Through discussion with the Credit Team Leader and examination of Kleenheat's Financial Hardship Policy and Financial Hardship Assessment Procedures, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's alternate payment procedures do not distinguish between residential and business customers • The Credit Team is trained to apply Kleenheat's Financial Hardship processes by considering hardship situations on case by case basis, including for business customers • During the period subject to audit, there were occasions in which business customers sought alternative payment arrangements after experiencing financial difficulty. 	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1

No.	Obligation under condition	Findings
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><i>Customer Contracts Regulations 12(4)(a)-(b)</i></p> <p><i>Note that the Audit Plan assessed obligations 33 and 34 as Priority 4 obligations.</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and the Credit Team Leader, examination of Kleenheat's Annual Compliance Reports submitted to the ERA and testing of disconnections performed during the audit period, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's disconnection process is designed to provide customer with the following: <ul style="list-style-type: none"> ○ A reminder notice generated and sent to customer five days after the payment due date if the following conditions are met: <ul style="list-style-type: none"> ▪ An actual liability of more than \$50 ▪ The customer has not filed a dispute or complaint ▪ The customer is not is facing payment difficulties or financial hardship ○ A disconnection notice, detailing customer's outstanding balance and final payment due date, generated and sent to customer 14 days after the reminder notice was sent ○ Mandatory phone call notification prior to disconnection or potential disconnection. If phone calls are unsuccessful, Kleenheat tries other avenues to contact the customer, such as sending an SMS to the customer's mobile number, calling the customer's land line or emailing the customer ○ The disconnection is not to proceed unless the mandatory checklist, which outlines the above steps, has been completed. • During the audit period, Kleenheat self-reported one instance of a wrongful disconnection where an LPG Retic customer was not provided with sufficient notice prior to disconnection for failure to pay. The cause of this non-compliance was attributed to human error in failing to follow standard operating procedure • Two further wrongful disconnections were identified during this audit where NG customers were not provided with sufficient notice prior to disconnection for failure to pay: <ul style="list-style-type: none"> ○ One instance was identified through sample testing, where the customer had defaulted on their payment arrangement and Kleenheat staff had not recognised the need to renew the notification process ○ One instance was identified by Kleenheat as a result of an internal investigation (including receipt of legal advice), where duplicate notices were issued in error and Kleenheat staff had incorrectly reset the credit strategy.

No.	Obligation under condition	Findings
	<p data-bbox="315 655 439 683">Priority: 2</p> <p data-bbox="551 655 808 683">Control Adequacy: B</p> <p data-bbox="860 655 1122 683">Compliance Rating: 2</p>	<p data-bbox="1160 240 2163 331">In February 2018, Kleenheat implemented a new disconnection procedure, requiring staff to follow a more rigorous checking process prior to actioning a disconnection, including:</p> <ul data-bbox="1211 341 2163 603" style="list-style-type: none"> • Introducing an additional call process to ensure every reasonable contact was made to customers prior to a disconnection being actioned (in addition to what is required by the Compendium). • Including a specific process for street level disconnections • Including a new review process whereby any potential street level accounts are sent to the Consumer Credit Team Leader for review in conjunction with the Credit Manager, who is now responsible for reviewing and approving all street level disconnection requests before they are raised. <p data-bbox="1160 608 2163 667">Our examination of the customer complaints register did not identify any further complaints relating to Kleenheat’s failure to provide disconnection notice.</p>
	<p data-bbox="241 703 584 730">Recommendation 4/2018</p> <p data-bbox="241 746 1093 805">Kleenheat develop system based controls to assist in ensuring its disconnection process meets the specified Compendium requirements.</p>	<p data-bbox="1160 703 1429 730">Action Plan 4/2018</p> <p data-bbox="1160 746 2163 774">Other improvements already made to the disconnection process include:</p> <ul data-bbox="1211 783 2163 938" style="list-style-type: none"> • The inclusion of a process and decision tree work flow to the Credit team’s knowledge base on OneNote to assist staff in relation to following the disconnection strategy • Implementing a street level disconnection tracker to monitor accounts and ensure prompt follow up. <p data-bbox="1160 948 2163 1070">Kleenheat will investigate and make recommendations for a system improvement to better highlight disconnection issues and prevent non-compliances. There is already an improvement project underway which is looking at automating some of the manual tasks currently carried out in relation to disconnections.</p> <p data-bbox="1160 1080 1637 1107">Responsible person: Credit Manager</p> <p data-bbox="1160 1117 1637 1144">Target date: December 2019</p>
223	<p data-bbox="241 1166 1146 1262">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 data-bbox="241 1272 573 1299"><i>Compendium Clause 7.2(1)</i></p> <p data-bbox="152 1369 224 1396">40</p> <p data-bbox="241 1347 1146 1466">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</p>	<p data-bbox="1160 1166 2163 1262">Through discussion with the Regulatory Specialist Natural Gas & Electricity, the Credit Team Leader and examination of Kleenheat’s annual compliance reports submitted to the ERA, we determined that:</p> <ul data-bbox="1211 1272 2163 1466" style="list-style-type: none"> • In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported two instances where it wrongfully arranged disconnections for customers who were on payment arrangements. • Both instances of non-compliance can be attributed to human error, where staff had not identified that customers had entered into or maintained a payment arrangement.

No.	Obligation under condition	Findings				
	<p>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.</p> <p><i>Customer Contracts Regulations 2004, regulation 12 (6) Clauses 5.1.1.2 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 40 as a Priority 4 obligation.</i></p>	<p>Through discussion with the Credit Team Leader and examination of Kleenheat's documented procedures relating to disconnection for failure to pay, we determined that Kleenheat has applied the following processes and systems for managing the disconnection of customers:</p> <ul style="list-style-type: none"> • Kleenheat staff have to complete a mandatory checklist, with guidelines as required by the Compendium, prior to arranging for disconnection of a customer's supply address • Disconnecting a customer is the last resort Kleenheat will employ • Credit management staff are aware to only disconnect customers for specified reasons • 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 • Kleenheat does not offer customers concessions, however will offer alternative payment arrangements in accordance with clause 6.4(1) • As the ERA has not prescribed a minimum amount of the balance outstanding, below which Kleenheat is not permitted to process a disconnection, Kleenheat has implemented a minimum amount for disconnection of \$50. <p>Our examination of the customer complaints register identified one instance of complaints relating to disconnections for failure to pay a bill during the period subject to audit.</p>				
	<table border="1"> <tr> <td data-bbox="241 868 524 911">Priority: 2</td> <td data-bbox="530 868 831 911">Control Adequacy: B</td> <td data-bbox="837 868 1144 911">Compliance Rating: 2</td> </tr> </table>	Priority: 2	Control Adequacy: B	Compliance Rating: 2		
Priority: 2	Control Adequacy: B	Compliance Rating: 2				
	<p>Recommendation</p> <p>Refer to Recommendation 4/2018 above</p>	<p>Action Plan</p> <p>Refer to Action Plan 4/2018 above</p>				
224 *	<p>In relation to dual fuel contracts or separate contracts for the supply of electricity and gas (under which a single bill for energy, or separate simultaneous bills for electricity and gas are issued to the customer), if a retailer is permitted to and wishes to arrange for disconnection of the supply of electricity and gas to the residential customer's supply address for failure to pay a bill, the retailer must arrange for disconnection of the supply of gas in priority to the disconnection of the supply of electricity.</p> <p><i>Compendium Clause 7.3</i></p>	<p>The Credit Team Leader and Regulatory Specialist Natural Gas & Electricity confirmed that during the audit period, Kleenheat has not entered into dual fuel contracts or provided separate customer contracts for the supply of electricity or gas under circumstances specified under clause 5.10 of the Compendium.</p>				
	<table border="1"> <tr> <td data-bbox="241 1362 524 1406">Priority: 4</td> <td data-bbox="530 1362 831 1406">Control Adequacy: NP</td> <td data-bbox="837 1362 1144 1406">Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR		
Priority: 4	Control Adequacy: NP	Compliance Rating: NR				
225	<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</p>					

No.	Obligation under condition	Findings			
42	<p>carry out 1 or more of the requirements referred to in clause 7.4(1) on behalf of the retailer.</p> <p><i>Note that the Audit Plan assessed obligation 42 as a Priority 5 obligation. Compendium Clause 7.4, Customer Contracts Regulations 2004, Reg 12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code</i></p>	The Credit Team Leader and Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not arranged for disconnection of a customer's supply for denying access during the audit period.			
	<table border="1"> <tr> <td>Priority: 4</td> <td>Control Adequacy: NP</td> <td>Compliance Rating: NR</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: NR	
Priority: 4	Control Adequacy: NP	Compliance Rating: NR			
227 32 48 51	<p>A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.</p> <p><i>Compendium Clause 7.6</i></p> <p><i>Customer Contracts Regulations 2004, regulation 12 (2)</i></p> <p><i>Customer Contracts Regulations 2004, regulation 12 (6)</i></p> <p><i>Clause 5.1.8.1(b) AGA Code</i></p> <p><i>Customer Contracts Regulations 2004, regulation 12 (6)</i></p> <p><i>Clauses 5.1.8.1(e) and (f) AGA Code</i></p> <p><i>Note that obligations 32, 48 and 51 are:</i></p> <ul style="list-style-type: none"> <i>Rated in the Audit Plan as Priority 5 obligations</i> <i>Not assessed for Control Adequacy (in accordance.</i> 	<p>Through discussion with the Customer Advocate, Credit Team Leader, examination of Kleenheat's disconnection procedures and Training Modules, sample testing of disconnections across NG and LPG, and examination of customer complaints data, we determined that during the audit period, Kleenheat maintained the following processes, which are designed to ensure that it does not arrange for disconnection of a customer's supply address in the circumstances specified in clause 7.6:</p> <ul style="list-style-type: none"> Kleenheat does not arrange for disconnection if a complaint has been filed by the customer Disconnections are not performed: <ul style="list-style-type: none"> After 3pm on Monday to Thursday On a Friday, Saturday, Sunday, Public Holiday or on the eve of a public holiday Kleenheat has tailored its processes to forward disconnection service requests at the beginning of the week to provide ATCO with the best opportunity to perform the disconnection prior to Friday Credit team staff are trained to ensure that prior to disconnection, the credit status of the customer account in Oracle is not subject to: <ul style="list-style-type: none"> An open customer complaint (which suspends the disconnection workflow within the system) Payment difficulty Financial Hardship Applicable medical conditions. 			
	<table border="1"> <tr> <td>Priority: 2</td> <td>Control Adequacy: A</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority: 2	Control Adequacy: A	Compliance Rating: 1	
Priority: 2	Control Adequacy: A	Compliance Rating: 1			
Part 8 Reconnection					
228	<p>In the circumstances specified in clause 8.1(1)(a)-(c), a retailer must arrange for reconnection of the customer's supply address if the customer makes a request for reconnection, and pays the retailer's reasonable charges for reconnection (if any) or accepts an offer of an instalment plan for the retailer's reasonable charges for reconnection.</p>	<p>Through discussion with the NG Admin Team Leader, NG Admin CSO and consideration of Kleenheat's reconnection procedures, we determined that during the audit period:</p> <ul style="list-style-type: none"> There were occasions in which customers requested and met the criteria for reconnection 			

No.	Obligation under condition	Findings			
	<p><i>Compendium Clause 8.1(1)</i></p> <table border="1" data-bbox="226 619 1151 671"> <tr> <td data-bbox="226 619 526 671">Priority: 4</td> <td data-bbox="526 619 848 671">Control Adequacy: NP</td> <td data-bbox="848 619 1151 671">Compliance Rating: 1</td> </tr> </table>	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	<ul style="list-style-type: none"> • Kleenheat applied the following procedures to arrange for customers to be reconnected: <ul style="list-style-type: none"> ○ 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 ○ A customer who has been unlawfully consuming gas, and has subsequently set up an account with Kleenheat (i.e. remedied the breach), will be reconnected, and invoiced for the gas consumed: <ul style="list-style-type: none"> ▪ Kleenheat will work out the amount owing by contacting the customer’s landlord or agent to assess when the customer moved into the premises ▪ Kleenheat may also request evidence of the date when the customer moved in to calculate the period from which to backdate.
Priority: 4	Control Adequacy: NP	Compliance Rating: 1			
229	<p>A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.</p> <p><i>Compendium Clause 8.1(2)</i></p> <p>52 <i>Customer Contracts Regulations 2004, Regulation 12 (6), Clause 5.2.2.2 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 52 as a Priority 4 obligation</i></p>	<p><u>NG</u></p> <p>The 2016 audit reported that Kleenheat was non-compliant with this obligation and was recommended it continue to remind staff of the importance of its compliance requirements and identify any recurring system issues. Through examination of Kleenheat’s annual compliance reports submitted to the ERA, we determined that Kleenheat has disclosed its non-compliance in three instances during the audit period due to human processing errors.</p> <p>Through discussion with the NG Admin Team Leader, NG Admin Officer and examination of Kleenheat’s Reconnection procedures and exception reporting processes, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat has maintained processes designed to detect: <ul style="list-style-type: none"> ○ Payments made to disconnected accounts (to identify instances where a customer may have paid an outstanding fee, has requested to be reconnected, but the request has failed in its submission to the distributor) ○ Failed reconnection requests within the system ○ Any inaccuracies in completed reconnection requests, through performing a daily peer review checking process which is evidenced through completing and signing the reconnection checklist • To remedy the instances of non-compliance identified in the 2016 audit and during the current period, Kleenheat has provided refresher training to staff and communicated the importance of the compliance requirements. <p>Through performing sample testing of 15 reconnection requests, we did not identify any instances of non-compliance.</p>			

