



# AGL SALES PTY LTD

WA Gas Trading Licence Audit 2019

Reasonable Assurance Engagement Report

October 2019

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# 1. EXECUTIVE SUMMARY

## 1.1 Background

AGL Sales Pty Limited (“**AGL**”) is a leading integrated energy company in Australia and is an active participant in the gas and electricity wholesale and retail markets. AGL provides natural gas, electricity and related products and services to about 3.6 million customers across Queensland, New South Wales, Victoria, South Australia and Western Australia (“**WA**”).

In the WA Gas Retail Market, participants enter into agreements with gas suppliers and pipeline operators to purchase and transport gas, which they then on-sell and supply to end-users. The purpose of the Gas Retail Market is to give all gas customers the ability to buy natural gas from the User (i.e. Retailer) of their choice. In exercising this choice, customers need to be able to transfer from one User to another.

The Retail Gas Market is administered by the Australian Energy Market Operator (“**AEMO**”) and the Economic Regulation Authority (“**ERA**”) is responsible for approving amendments to the Gas Retail Market Scheme, including Market Rules.

AGL is regulated by the ERA, who granted them with a Gas Trading Licence (“**Licence**”) on 30 May 2017, after which AGL commenced trading in the WA natural gas market on 1 July 2017. AGL’s Licence number is GTL14 (Version 1) and relates to AGL’s operations as a gas retailer in the coastal gas supply area. The Licence has been granted for a ten year period with an expiry date of 29 May 2027. Since market entry, AGL has acquired approximately 35,800 WA gas customer contracts.

A condition of AGL’s Licence is the requirement to engage an independent expert, acceptable to the ERA, to undertake a Performance Audit every two years. For this audit, the ERA required the auditor to undertake a **reasonable assurance** engagement in accordance with *Standard on Assurance Engagement ASAE3100 – Compliance Engagements* (the “**Performance Audit**”).

RSM Australia Pty Ltd (“**RSM**”) was engaged by AGL to undertake the Performance Audit which was aligned with the requirements of *ASAE3100 - Compliance Engagements* and consistent with the ERA 2019 Audit and Review Guidelines - Electricity and Gas Licences (“**ERA Guidelines**”).

The objective of conducting the Performance Audit was to assess the effectiveness AGLs systems, processes, governance, structures, reporting regimes and regulatory culture to enable compliance with obligations, standards, outputs and outcomes stipulated in the Licence.

This Audit Report details the results of, and procedures conducted in our audit approach to assess the requirements of the Licence and understanding of systems and processes implemented by AGL to facilitate compliance with the Licence.

## 1.2 Objective and Scope

As required by the ERA Guidelines, the scope of the Performance Audit considered:

- Process compliance – the effectiveness of systems and procedures in place throughout the audit period, including 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 (specifically, proper records which provide assurance that procedures are consistently followed, and controls are maintained).
- Integrity of reporting – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- Compliance with any individual licence conditions – the actual performance against the requirements imposed on AGL by the ERA or specific matters raised by the ERA.

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## 1. EXECUTIVE SUMMARY (CONT.)

### 1.3 AGL's Responsibility

AGL is responsible for:

- Implementing policies, procedure and controls, which are designed to ensure compliance with the conditions of the Licence;
- Ensuring monitoring processes are in place to assess its compliance requirements and reporting on its level of compliance to ERA; and
- Implementing corrective actions for instances of non-compliance.

Assumptions made in considering the scope of our work included:

- The information received from AGL is assumed by RSM to be complete, accurate and valid; and
- Information relevant to the audit of compliance with the Licence is communicated to RSM in a timely manner.

### 1.4 RSM Responsibility

Our audit has been conducted as described in the ERA Approved Audit Plan. Our responsibility is to express a conclusion on AGL's compliance, in all material respects, with the conditions of the Licence for the period from 30 May 2017 to 31 May 2019.

Our assurance engagement has been conducted in accordance with the Audit Guidelines and the Australian Standard on *Assurance Engagement ASAE3100 – Compliance Engagements*. Our assurance procedures include such tests and procedures as we consider necessary to obtain sufficient and appropriate evidence over AGL's compliance activities and controls implemented to meet the conditions within the Licence. These procedures have been undertaken to form a reasonable assurance conclusion as to whether, in all material aspects, the licence obligations are complied with and control procedures were adequately designed and operated effectively based on the specified criteria.

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

### 1.5 General Observations

In considering AGLs' 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 AGL has:

- Maintained and established its control framework through tailored policies and Best Practice Procedures (“BPP”) which are explicitly aligned with Licence obligations;
- Maintained a commitment to its SAP system which is used to record the information needed to comply with its Licence obligations;
- Developed its internal compliance reporting process, where any non-compliances and/or breaches are logged and monitored in AGL's risk management system, IRIS;
- Provided a mix of general and targeted compliance-based training to staff with customer facing responsibilities through training modules located in AGL's e-learning platform, BPP scripts and work instructions; and
- As this is the first Performance Audit conducted to assess AGL's compliance with the ERA Guidelines, follow up of previous audit findings, recommendations and action plans is not applicable for this audit.

## 1. EXECUTIVE SUMMARY (CONT.)

### 1.6 Basis for Conclusion

We have completed our Performance Audit as required by the ERA Guidelines and present a summary of our findings below.

In conducting the audit, we identified **nine obligations** which we assessed AGL as non-compliant and **one obligation** with a control deficiency only. The issues are summarised in **Section 1.7** below and discussed in further detail in **Section 4** of this report.

The findings below are not considered to be material; therefore, we have provided an unqualified reasonable assurance opinion in the attached **Independent Assurance Report** on page 18.

**Section 3.2** contains a summary of AGL's Licence obligations and our conclusions regarding the control and compliance ratings for each obligation, based on our assessment of AGL's controls.