No.	Obligation under condition	Findings	
		<p><u>LPG Retic</u></p> <p>Through discussions with the Customer Service Team Leader LPG Retic, we determined that Kleenheat acts in the role of both the retailer and the distributor, therefore its timing obligations under the scope of the Licence are not applicable.</p> <p><i>No further action is required to address the non-compliance.</i></p>	
	Priority: 2	Control Adequacy: A	Compliance Rating: 2
Part 10 Information and Communication			
231	A retailer must give notice to each of its customers affected by a variation in its tariffs no later than the next bill in the customer's billing cycle. <i>Compendium Clause 10.1(1)</i>	Through discussion with the NG Admin Team Leader, Customer Contact Supervisor and Regulatory Specialist Natural Gas & Electricity, we determined that during the audit period, Kleenheat applied the following processes, which required Kleenheat to notify:	
57	<i>Customer Contracts Regulations 2004, Regulation 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code</i>	<ul style="list-style-type: none"> The Minister for Energy of changes to prices and fees at least 30 days before the effective date of the tariff variation, which last occurred from 2 July 2018 for NG and from 29 September 2017 for LPG Retic. The relevant notification was provided via letter and included explanations for the increases 	
58	<i>Customer Contracts Regulations 2004, Regulation 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code</i>	<ul style="list-style-type: none"> Customers at the time of the next bill. Changes to Kleenheat's Standard Prices & Fees were published on Kleenheat's website and in the West Australian newspaper prior to the effective date of change. 	
	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>	<i>Obligations 232 and 233</i>	
57	<i>Customer Contracts Regulations 2004, Regulation 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code</i>	Through discussion with the Customer Contact Supervisor and examination of Kleenheat's publicly available information and Training Modules, we determined that during the audit period:	
	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>	<ul style="list-style-type: none"> Information regarding tariffs was readily available on Kleenheat's website. Kleenheat's publicly available information outlines that the customer is also able to call the customer service line to receive tariff information over the phone or arrange for a written copy to be provided at no charge via email or post For instances where customers had requested reasonable information on Kleenheat's tariffs, Kleenheat applied its standard practice to direct customers to its website or to provide the information via email immediately upon request (i.e. within the 8 business day timeframe). <p>The Regulatory Specialist Natural Gas & Electricity confirmed that there has not been a customer request to be sent information on tariffs via post during the period subject to audit.</p>	
	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>Through discussion with the Customer Contact Supervisor and examination of Kleenheat's Training Modules, we determined that during the audit period, Kleenheat applied its standard practice to direct the customer to access their billing data online through the Kleenheat MyAccount portal upon request.</p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that there have been no instances of a customer requesting to be sent a copy of their billing data during the audit period.</p>
63	<p><i>Customer Contracts Regulations 2004, Regulation 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code</i></p> <p><i>Note that the Audit Plan assessed obligation 63 as a Priority 5 obligation.</i></p>	Priority: 4	Control Adequacy: NP	
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	
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	
237	A retailer must keep a customer's billing data for (7) years. <i>Compendium Clause 10.2(4)</i>			<p>Through discussion with the NG Admin Team Leader and Regulatory Specialist Natural Gas & Electricity, we determined that during the audit period, Kleenheat:</p> <ul style="list-style-type: none"> • Had applied processes and systems for storing billing information from its Oracle system for more than 7 years as required • Backed up its data and stored that data on servers off-site.
		Priority: 4	Control Adequacy: NP	
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 Regulatory Specialist Natural Gas & Electricity confirmed that Kleenheat has not offered concessions (as referred to by clause 10.3) during the audit period.</p>
		Priority: 4	Control Adequacy: NP	

No.	Obligation under condition	Findings	
239 *	A retailer must give or make available, to a customer on request and at no charge, general information on: cost-effective and efficient ways to utilise gas (including referring a customer to a relevant information source and the typical running costs of major domestic appliances. <i>Compendium Clause 10.4</i>	<p>Through discussion with the Customer Contact Supervisor and Customer Advocate' and examination of Training Modules and the Customer Charter, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were occasions in which customers requested general information on cost-effective and efficient ways to utilise gas • Kleenheat applied its standard practice to refer the customer to the gas usage efficiency information located in the Customer Charter and on Kleenheat's website, or to provide the information via email immediately upon request. <p>Our examination of the customer complaints register did not identify complaints relating to Kleenheat's improper management of its obligations for the provision of information during the period subject to audit.</p>	
	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. <i>Compendium Clause 10.5</i>	<p>Through discussion with the Customer Contact Supervisor and examination of Training Modules, we determined that during the audit period:</p> <ul style="list-style-type: none"> • There were occasions in which customers requested information relating to gas distribution • Kleenheat applied the following processes: <u>NG</u> All requests for distribution related information are to be directed to ATCO. The direct number is to be provided to the customer and if requested via phone, the customer is to be transferred directly to ATCO. <u>LPG Retic</u> As Kleenheat acts as both the retailer and distributor for LPG Retic services, customers are to be either transferred directly to the relevant Kleenheat staff member, or provided with the relevant contact details to address distribution enquiries. 	
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1
241	A retailer must, within 3 months of being subject to the Compendium, lodge with the ERA, a gas customer safety awareness programme. <i>Compendium Clause 10.5A(1)</i>	<p><i>Obligations 241 to 243</i></p> <p>The Regulatory Specialist Natural Gas & Electricity confirmed that since Kleenheat's creation of its gas customer safety awareness program, which was lodged with the ERA prior to the commencement of this audit period, there has been no further requirement to prepare a gas customer safety awareness program.</p>	
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR
242	A retailer must consult with the ERA when preparing the gas customer safety awareness programme. <i>Compendium Clause 10.5A(2)</i>		
	Priority: 4	Control Adequacy: NP	Compliance Rating: NR

No.	Obligation under condition	Findings	
243	<p>A gas customer safety awareness programme is to communicate information to customers regarding safety in the use of gas and must address, at a minimum, the information referred to in clause 10.5A(3)(a)-(e).</p> <p><i>Compendium Clause 10.5A(3)</i></p>		
	<p>Priority: 4</p>	Control Adequacy: NP	Compliance Rating: NR
245	<p>A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.</p> <p><i>Compendium Clause 10.9</i></p>		<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat's publicly available documentation, we determined that Kleenheat has maintained and applied standard practices, which:</p> <ul style="list-style-type: none"> • Require information sent out to customers (such as a Residential Reminder Notice and Invoice) to be written in clear and concise language and a format that is easily interpretable • Provide customer support contact information on all written information for further queries • Ensure customers understand all information provided to them and answer any questions that customers may have.
	<p>Priority: 5</p>	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.<i>Compendium Clause 10.10(1)</i></p>		<p>Through discussion with the Customer Contact Supervisor and examination of the customer Welcome Pack and Training Modules, we determined that Kleenheat has established and applied standard practices, which enable Kleenheat staff to:</p> <ul style="list-style-type: none"> • Provide the Gas Marketing Code and Compendium to a customer upon request • Refer customers to the Gas Marketing Code of Conduct and Compendium, which are available on Kleenheat's website. <p>Although Kleenheat does not maintain specific records of instances where a customer made a request for information relating to the Gas Marketing Code and the Compendium, the Regulatory Specialist Natural Gas & Electricity confirmed that the relevant pages of Kleenheat's website were visited by approximately 121 unique visitors during the audit period.</p> <p>Our examination of the customer complaints register did not identify complaints relating to Kleenheat's obligations for the provision of information during the audit period.</p>
	<p>Priority: 4</p>	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><i>Compendium Clause 10.11(1)</i></p>	<p>From examination of Kleenheat’s Customer Charter, invoice template and website, we determined that for instances where a customer had requested support services, Kleenheat provides Interpreter Services, TTY (teletypewriter) Services large print copies and further customer assistance upon request at no charge.</p> <p>Our examination of the customer complaints register did not identify complaints relating to Kleenheat’s obligations for the provision of support services during the audit period.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
250	<p>A retailer and, if appropriate, a distributor must include on a residential customer’s bill and bill related information, reminder notice and disconnection warning the telephone numbers for:</p> <ul style="list-style-type: none"> its TTY services; independent multi-lingual services; and interpreter services with the National Interpreter Symbol and the words “Interpreter Services”. <p><i>Compendium Clause 10.11(2)</i></p>	<p>Our examination of Kleenheat’s customer bills, reminder notices and disconnection warnings indicates that the TTY number (with the words “Teletypewriter (National Relay Service)”), Telephone Interpreter Services information (with the words “Telephone Interpreter Services”) and National Interpreter Symbol are included on those documents.</p>
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	
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.</p> <p><i>Compendium Clause 12.1(1)</i></p>	<p>Through discussion with the Customer Service Advocate and examination of Kleenheat’s policies and Complaint Handling Training Module, we determined that:</p> <ul style="list-style-type: none"> During the audit period, Kleenheat: <ul style="list-style-type: none"> Maintained a Complaints Handling Procedure and Complaints Handling Process, supported by internal customer advocacy training and a dedicated Customer Advocate, designed to comply with AS ISO 10002 – 2014 specifically for gas related activities Had processes in place to review and update internal documents yearly or as necessary when changes are made to complaint handling guidelines or standards Maintained a mature escalation process, whereby if a customer is not satisfied with the outcome offered, the complaint can be escalated to the Team Leader or the Customer Advocate

No.	Obligation under condition	Findings	
	<p>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	<ul style="list-style-type: none"> ○ Has a designated Customer Advocate, who is responsible for reviewing escalated complaints, identifying any systematic issues or trends and providing a weekly summary report to management ○ Used a monthly 'end of month report', generated from Oracle and submitted to the Senior Management Group to monitor the total number of complaints, a breakdown of the different types of complaints logged and Energy Ombudsman escalations • Kleenheat's Complaints Handling Procedure details a comprehensive Complaint Handling flowchart, which ensures a consistent approach to resolving complaints. The procedure covers points such as: <ul style="list-style-type: none"> ○ Recording Of A Complaint From Kleenheat And Non-Kleenheat Customer ○ How To Manage Customer's Complaint ○ Managing Customers' Behaviour ○ Verbal and Written Complaints ○ Escalated Complaints ○ Resolutions. 	
252	<p>The complaints handling process under clause 12.1(1) must comply with AS/NZS 10002:2014 and address, at the least, the criteria specified in subclauses 12.1(2)(b)-(c). 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>Priority: 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	<p>Through discussion with the Customer Advocate and examination of Kleenheat's Complaints Handling Training Module, Complaints Handling Process and Complaints Handling Procedure, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat's Complaints Handling Process is structured and designed to comply with AS ISO 1002-2014. Kleenheat's procedures and training modules outline the: <ul style="list-style-type: none"> ○ Process of recording a complaint from Kleenheat and non-Kleenheat customers ○ Process of recording a resolution ○ Response time and method ○ Management handling and monitoring process. • Information on how to lodge a complaint is available to Kleenheat customers at no cost • Complaints brochures are available at all branches and must be provided to a customer on request. 	

No.	Obligation under condition			Findings
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 discussion with the Customer Advocate and examination of Kleenheat's complaint management processes, we determined that:</p> <ul style="list-style-type: none"> • Kleenheat adopts a standard complaints handling procedure across all of its gas operations • Information on how to lodge a complaint and the complaints process is available to Kleenheat customers at no cost.
	Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
254	<p>When responding to a 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>Through discussion with the Customer Service Operations Manager and the Customer Advocate, and examination of Kleenheat's Complaints Handling Process document and its complaints register, we determined that Kleenheat's process provides for:</p> <ul style="list-style-type: none"> • Information to be provided to a customer in accordance with clause 12.1(2) of the Compendium • Escalation to a senior figure if the first line of contact was unsuccessful in resolving the complaint to a satisfactory manner (clause 12.1(3)(a) of the Compendium) • The customer to be notified of the outcome and the reason for the outcome in written form, upon request (clause 12.1(3)(b) of the Compendium), where the complaint has not been resolved to the customer's satisfaction <p>Kleenheat disclosed one instance where a customer was not appropriately advised of their right to have their complaint escalated to a senior employee within Kleenheat.</p> <p>This instance highlighted a gap in the customer service team member's understanding of Kleenheat's complaints handling requirements.</p> <p>We acknowledge that Kleenheat has initiated a review of its complaints handling process and procedure, as well as the need for targeted staff training.</p>
	Priority: 4	Control Adequacy: B	Compliance Rating: 2	
	<p>Recommendation 5/2018</p> <p>Kleenheat complete the planned review of its complaints handling process.</p>			<p>Action Plan 5/2018</p> <p>Kleenheat will amend its Complaints Policy & Procedure to make it clear that it is mandatory for an agent to advise the customer of their right to have their complaint considered by a senior employee.</p> <p>Training will be rolled out to all front line agents who deal with complaints on the amended Procedure, with emphasis on escalating complaints.</p> <p>Scripting will also be provided to agents which makes this escalation process clear and is accessible to agents at the time of handling a complaint.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>

No.	Obligation under condition	Findings		
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 Energy & Water Ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the Energy & Water Ombudsman.</p> <p><i>Compendium Clause 12.1(3)(b)</i></p>	<p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and Customer Advocate, and examination of Kleenheat's Complaints Handling Process document and its complaints register, we determined that during the audit period, Kleenheat:</p> <ul style="list-style-type: none"> • Had received complaints, which were not resolved internally in a manner acceptable to the customer • Maintained processes and practices, which provide for: <ul style="list-style-type: none"> ○ Information to be provided to a customer in accordance with clause 12.1(2) of the Compendium ○ Notifying customers of their right to refer their complaints to the Ombudsman if they are still unsatisfied with Kleenheat's response, and providing Freecall and Freefax number of the Ombudsman to the customer. <p>Kleenheat's Customer Service Charter also notifies customers of their right to refer their complaints to the Ombudsman if they are dissatisfied with Kleenheat's response.</p>		
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
255 A*	<p>A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.</p> <p><i>Compendium Clause 12.1(4)</i></p>	<p>Through discussion with the Customer Advocate, walkthrough of the complaint handling process and examination of Kleenheat's Complaints Handling Training Module, we determined that during the audit period Kleenheat:</p> <ul style="list-style-type: none"> • Had received written complaints from customers • Applied processes, which required: <ul style="list-style-type: none"> ○ The complaint to be acknowledged and initial response on the progress of the complaint to be provided within 2 business days ○ The customer to be kept informed of how their complaint is progressing if the complaint requires further investigation. <p>Our examination of the customer complaints register did not identify instances of further complaints regarding Kleenheat's obligations for managing written complaints during the audit period.</p>		
Priority: 4		Control Adequacy: NP	Compliance Rating: 1	
256	<p>A retailer must comply with any guideline developed by the ERA relating to distinguishing customer queries from customer complaints.</p> <p><i>Compendium Clause 12.2</i></p>	<p>Section 3 of the Customer Complaints Guidelines (Guidelines), issued by the ERA in October 2008, provides energy retailers and distributors with the guiding principles on distinguishing complaints from enquiries.</p> <p>Through discussion with the Customer Advocate and examination of Kleenheat's Complaints Handling Process, we determined that Kleenheat distinguishes customer complaints and customer queries as required by the standard as follows:</p> <ul style="list-style-type: none"> • Complaints are defined as: "Expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a 		

No.	Obligation under condition			Findings	
				<p>complaint, where a response or resolution is explicitly or implicitly expected or legally required.”</p> <ul style="list-style-type: none"> Enquiries or feedback is defined as: “Opinions, comments and expressions of interest or concern, made directly or indirectly, explicitly or implicitly to or about the organisation, its products, services and staff.” 	
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
257	<p>A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.</p> <p><i>Compendium Clause 12.3</i></p>				<p>Through discussion with the Customer Advocate and Customer Contact Supervisor, examination of Kleenheat’s Customer Service Charter and consideration of Kleenheat’s Complaint Handling Training Modules, we determined that:</p> <ul style="list-style-type: none"> Kleenheat’s Customer Service Charter includes information relating to Kleenheat’s complaints handling process During the audit period: <ul style="list-style-type: none"> There were instances where a customer had made a request for information relating to Kleenheat’s complaint handling processes CSOs applied Kleenheat’s standard practice for: <ul style="list-style-type: none"> Providing information relating to the complaints handling process to customers upon request, at no charge Referring customers to the Customer Service Charter, which is available online. If requested, a copy of the Customer Service Charter can be mailed, at no charge.
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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 the Customer Advocate and the examination of recorded logged complaints (written and via telephone), we observed that Kleenheat’s customer service and complaints handling processes provide for:</p> <ul style="list-style-type: none"> Staff to recognise instances where a complaint does not relate to Kleenheat functions The matter to be referred to the relevant entity (e.g. ATCO) The customer to be made aware of the reason for the referral The customer to be offered the appropriate entity’s direct line, or the call is transferred.
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	
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 ERA.</p> <p><i>Compendium Clause 13.1</i></p>				<p><i>Obligations 281-283</i></p> <p>Through discussion with the Regulatory Specialist Natural Gas & Electricity and examination of Kleenheat’s annual performance reports, we determined that during the audit period, Kleenheat had prepared a report as required by Part 13 of the Compendium for each of the two relevant years. These reports were</p>
		Priority: 4	Control Adequacy: NP	Compliance Rating: 1	

No.	Obligation under condition	Findings	
282 *	A report referred to in clause 13.1 must be provided to the ERA by the date, and in the manner and form, specified by the ERA. <i>Compendium Clause 13.2</i>	submitted to the ERA prior to September in those years and were published on Kleenheat's website within the prescribed 1 October timeframe.	
	Priority: 4		
283 *	A report referred to in clause 13.1 must be published by the date specified by the ERA. <i>Compendium Clause 13.3</i>		
	Priority: 4		

5 Previous audit non-compliances and recommendations

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report – January 2017)	Auditors' recommendation or action taken	Date resolved	Further action required
A. Resolved before end of previous audit period						
There were no recommendations made by the previous audit that were resolved before the end of the previous audit period.						
B. Resolved during current audit period						
1/2016	<p>Obligation 52 Energy Coordination (Customer Contract) Regulations 2004 Reg 12 (6), Clause 5.2.2.2 AGA Code</p> <p>Obligation 229 Energy Coordination Act section 11M, Compendium clause 8.1(2)</p>	A2	<p>In two instances Kleenheat did not complete reconnection requests within the prescribed timeframes specified in the Compendium. These issues were attributed to a combination of the following:</p> <ul style="list-style-type: none"> • Daily exception report not capturing requests between 2-3PM • Manual user errors • Systematic issues with flow talk. 	<p>Kleenheat addressed the exception reporting during the 2016 audit and has closed out the other issues during the audit period by implementing the following:</p> <ul style="list-style-type: none"> • Updating the exception reporting timing to 3pm • Providing training to staff around the importance of compliance requirements • Tracking any systematic issues in the Compliance tracker. 	February 2017	No further action required
2/2016	<p>Obligation 59 Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1</p> <p>Obligation 137 Compendium Clause 4.1(b)</p>	B2	<p>In 11 instances Kleenheat did not issue a bill within the 105 day timeframe prescribed in the legislative obligations. These issues were attributed to limitations in the compliance reporting parameters and reporting arrangements with ATCO.</p>	<p>Kleenheat has performed the following:</p> <ul style="list-style-type: none"> • Maintained a 100 day exception report • Collaborated with ATCO to ensure meter reads are obtained • Documented a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas. 	March 2018	<p>No</p> <p>However, note further recommendation made by this audit (Issue 1/2018)</p>

Reference (no./year)	Legislative obligation	Rating	Details of the issue (taken from the GTL10 Performance Audit Report – January 2017)	Auditors' recommendation or action taken	Date resolved	Further action required
3/2016	<p>Obligation 64 Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code</p> <p>Obligation 153 Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)</p>	A2	In 37 instances a customer did not have a bill based on an actual meter reading within a 12 month period. These issues were attributed to Kleenheat's compliance reporting parameters being designed to detect billing outside of 12 months, rather than preventing the non-compliance occurring.	Kleenheat remedied the non-compliance by implementing an automated process in Oracle to identify customer accounts with three consecutive estimate reads, plus a related manual process to ensure that the actual read is obtained.	February 2017	No further action required
4/2016	<p>Obligation 136 Energy Coordination Act section 11M, Compendium clause 4.1</p>	B2	<p>Walkthrough testing identified:</p> <ul style="list-style-type: none"> 33 Small/Medium Entities (SME) and 40 residential customers had been issued a bill more than once in a 30 day period One instance where an exception report had flagged multiple reads received by ATCO, however more than one bill was issued in 30 days. 	Kleenheat has reviewed its staff training and exception reporting processes.	January 2017	No However, note further recommendation made by this audit (Issue 2/2018)
5/2016	<p>Obligation 187 Energy Coordination Act section 11M, Compendium clause 5.6(3)</p> <p>Obligation 188 Energy Coordination Act section 11M, Compendium clause 5.6(4)</p>	A1	Kleenheat experienced recurring issues where multiple overdue fees were attributed to bills within a five day period. The same systemic issue resulted in the issuing of overdue fees on bills to customers more than three times in a twelve month period.	At the time of the 2016 audit, Kleenheat had already resolved the systemic issue that caused the failure of the exception reporting to stop multiple late fees being issued to customers' accounts. There was no impact to customers as the late fees were credited to the affected accounts.	May 2016	No further action required
	A2					

C. Unresolved during current audit period

There were no recommendations made by the previous audit that were unresolved during the current audit period.

Appendix A – Audit Plan



Wesfarmers Kleenheat
Gas Pty Ltd

Gas Trading Licence
(GTL10)

2018 Performance Audit

Audit Plan

September 2018

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Introduction

Overview

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

Section 11ZA of the Act requires Kleenheat to provide the ERA with a performance audit (the **audit**) conducted by an independent expert acceptable to the ERA not less than once in every 24 month period. With the ERA's approval, Deloitte Risk Advisory Pty Ltd (**Deloitte**) has been appointed to conduct the audit for the 1 September 2016 to 31 August 2018 (**audit period**).

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

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

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

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

Objective

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

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

The audit will specifically consider the following:

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

Scope

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

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

The audit period is 1 September 2016 to 31 August 2018.

Since Kleenheat's previous GTL performance audit in 2016, the Reporting Manual has undergone one revision to reflect changes in gas licensees' obligations. The revised version of the Reporting Manual was issued in January 2017, with changes applicable from 1 January 2017. This audit will use the January 2017 version of the Reporting Manual as the primary audit reference, particularly for the obligation numbering.

Table 1 below outlines the compliance requirements that apply to Kleenheat's operations during the period subject to audit.

Note that:

- Some obligations are applicable for part of the audit period only, where the obligation was added or removed from the relevant Licence Condition during the period to reflect the relevant changes referred to in the Reporting Manual and underlying legislative obligations detailed above
- For those Gas Marketing Code of Conduct and Gas Compendium obligations that are marginally different (e.g. due to wording restructures or clarification) to those reflected in the January 2017 Reporting Manual, the audit will ensure that the intent of the superseded obligations are also addressed.

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

Legislative element	Application to Kleenheat's operations
Type 1 reporting obligations for all licence types	<p>Of the two Type 1 obligations relating to operations of a gas trader:</p> <ul style="list-style-type: none"> • The obligation (number 25) for Kleenheat to comply with the applicable standards of the Gas Standards Act 1972 is not applicable to Kleenheat's operations (further explained below and addressed in the risk assessment) • The obligation (number 227) requiring Kleenheat not to arrange disconnections of a customer's supply address (in circumstances specified at clause 7.6 of the Gas Customer Code) is applicable.
Energy Coordination Act 1994	Each of the 19 relevant Energy Coordination Act obligations are applicable to Kleenheat's operations as a gas trader for the full audit period.
Gas Standards Act 1972	<p>The relevant requirements of the Gas Standards Act do not apply to Kleenheat's operations as a gas trader as:</p> <ul style="list-style-type: none"> • The requirements on the undertaker, for the purposes of the Act (relating to the quality, pressure, purity and safety standards of gas supplied), are applicable to the distributor, not Kleenheat as a trader. This interpretation means sections 8 to 11 are not applicable to Kleenheat's gas trading operations • Kleenheat is not licensed under its Gas Trading Licence to install appliances or fit gas installations.

Legislative element	Application to Kleenheat's operations
Energy Coordination (Gas Tariffs) Regulations 2000	Each of the three Gas Tariff obligations are applicable to Kleenheat's operations as a gas trader for the full audit period.
Energy Coordination (Customer Contracts) Regulations 2000	57 of the 60 Customer Contracts obligations are applicable to Kleenheat's operations as a gas trader for the full audit period. As many of these obligations (relating to disconnection, reconnection, payments, billing and information & communication) are also directly addressed in the Gas Customer Code, this audit will consider each of these relevant obligations as part of the work performed in relation to the Gas Customer Code.
Licence Conditions	Each of the 16 Gas Trading Licence Conditions reflected in the Reporting Manual are applicable to Kleenheat's operations as a gas trader for the full audit period.
Gas Marketing Code of Conduct	Each of the 16 Gas Marketing Code of Conduct obligations are applicable to Kleenheat's operations as a gas trader.
Gas Compendium (previously Gas Customer Code of Conduct)	A total of 150 Gas Compendium obligations (including number 227: type 1 obligation) are applicable to Kleenheat's operations as a gas trader for at least a portion of the audit period. Note that the most recent review of the Gas Compendium resulted in a number of obligations being revised and enhanced (with additional requirements), added and removed.

Responsibility

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

Kleenheat is responsible for:

- Putting in place policies, procedures and controls, which are designed to ensure compliance with the conditions of the Licence
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA
- Implementing corrective actions for instances of non-compliance.

Deloitte's responsibility

Our responsibility is to express a conclusion on Kleenheat's compliance with the conditions of the Licence based on our procedures. We will conduct our engagement in accordance with the Audit Guidelines and the Australian Standard on Assurance Engagements (**ASAE**) 3100 *Compliance Engagements*¹ issued by the Australian Auditing and Assurance Standards Board, to state whether, in our opinion, based on the procedures performed, the conditions of the Licence have been complied with. Our engagement will provide reasonable assurance as defined in ASAE 3100.