### 1.7 Findings

The table below summarises our findings in relation to the Licence compliance obligations during the period 30 May 2017 to 31 May 2019, where AGL did not comply with the Licence conditions and where control deficiencies were identified:

Summary of Issues		
Obligation No.	Licence Obligation	Issue
114	A Licencee must comply with the Gas Marketing Code of Conduct.	<i>Non-Compliance</i> Due to the non-compliances reported under Obligation's 117-118 and 119-120, Obligation's 114 and 115 has also been assessed as non-compliant.
115	A Licencee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.	
117	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.	<i>Non-Compliance and Control Deficiency</i> We noted two instances where the customer did not receive a Welcome Pack when entering into a standard contract with AGL. This represents a non-compliance with Clause 2.2(1) and 2.2(2) of the Gas Marketing Code of Conduct.
118	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).	
119	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.	<i>Non-Compliance and Control Deficiency</i> We noted one instance where a customer did not receive a Welcome Pack when entering into a non-standard contract with AGL. This represents a non-compliance with Clause 2.3(1) and 2.3(2) of the Gas Marketing Code of Conduct.
120	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract.	
137	A retailer must issue a bill at least every 105 days unless the conditions specified are met.	<i>Non-Compliance and Control Deficiency</i> Through examination of AGL's FY 2017/18 Annual Performance Reports, we noted 14 customers were billed outside of the prescribed 105-day period.

# 1. EXECUTIVE SUMMARY (CONT.)

## 1.7 Findings (Cont.)

Summary of Issues		
Obligation No.	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).	<p><i>Non-Compliance and Control Deficiency</i></p> <p>We noted AGL were unable to obtain actual meter reads from ATCO (the gas distributor used by AGL) for a total of nine customers during the audit period.</p>
186	A retailer must not charge a residential customer a late payment fee in the circumstances specified in clauses 5.6(1)(a)-(d).	<p><i>Control Deficiency</i></p> <p>Dunning Lock is a system control maintained within SAP (AGL's customer relationship management and billing system) to prevent Late Payment Fees (LPF) charged to customers in the circumstances specified in clauses 5.6(1)(a)-(d).</p> <p>How ever, this control is required to be manually applied for customers who have submitted a complaint to AGL. There is no independent review on the manual process of applying the Dunning Lock to complaints, which may create a potential for exposure to human error.</p>
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.	<p><i>Non-Compliance and Control Deficiency</i></p> <p>From sample testing of 13 Staying Connected (SCON) Program customers, we confirmed that six of the customers were charged an LPF on their last bill prior to the assessment being made and were not refunded this amount during the audit period.</p> <p>We acknowledge that the applicable LPFs were refunded to all impacted customers by 24 June 2019.</p>

This is discussed in further detail in **Section 4** of this report.

## 1. EXECUTIVE SUMMARY (CONT.)

### 1.8 Current Audit Non-Compliances, Recommendations and Action Plans

For Licence obligations that were rated as “non-compliant” or given a control rating of “C” or “D”, the tables below highlight the recommendations AGL should undertake to address the instances.

The non-compliances and control deficiencies that were addressed during the audit period and details of those that remain unresolved at the end of the audit period are detailed below.

#### Non-Compliances/Control Deficiencies resolved during current audit period

Reporting Manual No. and Licence Obligation Reference	Non-Compliance / Controls Improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Date Resolved and Action Taken by the Licensee	Auditor’s Comments
None of the non-compliance or control deficiencies were resolved during the audit period.			

#### Non-Compliances/Control Deficiencies unresolved at end of current audit period

Reporting Manual No. and Licence Obligation Reference	Non-Compliance / Controls Improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Auditor’s Recommendation
114	A Licensee must comply with the Gas Marketing Code of Conduct.	3/2019 Please refer to recommendations provided under the corresponding obligations 117-118 and 119-120
115	A Licensee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.	
117	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.	4/2019 We recommend AGL: <ul style="list-style-type: none"> <li>▪ Confirm the root cause of this instance with the Implementation and Delivery Team and investigate sales made in the same conditions as this instance; and</li> <li>▪ Post investigation of the root cause of these instances, consider whether any improvements to controls (i.e. system fixes, manual workarounds or exception reporting) are required to ensure AGL can prevent and rectify such instances in a timely manner to avoid any further non-compliances.</li> </ul>
118	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).	

## 1. EXECUTIVE SUMMARY (CONT.)

### Non-Compliances/Control Deficiencies unresolved at end of current audit period (cont.)

Reporting Manual No. and Licence Obligation Reference		Non-Compliance / Controls Improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation
119	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.	<b>B2</b>  We noted one instance where a customer did not receive a Welcome Pack when entering into a non-standard contract with AGL. This represents a non-compliance with Clause 2.3(2) of the Gas Marketing Code of Conduct.	<b>5/2019</b>  We recommend AGL: <ul style="list-style-type: none"> <li>Confirm the root cause of this instance with the Implementation and Delivery Team and investigate sales made in the same conditions as this instance; and</li> <li>Post investigation of the root cause of these instances, consider whether any improvements to controls (i.e. system fixes, manual workarounds or exception reporting) are required to ensure AGL can prevent and rectify such instances in a timely manner to avoid any further non-compliances.</li> </ul>
120	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract.		
137	A retailer must issue a bill at least every 105 days unless the conditions specified are met.	<b>B2</b>  Through examination of AGL's FY 2017/18 Annual Performance Reports, we noted 14 customers were billed outside of the prescribed 105-day period.	<b>1/2019</b>  We recommend AGL investigate methods to improve the output of the 'Unbilled Report' for WA customers (which identifies customers who have not been billed in 90 days) to better identify the WA customer accounts at risk of breaching the 105 day-requirement.
153	A retailer must ensure that at least once every 12 months it obtains metering data in accordance with clause 4.6(1)(a).	<b>B3</b>  We noted AGL were unable to obtain actual meter reads from ATCO for nine customers during the audit period.	<b>2/2019</b>  In addition to sending a letter, we recommend a SMS with a call to action is sent to customers to confirm the date the meter is scheduled to be read at the customer's supply address or allow the option for the customer to provide a meter self-read.
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	<b>D3</b>  From sample testing of 13 Staying Connected (SCON) Program customers, we confirmed that 6 of the customers were charged a LPF on their last bill prior to the assessment being made, and were not refunded this amount during the audit period.  We acknowledge that the applicable LPFs were refunded to all impacted customers by 24 June 2019.	<b>6/2019</b>  We acknowledge this issue has now been resolved, as automated controls were implemented by AGL on 27 <sup>th</sup> August 2019 to ensure LPFs are retrospectively waived following a customer's hardship assessment. The relevant Best Practice Procedure (BPP) has also been updated. In addition, we recommend that AGL develop a monitoring tool to ensure no applicable LFP waivers were missed.