¹ ASAE 3100 also provides for our engagement to be conducted in accordance with relevant requirements of ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Limitations of use

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

We understand that a copy of our report will be provided to the ERA for the purpose of meeting Kleenheat's reporting requirements under section 11ZA of the Act. We agree that a copy of our report may be provided to the ERA for its information in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report. We accept no duty, responsibility or liability to any party, other than Kleenheat, in connection with the report or this engagement.

Inherent limitations

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 use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Accordingly, readers of our report should not rely on the report to identify all potential instances of non-compliance which may occur.

Our report will contain a statement of responsibility that will draw attention to management's responsibility for establishing and maintaining an effective control structure.

Independence

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

Approach

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

Risk Assessment

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

The first step of the risk assessment is the rating of the potential consequences of Kleenheat not complying with the licence obligations, in the absence of mitigating controls.

As the Reporting Manual is prescriptive in its criteria for classifying the consequences of non-compliance (refer to **Appendix 1-1**) the risk assessment applies the Reporting Manual’s classifications for each obligation subject to audit. Reference is also made to the consequence rating descriptions listed at Table 15 of the Audit Guidelines (refer to **Appendix 1-2**), providing the risk assessment with context to ensure the appropriate consequence rating is applied to each obligation subject to audit.

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

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

Table 2: Inherent risk rating

	Consequence		
Likelihood	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 Guidelines (refer to **Appendix 1-3**).

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

Table 3: Assessment of Audit Priority

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

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

Table 4: Audit Priority Table

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

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

- Consideration of
 - Previous findings published in Kleenheat’s 2016 GTL Performance Audit report (refer to Appendix 3 for further detail), including reported non-compliances and corrective action plans
 - Kleenheat’s Annual Compliance Reports
- Our understanding of Kleenheat’s operations and internal processes
- Our understanding of the gas industry and regulatory environment
- Any other factors that may have an effect on the level of risk or strength of controls.

At this stage, the risk assessment can only be a preliminary assessment based on reading of documentation and understanding of Kleenheat’s control environment. It is possible that the ratings and risk assessment comments may be revised as we conduct our work and new evidence comes to light. Accordingly, the risk assessment for this 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 audit effort. The performance audit risk assessment is attached at **Appendix 2**.

Approach

Systems analysis/walkthrough

The systems analysis required will be determined utilising the audit priority scale outlined above. The testing component will take place through key operational and administrative staff interviews to outline processes that demonstrate compliance with Licence requirements.

The following will be considered in the analysis/walkthrough of Kleenheat's systems and processes:

- The control environment: Kleenheat's management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of key staff members
- Information systems: the appropriateness of Kleenheat's information systems (in particular, those relating to customer transactions and resource planning) to record the information needed to comply with the Licence, the accuracy of data, the security of data and documentation describing the information system
- Control procedures: the presence of systems and procedures to ensure compliance with the licence, effectiveness of Kleenheat's internal control structure to detect, report and correct non-compliance. Specific consideration will be given to and significant changes in relevant systems and procedures implemented during the audit period
- Compliance attitude: action taken by Kleenheat in response to previous audit recommendations. Consideration will be given to the timing of action taken during the period subject to audit and whether the action has a permanent impact on Kleenheat's level of compliance
- Outcome compliance: actual performance against standards prescribed in the Licence throughout the audit period.

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

Testing/review

Using the results of the risk assessment and systems analysis, detailed testing and analysis will be performed to compare standards maintained by Kleenheat with its Licence obligations under relevant codes and regulations.

Control testing is performed for those licence obligations with an audit priority 3 and above (refer to Table 5), and where there is relevant activity. 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.

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 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

Approach

- The location of personnel and transactions to be tested.

All audit fieldwork is expected to be performed at Kleenheat's Murdoch office and Deloitte's Perth CBD office.

Reporting

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

Table 5: Compliance and control adequacy rating scale

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 be structured to address all key components expected by the Guidelines, including:

- An executive summary containing all elements listed in section II of the Audit Guidelines
- 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 opportunities for improvement or process deficiencies.

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

Resources and team

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

Key Kleenheat contacts

The key contacts for this audit are:

- Nicole Harris Customer Service Operations Manager
- Melanie Gordon Credit Manager
- Bernadette Hall Customer Advocate
- Rebecca Cant Consumer Credit Team Leader
- Peter Hamers Credit Operations Team Leader
- Ged Reilly Team Lead – Business Sales
- Rebecca Banks Commercial Manager, Natural Gas & Electricity
- Nina Telford Regulatory Manager, Natural Gas & Electricity
- Alex Penter Regulatory Specialist, Natural Gas & Electricity

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

- Customer Service Centre
- Sales and Marketing
- Finance.

Deloitte Staff

Deloitte staff who will be involved with this assignment are:

- Hendri Mentz Partner
- Andrew Baldwin Specialist Leader Regulatory Compliance and Lead Auditor
- Amy Hinson Manager
- Lyle Stewart Analyst
- Esther Ong Analyst
- Vincent Snijders Partner - Quality Assurance.

Resumes for key Deloitte staff are outlined in the proposal accepted by Kleenheat and the Auditors Approval Submission document presented to the ERA.

Timing

The initial risk assessment phase was completed on 4 September 2018, after which the draft audit plan and risk assessment were presented to Kleenheat for comment prior to submission to the ERA for review and approval.

The remainder of the fieldwork phase is scheduled to be performed in September and October 2018, enabling a report to be submitted to the ERA by the due date of 30 November 2018.

In summary, the estimated time allocated to each activity is as follows:

- Planning (including risk assessment): 32 hours
- Fieldwork (including system analysis/walkthrough and testing/review): 321 hours
- Reporting: 72 hours.

Appendix 1 – Risk assessment key

1-1 Consequence ratings

Source: Gas Compliance Reporting Manual August 2017

Rating (type)	Classification of Non-Compliance	Criteria for classification
1	Major	<p>Classified on the basis that:</p> <ul style="list-style-type: none"> The consequences of non-compliance would cause major damage, loss or disruption to customers; or The consequences of non-compliance would endanger or threaten to endanger the safety or health of a person.
2	Moderate	<p>Classified on the basis that:</p> <ul style="list-style-type: none"> 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 The regulatory obligation is not otherwise classified as a Type 1 or a Type NR non-compliance. <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"> 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 Compliance with the obligation is immeasurable; or The non-compliance is required to be reported to the Regulator under another instrument, guideline or code 6; or The non-compliance is identified by a party other than the licensee ; or 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. <p>Reclassification of Type NR as a Type 2 may occur in circumstances of:</p> <ul style="list-style-type: none"> Systemic non-compliance; or A failure to resolve non-compliance promptly.

1-2 Consequence ratings

Source: Guidelines – Electricity and Gas Licences April 2014

Examples of non-compliance				
Rating		Supply quality and reliability	Consumer protection	Breaches of legislation or other licence conditions
1	Minor	<p>Breach of supply quality or reliability standards minor - affecting a 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.</p> <p>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>

1-3 Likelihood ratings

Source: Guidelines – Electricity and Gas Licences April 2014

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

1-4 Adequacy rating for existing controls

Source: Guidelines – Electricity and Gas Licences April 2014

Rating	Description
Strong	Strong controls that mitigate the identified risks to an appropriate level
Moderate	Moderate controls that only cover significant risks; improvement required
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 January 2017 Reporting Manual
- Where there are differences in the control environments relating to Kleenheat’s NG and LPG activities, the risk assessment is separated to address the two control environments for each relevant obligation
- Obligations marked with a (*) are relevant only for the period from 1 January 2017 to 31 August 2018
- Obligations marked with a (**) are relevant only for the period from 1 September 2016 to 31 December 2016.

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
9 Licence Compliance Requirements - Energy Coordination Act 1994									
1	section 11Q(1-2)	NG & LPG	A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5)	2	Moderate	Probable	Medium	Strong	Audit Priority 4
2	section 11WG(1)	NG & LPG	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	Probable	Medium	Strong	Audit Priority 4
3	section 11WG(2)	NG & LPG	A licensee must comply with a direction given to the licensee under section 11WI.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
4	section 11WK(1-2)	NG & LPG	Gas is deemed to be supplied under the standard form contract if a customer commences to take a supply of gas at premises without entering into a contract with the holder of a trading licence.	NR	Minor	Probable	Low	Strong	Audit Priority 5
5	section 11WK(3)	NG & LPG	A standard form contract continues in force until it is terminated or supply becomes subject to a non-standard contract with the supplier.	NR	Minor	Probable	Low	Strong	Audit Priority 5
6	section 11X(3)	NG & LPG	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
10	section 11ZA(1)	NG & LPG	A licensee must provide the ERA with a performance audit by an independent expert acceptable to the ERA within 24 months of commencement and every 24 months thereafter (or longer if the ERA allows).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
11	section 11ZAF(a)	NG & LPG	A licensee must submit a draft last resort supply plan to the ERA within 3 months (or longer if the ERA allows) of being designated with that role.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
12	section 11ZAF(b)	NG & LPG	A licensee must consult with the ERA with a view to obtaining approval of its draft last resort supply plan.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
13	section 11ZAF(c)	NG & LPG	A licensee must carry out the arrangements and other provisions in the approved last resort supply plan if it comes into operation.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
14	section 11ZAH(2)	NG & LPG	A licensee must submit any proposed amendment to its last resort supply plan to the ERA for approval.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
15	section 11ZAJ	NG & LPG	A licensee, who is designated as a supplier of last resort, must perform the functions of the supplier of last resort and carry out the arrangements and provisions of the last resort supply plan if it comes into operation.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
16	section 11ZAJ	NG & LPG	A licensee, (supplier of last resort) must supply a transferred customer for at least 3 months after the date of transfer unless the transferred customer terminates the contract.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
17	section 11ZK(3)	NG & LPG	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
19	section 11ZOR(2)	NG & LPG	A licensee that sells gas that is transported through a distribution system must be a member of an approved retail market scheme if a scheme is in force.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
20	section 11ZOV(1)	NG & LPG	A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
21	section 11ZOV(2)	NG & LPG	A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
22	section 11ZOZ(3)	NG & LPG	A licensee, as a member of a retail scheme, must comply with a direction given to it by the ERA to amend the scheme, and to do so within a specified time.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
24	section 11ZQH	NG & LPG	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
10 Licence Compliance Requirements - Gas Standards Act 1972									
25	Energy Coordination Act section 11Z	NG & LPG	A licensee must comply with the applicable standards of the Gas Standards Act 1972.	1	The requirements of the Gas Standards Act do not apply to Kleenheat's operations as a gas trader.				
11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000									
29	reg. 5(1)	NG & LPG	A licensee supplying gas in an area referred to in Regulation 3(a), (b), or (c) is required to have at least one capped tariff for any supply of gas in that area.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
30	reg. 6(2)	NG & LPG	A licensee is required to offer to supply gas to each of its existing standard contract customers under the terms of the customer's existing contract but at a capped tariff unless the existing contract already entitles the customer to be supplied at a capped tariff.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
31	reg. 6(4)	NG & LPG	When offering to supply gas to a new customer under a standard form contract, a licensee is to offer to supply gas at a capped tariff.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004									
32	Reg 12 (2)	NG & LPG	Except in prescribed circumstances, a licensee must not disconnect or cause disconnection to occur if - (a) a customer has provided to the licensee a written statement from a medical practitioner to the effect that supply is necessary in order to protect the health of a person who lives at the customer's supply address; and (b) the customer has entered into arrangements acceptable to the licensee in relation to payment for gas supplied.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
33	Reg 12 (4)(a)	NG & LPG	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	Likely	Medium	Moderate	Audit Priority 4
34	Reg 12 (4)(b)	NG & LPG	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	Likely	Medium	Moderate	Audit Priority 4
35	Reg 12 (5)(a)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for non-payment of a bill if the customer pays the overdue amount or makes an arrangement for its payment and the customer has paid any applicable reconnection fee.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG			Minor	Probable	Low	Strong	Audit Priority 5
36	Reg 12 (5)(b)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for denial of access to a meter, if the customer provides access to the meter and the customer has paid any applicable reconnection fee.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
		LPG		NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
37	Reg 12 (5)(c)	NG	A licensee must reconnect supply to a customer within 10 business days after disconnection for unlawful consumption of gas, if the customer pays for the gas consumed and the customer has paid any applicable reconnection fee.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
38	Reg 12 (5)(d)	NG & LPG	A licensee must reconnect supply to a customer within 10 business days after disconnection for refusal to pay a refundable advance, if the customer pays the refundable advance and the customer has paid any applicable reconnection fee.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
39	Reg 12 (5)(e)	NG & LPG	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	NG	A licensee must not disconnect supply to a customer who is unable to pay until: alternative payment options have been offered to the customer; the customer is given information on government funded concessions; it has used its best endeavours to contact the customer; and it has provided the customer a written notice of its intention to disconnect at least 5 business days prior to the disconnection date, and the customer has refused to accept the alternative payment option or failed to make payments under it.	NR	Minor	Likely	Medium	Moderate	Audit Priority 4
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
41	Reg 12 (6), Clause 5.1.1.3 AGA Code	NG	A licensee must not disconnect supply to a business customer until: it has used its best endeavours to contact the customer; it has offered the customer an extension of time to pay the bill; and it has provided the customer a written notice of its intention to disconnect at least 5 business days' notice prior to the disconnection date, and the customer has refused to accept the alternative payment option or failed to make payments under it.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Likely	Medium	Moderate	Audit Priority 4
42	Reg 12 (6), Clauses 5.1.2.1 & 5.1.2.2 AGA Code	NG & LPG	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	Unlikely	Low	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
43	Reg 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	NG & LPG	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	Unlikely	Low	Moderate	Audit Priority 5
44	Reg 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	NG & LPG	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	Unlikely	Low	Moderate	Audit Priority 5
45	Reg 12 (6), Clauses 5.1.5.1 & 5.1.5.2 AGA Code	NG & LPG	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	Unlikely	Low	Moderate	Audit Priority 5
46	Reg 12 (6), Clause 5.1.7.2 AGA Code	NG & LPG	A licensee must not disconnect supply for failure by a customer to pay a refundable advance without giving a written notice to the customer of its intention to disconnect at least 5 business days prior to the disconnection date.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
47	Reg 12 (6), Clause 5.1.8.1(a) AGA Code	NG & LPG	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	Strong	Audit Priority 5
48	Reg 12 (6), Clause 5.1.8.1(b) AGA Code	NG & LPG	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	Strong	Audit Priority 5
49	Reg 12 (6), Clause 5.1.8.1(c) AGA Code	NG & LPG	A licensee must not disconnect supply where an application for a government concession has not been decided.	NR	Minor	Likely	Medium	Moderate	Audit Priority 4