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## 2. AUDIT OBJECTIVE, SCOPE AND APPROACH

### 2.1 Objective

RSM was appointed by AGL, and approved by the ERA, to fulfil the role of the Approved Independent Auditor, to provide a reasonable assurance audit of compliance with AGL's Gas Trading Licence ("**Licence**").

### 2.2 Scope of Our Work

The ERA provides guidance on aspects of the Licence and AGL's performance criteria, which is included in the scope of the Performance Audit in the ERA Gas Compliance Reporting Manual (January 2017) ("**ERA Reporting Manual**").

The Performance Audit applies the singular audit priority assessment approach to identify all applicable licence obligations. Each of the compliance requirements identified in the ERA Reporting Manual have been evaluated for applicability to AGL and used as the basis for determining the performance criteria considered in the Performance Audit. The scope of the reasonable assurance engagement is defined by the requirements of the ERA Reporting Manual. It excludes assessments of systems and procedures that are not involved with ensuring compliance with the requirements of the Licence and any other disclosure obligations under the ERA Reporting Manual.

The audit period was from 30 May 2017 to 31 May 2019, with this being the first Performance Audit conducted to assess AGL's compliance against the ERA Guidelines.

The Audit Plan approved by the ERA for this Performance Audit sets out the compliance requirements that applied to AGL's operations during the audit period. In addition, the Audit Plan also listed AGL's Licence obligations included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation.

### 2.3 Overview of our Approach

Our approach for the Performance Audit involved the following activities, which were undertaken during the period June to July 2019:

- Utilising the ERA Guidelines and ERA Reporting Manual as a guide, we developed a risk assessment based on detailed system analysis and walkthrough including assessment of control adequacy and effectiveness;
- Developed an Audit Plan for approval by the ERA and an associated work schedule (see **Appendix B**);
- Interviews with relevant AGL key personnel to gain an understanding of internal controls and processes (see **Appendix A**);
- Reviewed relevant documentation and conducted walkthroughs of processes and controls to assess overall adequacy, compliance and effectiveness in accordance with Licence obligations (see **Appendix A**);
- Sample tested, in accordance with ASA 530 *Audit Sampling*, relevant obligations based on assigned audit priority to determine whether transactions complied with the requirements of the obligation;
- A site visit was undertaken to AGL's Victorian corporate office located at 699 Bourke St, Melbourne, where all audit fieldwork and detailed testing was completed; and
- Reported findings to AGL for review and response.

## 2. AUDIT OBJECTIVE, SCOPE AND APPROACH (CONT.)

### 2.4 Deviations from the Audit Plan

The following obligation represents a deviation from the Audit Plan and during fieldwork was determined to be 'Not Applicable' to AGL's operation.

No.	Obligation Reference	Obligation Description	Findings
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>			
30	Energy Coordination Act section 11M Energy Coordination (Gas Tariffs) Regulations 2000 reg. 6(2)	A Licensee is required to offer to supply gas to each of its existing standard contract customers under the terms of the customer's existing contract but at a capped tariff unless the existing contract already entitles the customer to be supplied at a capped tariff.	This obligation applies to "existing" standard contract customers that the customer is regarded as having entered into.  As AGL only commenced supplying gas in WA in July 2017, this obligation does not apply to AGL.

### 3. PERFORMANCE SUMMARY

#### 3.1 Compliance and Controls Rating Summary

When assessing AGL's audit performance, RSM used the rating scale below which is defined in the ERA Guidelines. The rating scale considers a rating for AGL's control procedures and control environment (controls rating) and AGL's compliance with the conditions of its Licence (compliance rating).

Controls Adequacy Rating		Compliance Rating	
Rating	Description	Rating	Description
<b>A</b>	Adequate controls – no improvement needed	<b>1</b>	Compliant
<b>B</b>	Generally adequate controls – improvement needed	<b>2</b>	Non-compliant – minor effect on customers or third parties
<b>C</b>	Inadequate controls – significant improvement required	<b>3</b>	Non-compliant – moderate effect on customers or third parties
<b>D</b>	No controls evident	<b>4</b>	Non-compliant – major effect on customers or third parties
<b>NP</b>	Not performed – A controls rating was not required	<b>NR</b>	Not rated – No activity took place during the audit period

The table below summarises the assessments made during the Performance Audit on AGL's compliance and the adequacy of controls in place to manage AGL's compliance with the all relevant Licence obligations. It is noted that Licence obligations that were assessed as 'Not Applicable' for the audit period have not been included in the table below.

Controls Rating	Compliance Rating					Total
	1	2	3	4	NR	
<b>A</b>	19	2	-	-	2	<b>23</b>
<b>B</b>	1	5	1	-	-	<b>7</b>
<b>C</b>	-	-	-	-	-	<b>-</b>
<b>D</b>	-	-	1	-	-	<b>1</b>
<b>NP</b>	126	-	-	-	35	<b>161</b>
<b>Total</b>	<b>146</b>	<b>7</b>	<b>2</b>	<b>-</b>	<b>37</b>	<b>192</b>

The table is consistent with the ratings in [Section 3.2](#) and [Section 4](#) of this report.

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table

In accordance with *Section 5.1.6.1* of the ERA Guidelines, when assessing AGL’s audit performance, for each Licence obligation, we rated AGL’s compliance with the conditions of its licence (compliance rating). If AGL did not perform the activity during the audit period, the obligation was assessed as ‘Not Rated’ (N/R) with an explanation provided.

We also provided a rating for AGL’s control procedures and control environment (controls ratings) for obligations with an Audit Priority of 1, 2 or 3, or those that was assessed to be non-compliant during the audit period. For Audit Priorities 4 and 5, these were assessed as ‘Not Performed’ (N/P).

The table below summarises the compliance rating and controls rating for each obligation. It is noted that Licence obligations that were assessed as ‘Not Applicable’ for the audit period have not been included in the Performance Summary Table below in accordance with the ERA Guidelines.

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				
		A	B	C	D	NP		1	2	3	4	NR
<b>9 Licence Compliance Requirements - Energy Coordination Act 1994</b>												
1	Section 11Q(1-2)					✓	Priority 4	✓				
2	Section 11WG(1)					✓	Priority 4	✓				
3	Section 11WG(2)					✓	Priority 4					✓
4	Section 11WK(1-2)					✓	Priority 5	✓				
5	Section 11WK(3)					✓	Priority 5	✓				
19	Section 11ZOR(2)					✓	Priority 4	✓				
20	Section 11ZOV(1)					✓	Priority 4	✓				
21	Section 11ZOV(2)					✓	Priority 4	✓				
22	Section 11ZOZ(3)					✓	Priority 4					✓
24	Section 11ZQH					✓	Priority 4	✓				
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>												
29	Section 11M					✓	Priority 4	✓				
31	Section 11M					✓	Priority 4	✓				
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004</b>												
39	Regulation 12 (5)(e)					✓	Priority 4	✓				
43	Regulation 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code					✓	Priority 4	✓				
44	Regulation 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code					✓	Priority 4	✓				
52	Regulation 12 (6), Clause 5.2.2.2 AGA Code					✓	Priority 4	✓				
56	Regulation 14 (2),					✓	Priority 5	✓				
57	Reg 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code					✓	Priority 5	✓				

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				NR
		A	B	C	D	NP		1	2	3	4	
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>												
58	Regulation 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code					✓	Priority 5	✓				
59	Regulation 15 (1), Clause 4.2.1 AGA Code					✓	Priority 4	✓				
60	Regulation 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code					✓	Priority 5	✓				
61	Regulation 15 (1), Clause 4.2.3.2 AGA Code					✓	Priority 5	✓				
62	Regulation 15 (1) and (2)					✓	Priority 5	✓				
63	Regulation 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code					✓	Priority 5	✓				
64	Regulation 15 (1), Clause 4.2.4.1 AGA Code					✓	Priority 5	✓				
65	Regulation 15 (1), Clause 4.2.4.2 AGA Code					✓	Priority 5	✓				
66	Regulation 15 (1), Clause 4.2.4.4 AGA Code					✓	Priority 5	✓				
67	Regulation 15 (1), Clause 4.2.4.5 AGA Code					✓	Priority 5	✓				
68	Regulation 15 (1), Clause 4.3.2.1 AGA Code					✓	Priority 5	✓				
69	Regulation 15 (1), Clause 4.3.2.2 AGA Code					✓	Priority 5	✓				
70	Regulation 16 (3)					✓	Priority 5	✓				
71	Regulation 19					✓	Priority 5	✓				
72	Regulation 20 (2) Clause 4.3.5.1 AGA Code					✓	Priority 5	✓				
73	Regulation 27 (4) and 40 (3)					✓	Priority 5	✓				
74	Regulation 20 (3) and 48					✓	Priority 5	✓				
75	Regulation 22 and 49 (2)					✓	Priority 5	✓				
76	Regulation 49 (3)					✓	Priority 5	✓				
77	Regulation 49 (4)					✓	Priority 5					✓
78	Regulation 49 (5)					✓	Priority 5	✓				

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				
		A	B	C	D	NP		1	2	3	4	NR
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>												
83	Regulation 46 (1) & (2)					✓	Priority 5					✓
84	Regulation 46 (4)					✓	Priority 5	✓				
85	Regulation 28, clause 3.1.1(a) AGA Code					✓	Priority 5	✓				
86	Regulation 28, clause 3.1.1(b) AGA Code					✓	Priority 5	✓				
90	Regulation 33 (3), clause 3.5.2.2 AGA Code					✓	Priority 5	✓				
91	Regulation 42					✓	Priority 5	✓				
<b>13 Licence Compliance Requirements - Licence Conditions</b>												
96	Clause 16.2					✓	Priority 4					✓
97	Clause 16.4					✓	Priority 5	✓				
98	Clause 17					✓	Priority 5					✓
99	Clause 20					✓	Priority 5	✓				
100	Clause 21.1					✓	Priority 5	✓				
101	Clause 22.1					✓	Priority 4					✓
102	Clause 23.1	✓					Priority 2	✓				
103	Clause 24					✓	Priority 4	✓				
106	Clause 12.2					✓	Priority 5					✓
107	Clause 12.3					✓	Priority 5					✓
108	Clause 13.1					✓	Priority 4	✓				
109	Clause 15.1 and 15.2					✓	Priority 4					✓
110	Schedule 3 clause 1.5					✓	Priority 4					✓
111	Schedule 3 clause 1.7					✓	Priority 4					✓
112	Schedule 3 clause 2.1 to 2.2					✓	Priority 4	✓				
113	Schedule 3 clause 3.1					✓	Priority 4	✓				
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct)</b>												
114	Clause 19.1.	✓					Priority 2		✓			
115	Clause 19.2	✓					Priority 2		✓			
116	Clause 19.1	✓					Priority 2	✓				
117	Clause 19		✓				Priority 2		✓			
118	Clause 19		✓				Priority 2		✓			
119	Clause 19		✓				Priority 4		✓			
120	Clause 19		✓				Priority 4		✓			
121	Clause 19					✓	Priority 4	✓				