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

No.	Obligation reference	NG or LPG	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	NG & LPG	A licensee must give notice of a variation in tariffs charged and provide these notices to customers affected by the change no later than the next bill.	NR	Minor	Probable	Low	Strong	Audit Priority 5
59	Reg 15 (1), Clause 4.2.1 AGA Code	NG	A licensee must issue a bill to a customer at least once every 3 months, unless agreed otherwise.	NR	Minor	Likely	Medium	Moderate	Audit Priority 4
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
60	Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	NG	A licensee must prepare a bill in accordance with the terms specified in the AGA code, including the inclusion of any refundable advance.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
61	Reg 15 (1), Clause 4.2.3.2 AGA Code	NG & LPG	A licensee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services).	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
62	Reg 15 (1) and (2)	NG & LPG	If a customer does not direct how a payment is to be allocated, a licensee must apply the payment – (i) to charges for the supply of gas before applying any portion of it to such goods or services; or (ii) if such goods or services include electricity, to the charges for gas and the charges for electricity in equal proportion before applying any portion of it to any other such goods or services.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
63	Reg 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	NG & LPG	A licensee must provide available bill data to customers upon request free of charge subject to clause 47 (2) and (4) of the Energy Coordination (Customer Contracts) Regulations 2004.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
64	Reg 15 (1), Clause 4.2.4.1 AGA Code	NG	A licensee must base a customer's bill on a meter reading and meters must be read at least once per year.	NR	Minor	Probable	Low	Weak	Audit Priority 3
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
65	Reg 15 (1), Clause 4.2.4.2 AGA Code	NG & LPG	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	Moderate	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
66	Reg 15 (1), Clause 4.2.4.4 AGA Code	NG & LPG	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	NG & LPG	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	NG & LPG	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	NG & LPG	A licensee must offer customers who are absent for a long period, payment in advance facilities and the option of redirecting the bill.	NR	Minor	Probable	Low	Strong	Audit Priority 5
70	Reg 16 (3)	NG & LPG	A licensee must not terminate a contract if a customer commits a breach of the contract (other than a substantial breach) unless - (a) the licensee has a right to disconnect supply under the contract, a written law or a relevant code; and (b) the licensee has disconnected supply at all supply addresses of the customer covered by the contract.	NR	Minor	Probable	Low	Strong	Audit Priority 5
71	Reg 19	NG & LPG	A licensee must provide a customer (a) a copy of their customer service charter; (b) copies of regulations or any relevant code; (c) information about fees and charges payable under the contract; (d) with information on energy efficiency; (e) billing data; and (f) with information on Government Assistance Programs and Financial Counselling Services if requested by the customer.	NR	Minor	Probable	Low	Strong	Audit Priority 5
72	Reg 20 (2) Clause 4.3.5.1 AGA Code	NG & LPG	A licensee must offer a customer who is experiencing payment difficulties: instalment plan options; right to have bill redirected to third person; information or referral on government assistance programs; and information on independent financial counselling services.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
73	Reg 27 (4) and 40 (3)	NG & LPG	A licensee must not supply gas to the customer under a door to door contract during the cooling-off period unless the customer requests supply.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
74	Reg 20 (3) and 48	NG & LPG	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)	NG & LPG	A licensee must only provide a credit reporting agency with default information relevant to one of their bills.	NR	Minor	Probable	Low	Strong	Audit Priority 5
76	Reg 49 (3)	NG & LPG	A licensee must notify a credit reporting agency immediately if a customer has cleared their debt.	NR	Minor	Probable	Low	Strong	Audit Priority 5
77	Reg 49 (4)	NG & LPG	If a customer remedies a default and demonstrates extenuating circumstances, a licensee must request the credit reporting agency to remove the default record.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
78	Reg 49 (5)	NG & LPG	A licensee must not refer a default to a credit reporting agency that is the subject of a complaint or matter of review.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
79	Reg 50	NG & LPG	A licensee must include information about its complaint handling process and contact details of the energy ombudsman on any disconnection warning given to a customer.	NR	Minor	Probable	Low	Strong	Audit Priority 5
80	Reg 44	NG & LPG	When a non-standard contract is due to expire, a licensee must issue a notice in writing to a customer not more than 2 months and not less than one month before the day on which the contract is due to expire (or at the commencement of the contract if the contract is less than 1 month) with information about: the expiry date; alternative supply options, and the terms and conditions for continued supply post contract expiry.	NR	Minor	Probable	Low	Strong	Audit Priority 5
81	Reg 45 (1)	NG	Upon request, a licensee must provide a customer free of charge with a copy of its customer service charter within 2 business days of the request.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
82	Reg 45 (2)	NG & LPG	A licensee must from time to time provide the customer with advice with their bill that a customer service charter is available free of charge.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
83	Reg 46 (1) & (2)	NG & LPG	Upon request, a licensee must provide a customer with a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code.	NR	Minor	Probable	Low	Strong	Audit Priority 5
84	Reg 46 (4)	NG & LPG	A licensee must ensure that a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code is available for inspection at its offices at no charge.	NR	Minor	Probable	Low	Strong	Audit Priority 5
85	Reg 28, clause 3.1.1(a) AGA Code	NG & LPG	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain equipment for the supply of gas up to the point of supply.	NR	Minor	Probable	Low	Strong	Audit Priority 5
86	Reg 28, clause 3.1.1(b) AGA Code	NG & LPG	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain metering and necessary equipment at the supply address.	NR	Minor	Probable	Low	Strong	Audit Priority 5
90	Reg 33 (3), clause 3.5.2.2 AGA Code	NG & LPG	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification.	NR	Minor	Probable	Low	Strong	Audit Priority 5
91	Reg 42	NG & LPG	A licensee must notify a customer of any amendment to a non-standard contract.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
13 Licence Compliance Requirements - Licence Conditions									
96	clause 16.2	NG & LPG	A licensee must comply and require its expert to comply with the ERA's standard guidelines dealing with the performance audit.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
97	clause 16.4	NG & LPG	A licensee's independent auditor must be approved by the ERA prior to the audit.	NR	Minor	Probable	Low	Strong	Audit Priority 5
98	clause 17	NG & LPG	A licensee may be subject to individual performance standards.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
99	clause 20	NG & LPG	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters.	NR	Minor	Probable	Low	Strong	Audit Priority 5
100	clause 21.1	NG & LPG	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
101	clause 22.1	NG & LPG	A licensee must report to the ERA 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	NG & LPG	A licensee must provide to the ERA any information that the ERA may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the ERA.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
103	clause 24	NG & LPG	A licensee must publish any information it is directed by the ERA to publish, within the timeframes specified.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
106	clause 12.2	NG & LPG	A licensee must, if directed by the ERA, review the standard form contract and submit to the ERA the results of that review within the time specified by the ERA.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
107	clause 12.3	NG & LPG	A licensee must comply with any direction given by the ERA in relation to the scope, process and methodology of the standard form contract review.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
108	clause 13.1	NG & LPG	A licensee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
109	clause 15.1 and 15.2	NG & LPG	A licensee must maintain supply to a customer if it supplies, or within the last 12 months supplied, gas to that customer's premises unless another supplier starts supplying the customer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
110	Schedule 3 clause 1.5	NG & LPG	A licensee must provide the ERA within 3 business days of a request by the ERA with reasons for refusing to commence supply to a customer if requested by the ERA.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
111	Schedule 3 clause 1.7	NG & LPG	A licensee must comply with a direction from the ERA to supply a customer, subject to specified conditions.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
112	Schedule 3 clause 2.1 to 2.2	NG & LPG	A licensee must provide reasonable information relating to its activities under the licence as requested by the holder of a distribution licence to enable for the safe and efficient operation of the relevant distribution system, provided such disclosure does not prejudice the commercial interests of the licensee.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
113	Schedule 3 clause 3.1	NG & LPG	A licensee must notify the Minister at least one month before a change to any price, price structure, fee or interest rate under the standard form contract is to come into effect.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
14 Licence Compliance Requirements - Gas Marketing Code of Conduct									
114	Energy Coordination Act section 11ZPP	NG & LPG	A licensee must comply with the Gas Marketing Code of Conduct.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
115	Energy Coordination Act sections 11ZPP and 11M	NG & LPG	A licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
116	Code of Conduct clause 2.1	NG & LPG	A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
117	Code of Conduct clause 2.2(1)	NG & LPG	A retailer or gas marketing agent must ensure that standard form contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
118	Code of Conduct clause 2.2(2) and clause 2.2(3)	NG & LPG	A retailer or gas marketing agent must ensure that the information specified in clause 2.2(2) is given to the customer no later than on or with the customer's first bill, unless the retailer or gas marketing agent has provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer has requested to receive the information).	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
119	Code of Conduct clause 2.3(1)	NG & LPG	A retailer or gas marketing agent must ensure that nonstandard contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
120	Code of Conduct clause 2.3(2)	NG & LPG	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
121	Code of Conduct clause 2.3(3) and clause 2.3(4)	NG	A retailer or gas marketing agent must obtain a customer's verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information).	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
122	Code of Conduct clause 2.4(1)	NG	A retailer or gas marketing agent must ensure that the inclusion of concessions is made clear to residential customers and any prices that exclude concessions are disclosed.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
123	Code of Conduct clause 2.4(2)	NG & LPG	A retailer or gas marketing agent must ensure that a customer is able to contact the retailer or gas marketing agent on the retailer's or gas marketing agent's telephone number during the normal business hours of the retailer or gas marketing agent for the purposes of enquiries, verifications and complaints.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
124	Code of Conduct clause 2.5(1)	NG & LPG	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