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				NR
		A	B	C	D	NP		1	2	3	4	
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>												
123	Clause 19					✓	Priority 4	✓				
124	Clause 19					✓	Priority 4					✓
125	Clause 19					✓	Priority 4	✓				
126	Clause 19					✓	Priority 4	✓				
127	Clause 19					✓	Priority 4	✓				
128	Clause 19					✓	Priority 4	✓				
129	Clause 19					✓	Priority 4	✓				
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>												
<b>Connections</b>												
134	Clause 3.1(1)					✓	Priority 4	✓				
135	Clause 3.1(2)					✓	Priority 4	✓				
<b>Billing</b>												
136	Clause 4.1(a)					✓	Priority 4	✓				
137	Clause 4.1(b)		✓				Priority 4		✓			
146	Clause 4.4					✓	Priority 4	✓				
147	Clause 4.5(1)					✓	Priority 4	✓				
148	Clause 4.5(2)					✓	Priority 4	✓				
149	Clause 4.5(3)					✓	Priority 4	✓				
150	Clause 4.6(1)					✓	Priority 4	✓				
152	Clause 4.7(1)					✓	Priority 5	✓				
153	Clause 4.7(2)		✓				Priority 5			✓		
154	Clause 4.8(1)					✓	Priority 4	✓				
155	Clause 4.8(2)					✓	Priority 4	✓				
156	Clause 4.8(3)					✓	Priority 4	✓				
157	Clause 4.9					✓	Priority 4	✓				
158	Clause 4.10					✓	Priority 5	✓				
159	Clause 4.11(1)					✓	Priority 4	✓				
160	Clause 4.11(2)					✓	Priority 4					✓
161	Clause 4.12(1)					✓	Priority 4					✓
162	Clause 4.12(2)					✓	Priority 4					✓
163	Clause 4.13					✓	Priority 4					✓

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				
		A	B	C	D	NP		1	2	3	4	NR
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>												
<b>Billing (Cont.)</b>												
164	Clause 4.14(1)					✓	Priority 5	✓				
165	Clause 4.14(2)					✓	Priority 4	✓				
165A.	Clause 4.14(3)					✓	Priority 4					✓
166	Clause 4.15					✓	Priority 4	✓				
167	Clause 4.16(1)(a)					✓	Priority 4	✓				
168	Clause 4.16(1)(b)					✓	Priority 4	✓				
169	Clause 4.16(2)					✓	Priority 4	✓				
170	Clause 4.16(3)					✓	Priority 4					✓
171	Clause 4.17(2)					✓	Priority 4					✓
171A	Clause 4.17(3)					✓	Priority 4					✓
172	Clause 4.18(2) and 4.18(5)					✓	Priority 5					✓
173	Clause 4.18(3)					✓	Priority 4					✓
174	Clause 4.18(4)					✓	Priority 5					✓
175	Clause 4.18(6)					✓	Priority 5					✓
175A.	Clause 4.18(7)					✓	Priority 5					✓
176	Clause 4.19(1)					✓	Priority 4					✓
177	Clause 4.19(2) and 4.19(6)					✓	Priority 4	✓				
178	Clause 4.19(3)					✓	Priority 4	✓				
179	Clause 4.19(4)					✓	Priority 5	✓				
180	Clause 4.19(5)					✓	Priority 5	✓				
180A.	Clause 4.19(7)					✓	Priority 4					✓
<b>Payment</b>												
181	Clause 5.1					✓	Priority 4	✓				
182	Clause 5.2					✓	Priority 4	✓				
183	Clause 5.3					✓	Priority 4	✓				
184	Clause 5.4					✓	Priority 4	✓				
185	Clause 5.5					✓	Priority 4	✓				
186	Clause 5.6(1)		✓				Priority 4	✓				
186A.	Clause 5.6(2)					✓	Priority 4	✓				
187	Clause 5.6(3)					✓	Priority 4	✓				
188	Clause 5.6(4)					✓	Priority 4	✓				
189	Clause 5.6(5)				✓		Priority 3			✓		
190	Clause 5.7(1)					✓	Priority 4	✓				
191	Clause 5.7(2)					✓	Priority 4	✓				
192	Clause 5.7(3)					✓	Priority 4	✓				
193	Clause 5.7(4)					✓	Priority 4					✓
195	Clause 5.8(1)					✓	Priority 4					✓



### 3. PERFORMANCE SUMMARY (CONT.)

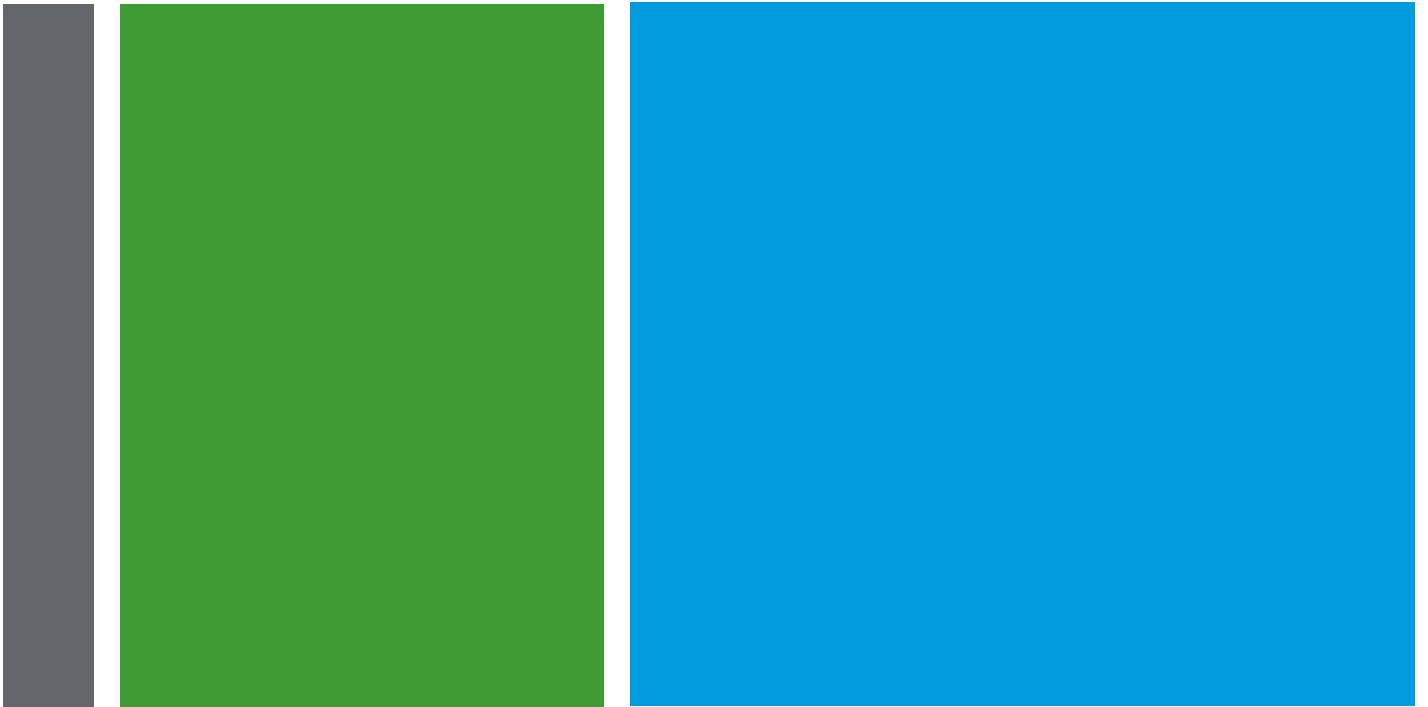
#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy				NP	Audit Priority	Compliance Rating				NR
		A	B	C	D			1	2	3	4	
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>												
<b>Payment (Cont.)</b>												
196	Clause 5.8(2)					✓	Priority 4	✓				
196A.	Clause 5.9					✓	Priority 4					✓
<b>Payment Difficulties &amp; Financial Hardship</b>												
198	Clause 6.1(1)	✓					Priority 3	✓				
198A.	Clause 6.1(2)	✓					Priority 3	✓				
199	Clause 6.1(3)	✓					Priority 3	✓				
200	Clause 6.1(4)	✓					Priority 3	✓				
200A.	Clause 6.2(1)	✓					Priority 3					✓
201	Clause 6.2(2)	✓					Priority 3	✓				
202	Clause 6.2(3)	✓					Priority 3	✓				
203	Clause 6.2(4)	✓					Priority 3					✓
204	Clause 6.3(1)	✓					Priority 3	✓				
205	Clause 6.4(1)	✓					Priority 3	✓				
206	Clause 6.4(2)	✓					Priority 3	✓				
206A.	Clause 6.4(3)	✓					Priority 3	✓				
207	Clause 6.4(4)	✓					Priority 3	✓				
208	Clause 6.6(1)	✓					Priority 3	✓				
209	Clause 6.6(2)	✓					Priority 3	✓				
210	Clause 6.7	✓					Priority 3	✓				
211	Clause 6.8	✓					Priority 3	✓				
212	Clause 6.9(1)	✓					Priority 3	✓				
213	Clause 6.9(2)	✓					Priority 3	✓				
214	Clause 6.10(1)					✓	Priority 4	✓				
215	Clause 6.10(2)					✓	Priority 4	✓				
215A.	Clause 6.10(3)					✓	Priority 4	✓				
216	Clause 6.10(4)					✓	Priority 4					✓
219	Clause 6.10(6)					✓	Priority 4					✓
220	Clause 6.10(7)					✓	Priority 4	✓				
220A.	Clause 6.10(8)					✓	Priority 4	✓				
221	Clause 6.11					✓	Priority 4	✓				
<b>Reconnection</b>												
228.	Clause 8.1(1)					✓	Priority 4					✓
229.	Clause 8.1(2)					✓	Priority 4					✓

### 3. PERFORMANCE SUMMARY (CONT.)

#### 3.2 Performance Summary Table (Cont.)

No.	Obligations Reference	Controls Adequacy					Audit Priority	Compliance Rating				NR
		A	B	C	D	NP		1	2	3	4	
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>												
<b>Information &amp; Communication</b>												
231	Clause 10.1(1)					✓	Priority 4	✓				
232	Clause 10.1(2)					✓	Priority 4	✓				
233	Clause 10.1(3)					✓	Priority 4	✓				
234	Clause 10.2(1)					✓	Priority 4	✓				
235	Clause 10.2(2)					✓	Priority 4	✓				
236	Clause 10.2(3)					✓	Priority 4	✓				
237	Clause 10.2(4)					✓	Priority 4	✓				
238	Clause 10.3					✓	Priority 4	✓				
239	Clause 10.4					✓	Priority 4	✓				
240	Clause 10.5					✓	Priority 4	✓				
241	Clause 10.5A(1)					✓	Priority 4	✓				
242	Clause 10.5A(2)					✓	Priority 4	✓				
243	Clause 10.5A(3)					✓	Priority 4	✓				
245	Clause 10.9					✓	Priority 5	✓				
246	Clause 10.10(1)					✓	Priority 4	✓				
249	Clause 10.11(1)					✓	Priority 4	✓				
250	Clause 10.11(2)					✓	Priority 4	✓				
<b>Complaints &amp; Dispute Resolution</b>												
251	Clause 12.1(1)					✓	Priority 4	✓				
252	Clause 12.1(2)					✓	Priority 4	✓				
254	Clause 12.1(3)(a)					✓	Priority 4	✓				
255	Clause 12.1(3)(b)					✓	Priority 4	✓				
255A.	Clause 12.1(4)					✓	Priority 4	✓				
256	Clause 12.2					✓	Priority 4	✓				
257	Clause 12.3					✓	Priority 4	✓				
258	Clause 12.4					✓	Priority 4	✓				
<b>Record Keeping &amp; Reporting</b>												
281	Clause 13.1					✓	Priority 4	✓				
282	Clause 13.2					✓	Priority 4	✓				
283	Clause 13.3					✓	Priority 4	✓				



## AGL SALES PTY LTD

Independent Assurance Report – WA Gas Trading Licence Audit

30 May 2017 to 31 May 2019

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## INDEPENDENT ASSURANCE REPORT – AGL SALES PTY LTD

To: Economic Regulation Authority (“ERA”) and Management of AGL Sales Pty Ltd (“AGL”),

### **Independent Assurance Report on compliance with AGL’s WA Gas Trading Licence**

We have conducted an audit on the systems, procedures and processes used by AGL to evaluate the operating effectiveness of the of the controls identified to maintain compliance with AGL’s Licence obligations for the period 30 May 2017 to 31 May 2019. Our audit has been conducted to form a reasonable assurance conclusion and this report has been prepared in accordance with the ERA Guidelines.

#### *AGL Responsibilities*

Management of AGL are responsible for designing, implementing and maintaining internal controls relevant to compliance with the WA Gas Trading Licence and ensure operating processes meet the requirements as per the ERA Guidelines.