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
125	Code of Conduct clause 2.5(2)	NG & LPG	A retailer or gas marketing agent who meets with a customer face to face for the purposes of marketing must: - wear a clearly visible and legible identity card showing the information specified; and - as soon as practicable provide the customer, in writing, the information specified.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
126	Code of Conduct clause 2.6	NG & LPG	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	Unlikely	Medium	Moderate	Audit Priority 4
127	Code of Conduct clause 2.8	NG & LPG	A person who carries out any marketing activity in the name of or for the benefit of a retailer or a gas marketing agent is to be taken to have been employed or authorised by the retailer or gas marketing agent to carry out that activity, unless the contrary is proved.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
128	Code of Conduct clause 2.9	NG & LPG	A gas marketing agent must: - keep a record of each complaint made by a customer, or person contacted for the purposes of marketing, about the marketing carried out by or on behalf of the gas marketing agent; and - on request by the gas ombudsman in relation to a particular complaint, give to the gas ombudsman all information that the gas marketing agent has relating to the complaint within 28 days of receiving the request.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
129	Code of Conduct clause 2.10	NG & LPG	Any record that a gas marketing agent is required to keep by the Code of Conduct, must be kept for at least 2 years after the last time the person to whom the information relates was contacted by or on behalf of the gas marketing agent.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
15 Licence Compliance Requirements - Compendium of as Customer Licence Obligations									
Part 3 Connection									
134	clause 3.1(1)	NG	If a retailer agrees to sell gas to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
135	clause 3.1(2)	NG	Unless the customer agrees otherwise, a retailer must forward the customer's request for the connection to the relevant distributor that same day, if the request is received before 3pm on a business day; or the next business day, if the request is received after 3pm or on a weekend or public holiday.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
Part 4 Billing									
136	clause 4.1	NG	A retailer must issue a bill no more than once a month unless the conditions specified in 4.1(a)(i)-(iii) apply.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
137	clause 4.1(b)	NG	A retailer must issue a bill at least every 105 days unless the conditions specified are met.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
138	clause 4.2(1)	NG & LPG	Prior to placing the customer on a shortened billing cycle, a retailer is considered to have given a customer notice if the retailer has advised the customer of the information specified in clauses 4.2(1)(a)-(d).	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
139	clause 4.2(2)	NG & LPG	Notwithstanding clause 4.1(a)(ii), a retailer must not place a residential customer on a shortened billing cycle without the customer's verifiable consent in circumstances specified in clauses 4.2(2)(a)-(b)	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
140	clause 4.2(3)	NG & LPG	A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
141	clause 4.2(4)	NG & LPG	A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
142	clause 4.2(5)	NG & LPG	Upon request, a retailer must return a customer, who is subject to a shortened billing cycle and has paid 3 consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
143	clause 4.2(6)	NG & LPG	At least once every 3 months, a retailer must inform a customer, who is subject to a shortened billing cycle, of the conditions upon which a customer can be returned to its previous billing cycle.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
144	clause 4.3(1)	NG & LPG	In respect of any 12 month period, on receipt of a request by a customer, a retailer may provide the customer with estimated bills under a bill smoothing arrangement.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
145	clause 4.3(2)	NG & LPG	If a retailer provides a customer with a bill under a bill-smoothing arrangement, pursuant to clause 4.3(1), the retailer must ensure that the conditions specified in clauses 4.3(2)(a)-(e) are met.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
146	clause 4.4	NG & LPG	A retailer must issue a bill to a customer at the address nominated by the customer, which may be an email address.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
147	clause 4.5(1)	NG	Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
148	clause 4.5(2)	NG & LPG	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)	NG	If a retailer identifies and wishes to bill a customer for an historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Moderate	Audit Priority 4
150	clause 4.6(1)	NG	A retailer must base a customer's bill on the distributor's or metering agent's reading of the meter at the customer's supply address, or the customer's reading of the meter provided the retailer and the customer agreed that the customer will read the meter.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
Note: Obligation 151 is listed as 'not used' since the February 2015 Reporting Manual update.									
152	clause 4.7 (1)	NG	A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills.	NR	Minor	Probable	Low	Strong	Audit Priority 5
		LPG		NR	Minor	Probable	Low	Strong	Audit Priority 5
153	clause 4.7(2)	NG	A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).	NR	Minor	Probable	Low	Weak	Audit Priority 3
		LPG		NR	Minor	Probable	Low	Moderate	Audit Priority 5
154	clause 4.8(1)	NG & LPG	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)	NG & LPG	Where the customer's bill is estimated, a retailer must clearly specify on the customer's bill the information prescribed in clauses 4.8(2)(a)-(c).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
156	clause 4.8(3)	NG & LPG	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	NG & LPG	If a retailer gives a customer an estimated bill and the meter is subsequently read the retailer must include an adjustment on the next bill to take account of the actual meter reading.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
158	clause 4.10	NG & LPG	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.	N	Minor	Probable	Lo	Moderate	Audit Priority 5
159	clause 4.11(1)	NG & LPG	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)	NG & LPG	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	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
161	clause 4.12(1)	NG & LPG	If a retailer offers alternative tariffs and a customer applies to receive an alternate tariff (and demonstrates to the retailer that they satisfy the conditions of eligibility), a retailer must change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
162	clause 4.12(2)	NG & LPG	For the purpose of clause 4.12(1), the effective date of change in the tariff will be the date on which the last meter reading at the previous tariff was obtained; or, if the change requires an adjustment to the meter at the customer's supply address, the date the meter adjustment is completed.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
163	clause 4.13	NG & LPG	If a customer's gas use changes and the customer is no longer eligible to continue to receive an existing, more beneficial tariff, a retailer must give the customer written notice prior to changing the customer to an alternative tariff.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
164	clause 4.14(1)	NG & LPG	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)	NG	If the customer's account is in credit at the time of account closure, the retailer must, subject to clause 4.14(3), at the time of the final bill ask the customer for instructions on where to transfer the amount of credit (based on clauses 4.14(2)(a) or (b)), and pay the credit in accordance with the customer's instructions within 12 business days or another time agreed with the customer.	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
165 A	Compendium clause 4.14(3)	NG & LPG	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	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
166	clause 4.15	NG & LPG	A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months, and paying any future bills that are properly due.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
167	clause 4.16(1)(a)	NG & LPG	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"> • may require a customer to pay the unpaid amount; • must advise the customer that the customer may request the retailer to arrange a meter test in accordance with applicable law; and • 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. 	2	Moderate	Probable	Medium	Strong	Audit Priority 4
168	clause 4.16(1)(b)	NG & LPG	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)	NG & LPG	The retailer must inform a customer of the outcome of the review (of the bill) as soon as practicable.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
170	clause 4.16(3)	NG & LPG	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	Strong	Audit Priority 4
171	clause 4.17(2)	NG	If a retailer proposes to recover an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must follow the procedure specified in clauses 4.17.(2)(a)-(e).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
171 A**	clause 4.17(3)	NG & LPG	A retailer may charge the customer interest or require the customer to pay a late payment fee only if, after notifying a customer of the amount to be recovered under subclause (2)(c), the customer has failed to pay the amount and has not entered into an instalment plan under subclause (2)(e).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
172	clause 4.18(2) and 4.18(5)	NG & LPG	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)	NG & LPG	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	Strong	Audit Priority 4
174	clause 4.18(4)	NG & LPG	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	Strong	Audit Priority 5
175	clause 4.18(6)	NG & LPG	If the overcharged amount is less than \$100 the retailer may notify a 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 under clause 4.18(2), or credit the amount to the customer's next bill.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
175 A	clause 4.18(7)	NG & LPG	If a 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 or financial hardship, 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 \$100.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
176	clause 4.19(1)	NG & LPG	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	Strong	Audit Priority 4
177	clause 4.19(2) and 4.19(6)	NG & LPG	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"> • credited to the customer's account; • repaid to the customer; or • included as a part of the new bill smoothing arrangement if the adjustment arises under clause 4.3(2)(a)-(b). No interest shall accrue to a credit or refund referred to in this clause.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
178	clause 4.19(3)	NG & LPG	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	Strong	Audit Priority 4
179	clause 4.19(4)	NG & LPG	If a retailer does not receive instructions under clause 4.19(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount of the adjustment to the customer's account.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
180	clause 4.19(5)	NG & LPG	If the adjustment amount owing to the customer is less than \$100, 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"> ask the customer for instructions under clause 4.19(2); or credit the amount to the customer's next bill. 	NR	Minor	Probable	Low	Strong	Audit Priority 5
180 A	clause 4.19(7)	NG & LPG	If 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 or financial hardship, 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 clause (4.19(2): or 4.19(5) where the amount is less than \$100.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
Part 5 Payment									
181	clause 5.1	NG & LPG	The due date on the bill must be at least 12 business days from the date of the bill, unless otherwise agreed with the customer. The date of the dispatch is the date of the bill, unless the a retailer specifies a later date.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
182	clause 5.2	NG & LPG	Unless otherwise agreed with a customer, a retailer must offer a customer at least the following payment methods: <ul style="list-style-type: none"> in person at 1 or more payment outlets located within the Local Government District of the customer's supply address; by mail; for residential customers, by Centrepay; and electronically by means of BPay or credit card; and by telephone by means of a credit card or debit card. 	2	Moderate	Probable	Medium	Strong	Audit Priority 4
183	clause 5.3	NG	Prior to a direct debit facility commencing, a retailer must obtain the customer's verifiable consent and agree with the customer the date of commencement of the direct debit facility and the frequency of the direct debits.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
184	clause 5.4	NG & LPG	A retailer must accept payment in advance from a customer on request. The minimum amount a retailer will accept an advance payment is \$20, unless otherwise agreed with a customer.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
185	clause 5.5	NG & LPG	If a customer is unable to pay by way of the methods described in clause 5.2, due to illness or absence, a retailer must offer a residential customer a redirection of the customer's bill to a third person, at no charge.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
186	clause 5.6(1)	NG & LPG	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
186 A	clause 5.6(2)	NG & LPG	If a 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)	NG	If a retailer has charged a residential customer a late fee, a retailer must not charge a residential customer an additional late payment fee in relation to the same bill within 5 business days from the date of receipt of the previous late payment fee notice.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
188	clause 5.6(4)	NG	A retailer must not charge a residential customer more than 3 late payment fees in relation to the same bill, or more than 12 late payment fees in a year.	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Probable	Medium	Strong	Audit Priority 4
189	clause 5.6(5)	NG & LPG	If a residential customer has been assessed as being in financial hardship, a retailer must retrospectively waive any late payment fee charged to the residential customer's last bill prior to the assessment being made.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
190	clause 5.7(1)	NG & LPG	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), unless the retailer and the customer have agreed to an alternative date.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
191	clause 5.7(2)	NG & LPG	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)	NG & LPG	Notice is given if a customer informs a retailer of the date on which the customer intends to vacate, or has vacated the supply address, and gives the retailer a forwarding address to which a final bill may be sent.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
193	clause 5.7(4)	NG & LPG	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	Strong	Audit Priority 4
195	clause 5.8(1)	NG & LPG	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)	NG & LPG	A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of gas to that supply address.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
196 A**	clause 5.9	NG & LPG	If a customer with a debt owing to a retailer requests the retailer to transfer the debt to another customer, the retailer must obtain the other customer's verifiable consent to the transfer of debt.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
197	clause 5.10	NG & LPG	Where a retailer and residential customer have entered into a dual fuel contract, or separate contracts for the supply of electricity and gas, the retailer must apply a payment received from a residential customer for charges for the supply of electricity or gas in the circumstances specified in clause 5.9.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
Part 6 Payment Difficulties and Financial Hardship									
198	clause 6.1(1)	NG & LPG	A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within 5 business days from when the residential customer informs the retailer about the payment problems. If the retailer cannot make the assessment within 5 business days, it must refer the customer a consumer representative to make the assessment.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
198 A	clause 6.1(2)	NG & LPG	If a residential customer provides the retailer with an assessment from a relevant consumer representative, the retailer may adopt that assessment as its own assessment for the purposes of clause 6.1(1)(a).	NR	Minor	Probable	Low	Strong	Audit Priority 5
199	clause 6.1(3)	NG & LPG	When undertaking an assessment regarding payment difficulties or financial hardship, the retailer must, unless the retailer adopts an assessment from a relevant consumer representative, give reasonable consideration to the information given by the residential customer and requested or held by the retailer; or advice given by a relevant consumer representative.	NR	Minor	Probable	Low	Strong	Audit Priority 5
200	clause 6.1(4)	NG & LPG	A retailer must advise a residential customer on request of the details of an assessment.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
200 A	clause 6.2(1)	NG & LPG	If a retailer refers a residential customer to a relevant consumer representative under clause 6.1(1)(b). The retailer must grant the residential customer a temporary suspension of actions.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
201	clause 6.2(2)	NG & LPG	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 to assess the customer's capacity to pay.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
202	clause 6.2(3)	NG & LPG	A retailer must allow a temporary suspension of actions for a period of at least 15 business days.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
203	clause 6.2(4)	NG & LPG	If a relevant consumer representative is unable to complete the assessment on time and the consumer representative or residential customer requests for additional time, a retailer must give reasonable consideration to the request.	NR	Minor	Probable	Low	Strong	Audit Priority 5
204	clause 6.3(1)	NG & LPG	If the assessment carried out under clause 6.1 indicates to the retailer that the residential customer is experiencing payment difficulties or financial hardship, the retailer must follow the procedure specified in clause 6.3(1).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
205	clause 6.4(1)	NG & LPG	A retailer must offer a residential customer who is experiencing payment difficulties or financial hardship at least the payment arrangements that are specified in clauses 6.4(1)(a) and (b).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
206	clause 6.4(2)	NG & LPG	When offering an instalment plan to a residential customer experiencing payment difficulties or financial hardship, a retailer must take into account the information and take the specified actions detailed in subclause 6.4(3).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
206 A	clause 6.4(3)	NG & LPG	If the residential customer accepts an instalment plan offered by the retailer, the retailer must provide the information specified in clauses 6.4(3)(a)(i)-(iii) within 5 business days of the customer accepting the plan and notify the customer of any amendments to the instalment plan at least 5 business days before they come into effect (unless agreed otherwise with the customer) and provide the customer with information explaining the changes.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
207	clause 6.4(4)	NG & LPG	If a residential customer has in the previous 12 months had 2 instalment plans cancelled due to non-payment, a retailer does not have to offer that residential customer another instalment plan, unless the retailer is satisfied that the residential customer will comply with the proposed plan.	2	Minor	Probable	Low	Strong	Audit Priority 5
208	clause 6.6(1)	NG & LPG	A retailer must give reasonable consideration to a request by a customer, or a relevant consumer representative, for a reduction of the customer's fees, charges, or debt.	NR	Minor	Probable	Low	Strong	Audit Priority 5