#### *Independence*

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

In accordance with Australian Standard on Quality Control 1, RSM maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Our Responsibilities*

Our responsibility is to express a conclusion on compliance with the WA Gas Trading Licence, in all material respects. The audit has been conducted in accordance with *ASAE 3100 – Compliance Engagement* to provide reasonable assurance that AGL has complied with all relevant obligations of their WA Gas Trading Licence in accordance with the ERA Guidelines. We accordingly include such tests and procedures we consider necessary in the circumstances.

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

#### *Inherent Limitations*

Because of the inherent limitations of any internal control structure, it is possible that fraud or errors may occur and not be detected. We have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of non-compliance as it is not performed continuously throughout the period, and the tests performed are on a sample basis having regard to the nature and size of the entity.

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

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

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## INDEPENDENT ASSURANCE REPORT – AGL SALES PTY LTD (CONT.)

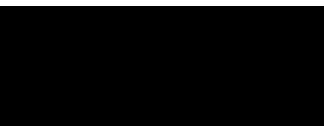
### *Use of Report*

This reasonable assurance report has been prepared for AGL and the ERA. We disclaim any assumption of responsibility for any reliance on this report to any other persons or users, or for any purpose other than that for which it was prepared.

We disclaim all liability to any party other than AGL in respect of, or in consequence of, anything done, or omitted to be done, by any party in reliance, whether whole or partial, upon any information contained in this report. Any party, other than AGL, who chooses to rely in any way on the contents of this report, does so at their own risk.

### *Conclusion*

Based on the procedures performed and evidence obtained, in our opinion AGL have complied, in all material respects, with the WA Gas Trading Licence for the period 30 May 2017 to 31 May 2019.



Signed

**T PITTAWAY**

Director

RSM Australia Pty Ltd

Sydney

14 October 2019

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## 4. DETAILED FINDINGS

Each Licence obligation was assessed based on their Audit Priority which determined the audit objectives, the nature and extent of the audit procedures required (as outlined in the Audit Plan). Testing ranged from extensive substantive testing around the controls and activities of particular processes to confirming the existence of controls through to discussions with key personnel.

The table below details how AGL addressed their Licence obligations where the following observations and recommendations are presented in sub-sections for each of the relevant Codes and Regulations as detailed below:

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

It is noted that Licence obligations that were assessed as 'Not Applicable' for the audit period have not been included in the detailed findings below in accordance with the ERA Guidelines.

Each section contains:

- **Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of AGL's compliance with the applicable obligations;
- **Findings** – our understanding of the process and any issues that have been identified during the audit; and
- **Recommendations** – recommendations for improvement or enhancement of the process or control.

## 4. DETAILED FINDINGS (CONT.)

### 4.1 Energy Coordination Act 1994

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>9 Licence Compliance Requirements</b>			
1	Energy Coordination Act section 11Q(1-2)	A Licencee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Regulations Clause 4 & 5)	<p>From examination of annual invoices, remittances in the audit period, and the review of the License Fee Schedule document, we confirmed existing controls where:</p> <ul style="list-style-type: none"> <li>Following receipt of the applicable invoice from the ERA, payment is made in accordance with AGL's accounts payable process through SAP.</li> <li>Should the ERA not provide an invoice, AGL monitors its obligation to pay licence fees within one month of the licence anniversary by using their ERA Fee Schedule which was created by the Regulatory and Compliance Team.</li> </ul> <p>We confirmed applicable AGL licence fees due during the audit period were paid in accordance with the Regulations (within one month of the licence anniversary), therefore AGL has materially complied with the requirements of Energy Coordination Act, Section 11Q(1-2).</p>
		Priority 4	Control Adequacy: N/P      Compliance Rating: 1
2	Energy Coordination Act section 11WG(1)	A Licencee must, subject to the regulations, not supply gas to a customer other than under a standard form or non-standard contract.	<p>From walkthroughs of each control for the customer account set up in SAP and through discussions with the Regulatory and Compliance Team, we confirmed that:</p> <ul style="list-style-type: none"> <li>AGL supplies gas to small use customers, who are either residential or non-residential, under a Standard Form Contract. The latest version of the Standard Form Contract (July 2017) was approved by the ERA on 5 July 2017 and is located on AGL's website.</li> <li>From 1 July 2017, AGL also used a Non-Standard Contract (or Market Contract) to supply gas to small use residential and business customers at discounted rates.</li> <li>Variations to AGL's Non-Standard Contract is described in Section 5 of the contract, where AGL would notify customers of the change in writing. It was confirmed that the Non-Standard Contract has not changed since market entry. When a change is required, a formal change process would need to be initiated by the Regulatory and Compliance Team.</li> <li>There were no other customer contracts in place within the audit period.</li> </ul> <p>We also obtained and reviewed AGL's Standard Form Contract and Non-Standard Contract and tested that both contracts addressed the requirements of the Energy Coordination Act, Section 11WG (1), without exception.</p>
		Priority 4	Control Adequacy: N/P      Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.1 Energy Coordination Act 1994 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings		
<b>9 Licence Compliance Requirements (Cont.)</b>					
3	Energy Coordination Act section 11WG(2)	A Licencee must comply with a direction given to the Licencee under section 11WL.	Priority 4	Control Adequacy: N/P	Compliance Rating: N/R
			<p>From review of AGL's Standard Form Contract:</p> <ul style="list-style-type: none"> <li>We noted that the ERA has three contacts registered for AGL from the Regulatory and Compliance Team (all current employees);</li> <li>AGL have a Regulatory Advice mailbox set up with the ERA which will notify the Regulatory and Compliance Team of any requests. The whole team (13 AGL Staff) have access to this mailbox and all emails sent to/from this mailbox are archived and retrievable by AGL's IT Team; and</li> <li>Should the ERA request changes to the Standard Form Contract, AGL has processes in place to review and amend the contract within the conditions specified by the ERA and in accordance with section 11WL.</li> </ul> <p>The latest version of the Standard Form Contract (July 2017) was approved by the ERA on 5 July 2017 and is located on AGL's website.</p> <p>It was noted that AGL has not received direction from the ERA to review its Standard Form Contract during the audit period, resulting in a compliance rating of 'not rated' as no activity took place during the audit period.</p>		
4	Energy Coordination Act section 11WK(1-2)	Gas is deemed to be supplied under the standard form contract if a customer commences to take a supply of gas at premises without entering into a contract with the holder of a trading licence.	Priority 5	Control Adequacy: N/P	Compliance Rating: 1
			<p>From examination of AGL's connection procedures and through discussions with the Regulatory and Compliance Team and Credit Team, we confirmed that AGL was compliant with the Energy Coordination Act Section 11 WK(1-2) as:</p> <ul style="list-style-type: none"> <li>If an unknown customer is identified as having consumed gas without having established an account with AGL, SAP will trigger an alert that will allow the Credit Team to proceed with the 'Unknown Consumer Process'. This creates an owner/occupier account in SAP and sets up the unknown customer under a Standard Form Contract.</li> <li>A bill and a Welcome Pack are issued under the Standard Form Contract Terms where they are addressed to "Dear Customer / Home Owner". The unknown customer is encouraged to contact AGL to make arrangements.</li> </ul> <p>There were no instances noted where a non-standard form contract was provided for a customer that commenced to take up supply at premises without entering into a contract, based on our review of the Breach Register</p>		