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
209	clause 6.6(2)	NG & LPG	In giving reasonable consideration under clause 6.6(1), a retailer should refer to the hardship procedures referred to in clause 6.10(3).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
210	clause 6.7	NG & LPG	If it is reasonably demonstrated to the retailer that the customer, experiencing financial hardship, is unable to meet the customer's obligations under the previously elected payment arrangement, a retailer must give reasonable consideration to offering the customer an instalment plan or offering to revise an existing instalment plan.	NR	Minor	Probable	Low	Strong	Audit Priority 5
211	clause 6.8	NG & LPG	A retailer must advise a customer experiencing financial hardship of the options specified in clause 6.8.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
212	clause 6.9(1)	NG & LPG	A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representatives.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
213	clause 6.9(2)	NG & LPG	A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers.	NR	Minor	Unlikely	Low	Moderate	Audit Priority 5
214	clause 6.10(1)	NG & LPG	A retailer must develop a hardship policy and hardship procedures to assist customers in meeting their financial obligations and responsibilities to the retailer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
215	clause 6.10(2)	NG & LPG	A retailer must ensure that its hardship policy complies with the criteria specified in clause 6.10(2).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
215 A	clause 6.10(3)	NG & LPG	A retailer must ensure that its hardship procedures comply with the criteria specified in clause 6.10(3).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
216	clause 6.10(4)	NG & LPG	If requested, a retailer must give residential customers and relevant consumer representatives a copy of the hardship policy, including by post, at no charge.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
217*	Clause 6.10(5)	NG & LPG	A retailer must keep a record of the following: the relevant consumer representative organisations consulted on the contents of its hardship policy and hardship procedures; the date the hardship policy and hardship procedures were established; the dates the hardship policy and hardship procedures were reviewed; and the dates the hardship policy and hardship procedures were amended.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
219	clause 6.10(6)	NG & LPG	If directed by the ERA, the retailer must review its hardship policy and hardship procedures and submit to the ERA the results of that review within 5 business days after it is completed.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
220	clause 6.10(7)	NG & LPG	A retailer must comply with the ERA's Financial Hardship Policy Guidelines.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
220A	clause 6.10(8)	NG & LPG	If a retailer makes a material amendment to its hardship policy, the retailer must submit a copy of the amended policy to the ERA within 5 business days of the amendment.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
221	clause 6.11	NG & LPG	A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
Part 7 Disconnection									
222	clause 7.1	NG	A retailer must follow the procedures specified in clause 7.1(1) prior to arranging for disconnection of a customer's supply address for failure to pay a bill. A customer has failed to pay a bill in the circumstances specified in clause 7.1(2).	2	Moderate	Probable	Medium	Moderate	Audit Priority 4
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2
223	clause 7.2(1)	NG	A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances specified in clause 7.2(1).	2	Moderate	Likely	High	Moderate	Audit Priority 2
		LPG		2	Moderate	Likely	High	Moderate	Audit Priority 2

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
224	clause 7.3	NG & LPG	In relation to dual fuel contracts or separate contracts for the supply of electricity and gas (under which a single bill for energy, or separate simultaneous bills for electricity and gas are issued to the customer), if a retailer is permitted to and wishes to arrange for disconnection of the supply of electricity and gas to the residential customer's supply address for failure to pay a bill, the retailer must arrange for disconnection of the supply of gas in priority to the disconnection of the supply of electricity.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
225	clause 7.4	NG	A retailer must not arrange for the disconnection of a customer's supply address for denying access to the meter unless the conditions specified in clause 7.4(1) are satisfied. A retailer may arrange for a distributor to carry out 1 or more of the requirements referred to in clause 7.4(1) on behalf of the retailer.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
227	Compendium clause 7.6	NG & LPG	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
Part 8 Reconnection									
228	clause 8.1(1)	NG & LPG	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)	NG	A retailer must forward the request for reconnection to the relevant distributor that same business day if the request is received before 3pm on a business day; or no later than 3pm on the next business day if the request is received after 3pm on a business day, or on the weekend or on a public holiday.	2	Moderate	Probable	Medium	Moderate	Audit Priority 2
Part 10 Information and Communication									
231	clause 10.1(1)	NG & LPG	A retailer must give notice to each of its customers affected by a variation in its tariffs no later than the next bill in the customer's billing cycle.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
232	clause 10.1(2)	NG & LPG	A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including any alternative tariffs that may be available to the customer.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
233	clause 10.1(3)	NG & LPG	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	Strong	Audit Priority 4
234	clause 10.2(1)	NG & LPG	A retailer must, on request, give a customer their billing data.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
235	clause 10.2(2)	NG & LPG	A retailer must give the requested billing data at no charge if a customer requests their billing data for a period less than the previous 2 years and no more than once a year, or in relation to a dispute with the retailer.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
236	clause 10.2(3)	NG & LPG	A retailer must give the requested billing data within 10 business days of the date of receipt of either the request, or payment of the retailer's reasonable charge for providing the billing data.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
237	clause 10.2(4)	NG & LPG	A retailer must keep a customer's billing data for 7 years.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
238	clause 10.3	NG & LPG	A retailer must give a residential customer on request, at no charge, information on the types of concessions available to the customer, and the names and contact details of the organisation responsible for administering those concessions (if not the retailer).	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
239	clause 10.4	NG & LPG	A retailer must give or make available, to a customer on request and 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	Strong	Audit Priority 4
240	clause 10.5	NG	If a customer asks for information relating to the distribution of gas, a retailer must give the information to the customer or refer the customer to the relevant distributor for a response.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
241	clause 10.5A(1)	NG & LPG	A retailer must, within 3 months of being subject to the Compendium, lodge with the ERA, a gas customer safety awareness programme.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
242	clause 10.5A(2)	NG & LPG	A retailer must consult with the ERA when preparing the gas customer safety awareness programme.	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
243	clause 10.5A(3)	NG & LPG	A gas customer safety awareness programme is to communicate information to customers regarding safety in the use of gas and must address, at a minimum, the information referred to in clause 10.5A(3)(a)-(e).	2	Moderate	Unlikely	Medium	Moderate	Audit Priority 4
245	clause 10.9	NG & LPG	A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.	NR	Minor	Probable	Low	Strong	Audit Priority 5
246	clause 10.10(1)	NG & LPG	A retailer 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.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
249	clause 10.11(1)	NG & LPG	A retailer and distributor must make available to a residential customer on request, at no charge, services that assist the residential customer in interpreting information provided by the retailer or distributor (including independent multi-lingual and TTY services, and large print copies).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
250	clause 10.11(2)	NG & LPG	A retailer and, if appropriate, a distributor must include on a residential customer's bill and bill related information, reminder notice and disconnection warning the telephone numbers for: <ul style="list-style-type: none"> • its TTY services; • independent multi-lingual services; and • interpreter services with the National Interpreter Symbol and the words "Interpreter Services". 	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
Part 12 Complaints and Dispute Resolution									
251	clause 12.1(1)	NG & LPG	A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
252	clause 12.1(2)	NG & LPG	The complaints handling process under clause 12.1(1) must comply with AS/NZS 10002:2014 and address, at the least, the criteria specified in subclauses 12.1(2)(b)-(c). The complaints handling process must be available at no cost to customers.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
253	clause 12.1(2)	NG & LPG	The complaints handling process must detail how the retailer will handle complaints about a retailer, gas marketing agents or marketing, and be available at no cost to customers.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
254	clause 12.1(3)(a)	NG & LPG	When responding to a complaint, a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
255	clause 12.1(3)(b)	NG & LPG	When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the gas ombudsman.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
255 A	clause 12.1(4)	NG & LPG	A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
256	clause 12.2	NG & LPG	A retailer must comply with any guideline developed by the ERA relating to distinguishing customer queries from customer complaints.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

No.	Obligation reference	NG or LPG	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
257	clause 12.3	NG & LPG	A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
258	clause 12.4	NG & LPG	When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known).	2	Moderate	Probable	Medium	Strong	Audit Priority 4
Part 13 Record Keeping and Reporting									
281	clause 13.1	NG & LPG	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the ERA.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
282	clause 13.2	NG & LPG	A report referred to in clause 13.1 must be provided to the ERA by the date, and in the manner and form, specified by the ERA.	2	Moderate	Probable	Medium	Strong	Audit Priority 4
283	clause 13.3	NG & LPG	A report referred to in clause 13.1 must be published by the date specified by the ERA.	2	Moderate	Probable	Medium	Strong	Audit Priority 4

Appendix 3 – Previous Audit Recommendations and Action Plans

Issue 1/2016

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

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

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

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

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

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

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

Recommendation 1/2016

Kleenheat:

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

Action plan 1/2016

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

(b) and (c)

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

Responsible Person:

Customer Service Operations Manager

Target Date:

- Complete
- and (c) February 2017.

Issue 2/2016**Obligation 59** - *Energy Coordination (Customer Contracts) Reg 15 (1), AGA Code Clause 4.2.1***Obligation 137** - *Compendium Clause 4.1(b)*NG

Through discussion with the Credit Operations Team Leader and examination of the 'Guide to Completing Monthly NG Credit Compliance Reporting' policy and samples of the monthly compliance matrix we determined that:

- A total of 11 customers in July 2016 and August 2016 had not been issued a bill in a 3 month period
- The compliance reporting parameters are designed to detect billing outside of '90 days', which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring.
- Kleenheat is in the process of refining its reporting arrangements with its distributor (ATCO Gas).

Recommendation 2/2016

Kleenheat:

- (a) Include a preventative reporting mechanism, which identifies unbilled accounts prior to the three month deadline
- (b) Update its billing procedures to include a priority billing process for customers approaching the three month deadline
- (c) Document its process for storing and following up on outstanding reports from ATCO Gas.

Action plan 2/2016

(a) and (b)

Kleenheat will maintain a 90 day exception reporting mechanism with the change to its Gas Trading Licence of the amended requirement to issue a bill at least once every 105 days to be implemented imminently.

(c) Kleenheat will:

- Continue to work collaboratively with the distributor (ATCO Gas) to ensure actual meter reads are being sent to Kleenheat in a timely fashion
- Document a procedure detailing the actions it takes with ATCO Gas and the regular meetings it holds with ATCO Gas.

Responsible Person:

Regulatory Specialist and Credit Manager

Target Date:

January 2017

Issue 3/2016

Obligation 64 - Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1
AGA Code

Obligation 153 - Energy Coordination Act section 11M, Compendium clause 4.7(1),(2)
NG

Through discussion with the Credit Operations Team Leader, and examination of the 'Guide to Completing Monthly NG Credit Compliance Reporting' policy and the August 2016 compliance matrix, we determined that:

A total of 37 customers had not had a bill based on an actual meter reading within a twelve month period

The compliance reporting parameters are designed to detect billing outside of '12 months' which only provides a detective control of non-compliance, rather than preventing the non-compliance occurring

In August 2016, ATCO Gas reintroduced a monthly report of meters which have had four or more consecutive estimated meter reads.

Recommendation 3/2016

Kleenheat update its 'Guide to Completing Monthly NG Credit Compliance Reporting' to include a preventative control reporting on customers approaching the twelve month deadline.

Action plan 3/2016

Kleenheat will continue the implementation of the automation project for identifying customers with three consecutive estimate reads, which was witnessed by Deloitte during the fieldwork stage. This project should eliminate any future non-compliance with obligations 42, 64 and 153.

Responsible Person:

Credit Manager and Customer Service Operations Manager

Target Date:

February 2017

Issue 4/2016

Obligation 136 - Energy Coordination Act section 11M, Compendium clause 4.1
NG

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

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

Recommendation 4/2016

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

Action plan 4/2016

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

Responsible Person:

Regulatory Specialist

Target Date:

January 2017

Issue 5/2016

Obligation 187 - *Energy Coordination Act section 11M, Compendium clause 5.6(3)*

Obligation 188 - *Energy Coordination Act section 11M, Compendium clause 5.6(4)*

NG

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

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

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

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

Recommendation 5/2016

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

Action plan 5/2016

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

Responsible Person:

Credit Operations Team Leader and Credit Team Leader

Target Date:

Completed May 2016

Appendix B – References

Kleenheat staff and representatives participating in the audit

- Nicole Harris Customer Service Operations Manager
- Melanie Gordon Credit Manager
- Bernadette Hall Customer Advocate
- Rebecca Cant Consumer Credit Team Leader
- Peter Hamers Credit Operations Team Leader
- Steve Langridge Customer Contact Supervisor
- Naomi Blade NG Admin Team Leader
- Marnie Proffitt Customer Service Trainer
- Rebecca Banks Commercial Manager, Natural Gas & Electricity
- Nina Telford Regulatory Manager, Natural Gas & Electricity
- Alex Penter Regulatory Specialist, Natural Gas & Electricity

Deloitte staff participating in the audit

		Hours
• Hendri Mentz	Partner	15
• Andrew Baldwin	Account Director	122
• Amy Hinson	Manager	12
• Esther Ong	Analyst	56
• Lyle Stewart	Analyst	372
• Vincent Snijders	QA Partner	8

Key documents and other information sources examined

* *This list is not exhaustive*

- 2018 Annual Compliance Report for Wesfarmers Kleenheat Gas Pty Ltd (GTL10)
- Acknowledgement – Updated – 2016 Post-Audit Implementation Plan – GTL10 – Wesfarmers Kleenheat Gas Pty Ltd
- Actual Read Required – Automated Business Flow
- Assessing for Hardship – Checklist
- Better Conversations – Domestic Violence Training Slides
- Complaints 1 September 2016 to 31 August 2018
- Credit Team – Training Attendance Record for Better Conversations (Domestic Violence)
- Kleenheat Customer Charter
- Customer Complaints flyer
- Detailed FH Training Outline
- Disconnections 01 Sep 2016 to 31 August 2018
- Disconnection Flowchart Checklist Including Compliance Obligations
- Disconnection testing – Requested Sample Information
- Employee Details Form
- Energy and Water Ombudsman Invoices
- Exception Reporting
- FCAWA Financial Hardship Book – Kleenheat
- File Note re - historical compliance breaches 16 Oct 2018
- Financial Hardship Policy
- FY2016 GTL10 Annual Compliance Report for Wesfarmers Gas Pty Ltd
- FY2017 Kleenheat GTL10 Annual Compliance Report 2017 to ERA
- Gasfitter Request for Gas form

- Guide to Completing Monthly NG Credit Compliance Reporting New Model
- Historical debt for LPG Reticulation
- Internal Kleenheat Document – Assessing for Financial Hardship Questions and Guidance
- KH Website Hits on Compendium and GMCC
- KH Website Views for Compendium
- KH Website Views for GMCC
- KHG CTS Raising a Residential New Connection Service Request via Oracle
- KHG CST Retic – Historical Billing
- KHG CST Retic – Monthly Retic Invoicing
- KHG CST Retic – Raising a Corrective Invoice
- KHG CST Retic – Receiving and Checking Reticulated Schedules
- KHG CST Retic – Sending Schedules
- Kiosk – Acknowledgement of Policies and Confidentiality Statement
- Kiosk Documents Links & Locations
- Kiosk Training Manual – Revised Oct 2018
- Kleenheat 2016 Gas Trading Licence Reporting Datasheet
- Kleenheat GTL 10 Draft Audit Contacts By Obligation
- Kleenheat GTL10 2018 Annual Compliance Report to ERA
- Kleenheat GTL10 2017 Gas Trading Licence Performance Reporting Datasheets
- Kleenheat Natural Gas New Connections Service Request
- Kleenheat 2017 Trading and Distribution Licence Annual Report
- List of Accounts with Three Estimated Reads (June 2016 – Aug 2018)
- LPG Retic Sample Invoice
- Management of Natural Gas Supply and Transport Procedure
- Manual Sign-up Form
- Monthly Energiser 35% - Change Plan
- Monthly Energiser 35% - Move In
- Monthly Energiser 35% - Switch
- Monthly Smart Saver Move-In Welcome Letter
- Monthly Smart Saver Switch Welcome Letter
- Monthly Smart Saver 25% - Change Plan
- Monthly Smart Saver 25% - Move In
- Monthly Smart Saver 25% Switch
- Natural Gas Induction Training Overview
- New Connections Data – Sep 2016 to Aug 2018
- New Connections RFG Forms – Knowledge Hub
- NG Customer Contact Team – NG Refund Service Request
- NG Strategy Timelines for All Collections
- Non-Standard Form Contract Terms and Conditions
- Not Billed 105 Days 01 Sep 2016 – 31 Aug 2018
- NSFC Terms and Conditions
- Policies and Procedures
 - Anti-bribery Policy
 - Current Procedure (2017 & 2018 – onwards) – Disconnecting a Natural Gas Customer
 - Disconnection Procedure for Street Level Disconnection
 - Electronic Usage
 - Financial Hardship Assessment Procedure
 - Fraud Risk Management Policy
 - Kleenheat Complaints Handling Procedure
 - Kleenheat Complaints Handling Process
 - Kleenheat CST Customer Request to Cancel an Application
 - Kleenheat CST Disconnection for Denying Access NG
 - Kleenheat CST Emergency Health and Safety and Maintenance Disconnections

- Kleenheat CST Historical Billing and Adjustments
- Kleenheat CST NG Historical Billing
- Kleenheat CTS Reconnections – First steps Procedure
- Kleenheat Letter to ERA – Post Audit Implementation Plan Update
- Natural Gas Administration Team- Actual Reads Inbox Procedure
- Natural Gas and LPG Retic Price Change Process Procedure
- Payment Assistance - Procedure
- Previous 2015 – 2017 Procedure – Disconnecting a Natural Gas Customer
- Reconnection for Kleenheat-owned MIRN in Application Processing - Procedure
- Taking a credit card payment (Advanced Collections)
- WesCEF Social Media Policy
- Wesfarmers Whistle-blower Policy
- Reconnection – Non KHG MIRN in Application Processing
- Reconnection – Type of Reconnections
- Reconnection system screenshot
- Remittance Advice to The Energy & Water Ombudsman
- LPG Reticulated Gas advertising flyer
- Sample Letter and Invoices
 - ERA Invoices
 - Disconnection Letter
 - Customer Invoices
 - Multiple Invoices 01Sep2016 - 31Aug 2018
- Small Use Non Standard Contract Terms and Conditions
- Small Use Verbal Consent contracts (with Plan Details)
- Reconnections Data – Sep 2016 – Aug 2018
- Standard Form Contract – Change Plan
- Standard Form Contract - Move-In
- Standard Form Contract - Switch
- Standard Form Contract SFC Terms and Conditions
- Undercharged Letter Template
- Updated Explanatory Memo to MG and SY re FT 18 Annual Compliance Report to the ERA
- Training Modules
 - Module 01 – LPG Fundamentals
 - Module 01 - Natural Gas Fundamentals
 - Module 02 – The LPG Distribution Network
 - Module 02 - The Role Of A Natural Gas Retailer
 - Module 03 – LPG Safety
 - Module 03 - Natural Gas Safety
 - Module 04 – Compliance (1)
 - Module 04 - Compliance
 - Module 05 – LPG Pricing and Fees
 - Module 05 - Pricing Plans
 - Module 05 – Cylinder Deliveries and the CDB
 - Module 06 - Fees
 - Module 07 - Intro To Oracle For Natural Gas Accounts
 - Module 07 – Intro to Oracle LPG
 - Module 08 – Account Maintenance Review
 - Module 08 - Customers And New Accounts
 - Module 09 – Cylinder Orders
 - Module 09 - Scripts
 - Module 10 - Gas Marketing Code Of Conduct
 - Module 10 – Invoices and Billing Correspondence
 - Module 11 - Payments
 - Module 11 - Online Gas Marketing Code Of Conduct

- Module 12 - Account Maintenance, Moving House & Changing Plans
- Module 12 – Bulk Gas
- Module 13 - Invoices And Payments
- Module 13 – Kwik Gas
- Module 14 – Customers New Accounts
- Module 14 - Disconnections
- Module 15 - Complaint Handling
- Module 15 - iReceivables
- Module 16 - My Account
- Module 16 – Reticulated Gas
- Module 17 - Customers With Special Needs
- Module 18 - Energy Saving Tips
- Module 19 - Customer Service Standards
- Module 20 – Telephone Updates
- Training- Natural Gas Collection Training Template
- Gas Marketing Code of Conduct Online Training
- Natural Gas Induction Training Overview
- Kiosk Training Manual – Revised Oct 2018
- WesCEF Code of Conduct

Appendix C – Post audit implementation plan

<p>Issue 1/2018</p> <p>Obligation 136 <i>Compendium Clause 4.1</i></p> <p>In response to recommendation 4/2016 of the 2016 Performance Audit, Kleenheat tailored its exception reporting to identify multiple meter reads listed as 'billed' within a 30 day period.</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 324 instances (within the audit period) where a customer was issued a bill more than once in a month without agreeing with the customer to do so. A further 13 instances occurred in July 2018.</p> <p>These instances have been attributed to Kleenheat continuing to receive multiple meter reads from ATCO within a month (including instances where the submission of meter reads have been delayed). As Kleenheat's automated billing process is based on the receipt of meter reads, multiple bills may be issued within a month. We note the ERA's intention to consider this matter (which impacts all gas trading licensees) in the next review of the Compendium.</p>	
<p>Recommendation 1/2018</p> <p>Kleenheat:</p> <p>(a) Pursue making further changes to its billing engine to prevent the billing system automatically billing customers more than once in a month where billing matters are pending resolution</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month.</p>	<p>Action Plan 1/2018</p> <p>Kleenheat will:</p> <p>(a) Investigate its current billing engine and make changes to the billing engine that will prevent bills being issued more than once in a month to customers</p> <p>(b) Monitor and respond to the impact of potential changes to the Compendium relating to issuing bills based on multiple meter reads by the distributor in any month.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>

<p>Issue 2/2018</p> <p>Obligation 137 <i>Compendium Clause 4.1(b)</i></p> <p>Obligation 59 <i>Energy Coordination (Customer Contract) Regulations 2004 Reg 15 (1), Clause 4.2.1 AGA Code</i></p> <p>In response to recommendation 2/2016 of the 2016 Performance Audit, Kleenheat further developed its exception reporting mechanism and has worked collaboratively with ATCO on matters impacting on the timing of meter reads for billing purposes. We confirmed that Kleenheat has used daily exception reports containing customers who have not been billed for 100 days or more.</p> <p>In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported 315 further instances where a customer had not been issued a bill within 105 days without the customer’s agreement. A further 56 instances occurred in July and August 2018.</p> <p>These instances have been attributed to the following:</p> <ul style="list-style-type: none"> • Kleenheat’s processing of customer transfer requests, which involves a request to ATCO to hold the scheduled read for 21 days to allow for a final read to be taken for inclusion on the final bill. In some instances where the customer cancelled the transfer request, this process extended the billing period beyond the 105 day timeframe • An isolated instance where bills to 60 customers were held beyond the 105 day timeframe while Kleenheat reviewed and resolved meter reading issues impacting customer bills • An isolated instance of human processing error, which was addressed through further training. 	
<p>Recommendation 2/2018</p> <p>Kleenheat remove the ‘hold’ function within its billing engine to prevent the delay of issuing bills.</p>	<p>Action Plan 2/2018</p> <p>Kleenheat will:</p> <p>(a) Remove the ‘hold’ function on its 21 day switch billing to allow the relevant bill to be issued based on the scheduled meter read</p> <p>(b) Set up a project team to specifically review further changes that may be necessary to prevent bills being issued beyond 105 days and implement any changes required in the billing engine system.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>

Issue 3/2018**Obligation 189***Compendium Clause 5.7(1)*

Kleenheat disclosed one instance where a financial hardship customer did not have their late payment fee retrospectively waived. The non-compliance was attributed to an error by the staff member assigned to the customer electing not to waive the fees in contravention of Kleenheat's procedures. The late payment fee was waived after Kleenheat's investigation and resolution of a complaint made by the customer.

Subsequent to this incident, Kleenheat:

- Strengthened its controls over managing financial hardship customers in the following manner:
 - Established a dedicated Financial Hardship team
 - Provided training and guidance to staff
- Plans to implement additional quality control checks and focussed staff training.

Recommendation 3/2018

Kleenheat:

- Pursue its plans to implement additional quality control and focussed staff training
- Further strengthen system based controls and/or exception reports to identify instances where late payment fees should be waived on account of the customer being assessed as being in financial hardship.

Action Plan 3/2018

Credit will increase one on one coaching with front line Credit team staff, with a view to further improving the quality of such calls. Credit will also consider whether exception reporting can be implemented to review and if needed to, reverse, late payment fees applied to customers' accounts who are in financial hardship.

Responsible person: Credit Manager

Target date: December 2019

Issue 4/2018**Obligations 222, 33 and 34***Compendium Clause 7.1**Customer Contracts Regulations 12(4)(a)-(b)*

During the audit period, Kleenheat self-reported one instance of a wrongful disconnection where an LPG Retic customer was not provided with sufficient notice prior to disconnection for failure to pay. The cause of this non-compliance was attributed to human error in failing to follow standard operating procedure.

Two further wrongful disconnections were identified during this audit where NG customers were not provided with sufficient notice prior to disconnection for failure to pay:

- One instance was identified through sample testing, where the customer had defaulted on their payment arrangement and Kleenheat staff had not recognised the need to renew the notification process
- One instance was identified by Kleenheat as a result of an internal investigation (including receipt of legal advice), where duplicate notices were issued in error and Kleenheat staff had incorrectly reset the credit strategy.

Kleenheat implemented a new disconnection procedure in February 2018, requiring staff to follow a more rigorous checking process, and for the Credit Manager to approve all street level disconnection requests.

Obligations 223 and 40*Compendium Clause 7.2(1)*

In its 2016/17 and 2017/18 Annual Compliance reports to the ERA, Kleenheat self-reported two instances where it wrongfully arranged disconnections for customers who were on payment arrangements.

Both instances of non-compliance can be attributed to human error, where staff had not identified that customers had entered into or maintained a payment arrangement.

Recommendation 4/2018

Kleenheat develop system based controls to assist in ensuring its disconnection process meets the specified Compendium requirements.

Action Plan 4/2018

Other improvements already made to the disconnection process include:

- The inclusion of a process and decision tree work flow to the Credit team's knowledge base on OneNote to assist staff in relation to following the disconnection strategy
- Implementing a street level disconnection tracker to monitor accounts and ensure prompt follow up.

Kleenheat will investigate and make recommendations for a system improvement to better highlight disconnection issues and prevent non-compliances. There is already an improvement project underway which is looking at automating some of the manual tasks currently carried out in relation to disconnections.

Responsible person: Credit Manager

Target date: December 2019

<p>Issue 5/2018</p> <p>Obligation 254</p> <p><i>Compendium Clause 12.1(3)(a)</i></p> <p>Kleenheat disclosed one instance where a customer was not appropriately advised of their right to have their complaint escalated to a senior employee within Kleenheat.</p> <p>This instance highlighted a gap in the customer service team member’s understanding of Kleenheat’s complaints handling requirements.</p> <p>We acknowledge that Kleenheat has initiated a review of its complaints handling process and procedure, as well as the need for targeted staff training.</p>	
<p>Recommendation 5/2018</p> <p>Kleenheat complete the planned review of its complaints handling process.</p>	<p>Action Plan 5/2018</p> <p>Kleenheat will amend its Complaints Policy & Procedure to make it clear that it is mandatory for an agent to advise the customer of their right to have their complaint considered by a senior employee.</p> <p>Training will be rolled out to all front line agents who deal with complaints on the amended Procedure, with emphasis on escalating complaints.</p> <p>Scripting will also be provided to agents which makes this escalation process clear and is accessible to agents at the time of handling a complaint.</p> <p>Responsible person: Customer Service Operations Manager</p> <p>Target date: June 2019</p>