## 4. DETAILED FINDINGS (CONT.)

### 4.1 Energy Coordination Act 1994 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>9 Licence Compliance Requirements (Cont.)</b>			
5	Energy Coordination Act section 11WK(3)	A standard form contract continues in force until it is terminated, or supply becomes subject to a non-standard contract with the supplier.	<p>From examination of the AGL Standard Contract and through discussions with the Regulatory and Compliance Team, we confirmed AGL was compliant with the Energy Coordination Act Section 11WK(3) as:</p> <ul style="list-style-type: none"> <li>The customer remains under the Standard Contract conditions until the customer explicitly requests to be disconnected or terminated.</li> <li>Clause 4 of AGL's Standard Form Contract states that the contract is in place for a period of one year unless the customer or AGL ends the contract earlier.</li> <li>Clause 4.1(c) on the Standard Form Contract also states that in the event the customer is still consuming gas after 1 year, the contract will be automatically renewed for an additional one-year period, and so on, until ended by the customer or AGL.</li> </ul>
		Priority 5	Control Adequacy: N/P Compliance Rating: 1
19	Energy Coordination Act section 11ZOR(2)	A Licensee that sells gas that is transported through a distribution system must be a member of an approved retail market scheme if a scheme is in force.	<p>The Australian Energy Market Operator (AEMO) was appointed as the administrator of the approved retail market scheme, covering the distribution systems which AGL is licensed to operate.</p> <p>From examination of the AEMO website, we confirmed that AGL, as well as ATCO (the gas distributor used by AGL) were members of AEMO for the duration of the audit period, thereby confirming compliance with the Energy Coordination Act, Section 11ZOR(2).</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
20	Energy Coordination Act section 11ZOV(1)	A Licensee must not engage in prohibited conduct relating to the operation of a retail market scheme.	<p><i>Obligations 20 to 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 and Compliance Team advised that for the audit period, they were not aware of AGL engaging or assisting another party to engage in prohibited conduct relating to the operation of the retail market scheme.</p> <p>From examination on AGL's Code of Conduct, we observed that AGL encourage a regulatory and compliance culture by ensuring there is constant training and open communication between all employees and third-party staff related to AGL.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
21	Energy Coordination Act section 11ZOV(2)	A Licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme.	<p>From examination on AGL's Code of Conduct, we observed that AGL encourage a regulatory and compliance culture by ensuring there is constant training and open communication between all employees and third-party staff related to AGL.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.1 Energy Coordination Act 1994 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>9 Licence Compliance Requirements (Cont.)</b>			
22	Energy Coordination Act section 11ZOZ(3)	A Licencee, 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.  Priority 4	The Regulatory and Compliance Team confirmed that AGL have not been given a direction by the ERA to amend the scheme within the audit period.  Control Adequacy: NP Compliance Rating: NR
24	Energy Coordination Act section 11ZQH	The Licencee must not supply gas to customers unless the Licencee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme.  Priority 4	Through discussion with the Regulatory and Compliance Team and from review of the Energy and Water Ombudsman WA website and annual reports, we confirmed AGL are compliant with the Energy Coordination Act, Section 11ZQH as: <ul style="list-style-type: none"> <li>AGL have been registered with the WA scheme since 30 June 2017 as per Energy and Water Ombudsman Annual Report 2016-17;</li> <li>AGL is a Gas industry member of the approved Gas Industry Ombudsman Scheme in WA (and has been since market entry); and</li> <li>AGL is excluded by its Gas Trading Licence from supplying gas to small use customers unless it is a member of the approved Gas Industry Ombudsman Scheme.</li> </ul> Control Adequacy: NP Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.2 Energy Coordination (Gas Tariffs) Regulations 2000

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>11 Licence Compliance Requirements - Energy Coordination (Gas Tariffs) Regulations 2000</b>			
29	Energy Coordination Act section 11M Energy Coordination (Gas Tariffs) Regulations 2000 reg. 5(1)	A Licencee 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.	The Price Change Manager confirmed that AGL supplies gas to the Coastal supply area. We undertook a walkthrough to confirm compliance with the Energy Coordination (Gas Tariffs) Regulations 2000 Reg. 5(1), by reviewing the process for updating tariffs (including its latest update on 1 July 2018 which falls within the audit period). It was noted that AGL has distinct capped tariffs for each area of supply. This will only increase in accordance with the current CPI and will remain within the WA Cap Price.
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1
31	Energy Coordination Act section 11M Energy Coordination (Gas Tariffs) Regulations 2000 reg. 6(4)	When offering to supply gas to a new customer under a standard form contract, a Licencee is to offer to supply gas at a capped tariff.	We reviewed a customer account and noted the tariff within SAP was consistent with the applicable tariff for that area (including any amendments to the tariff throughout the audit period), resulting in AGL being compliant with the Energy Coordination (Gas Tariffs) Regulations 2000 Reg 6(4).
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1
39	Energy Coordination (Customer Contracts) Reg 12 (5)(e)	A Licencee 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.	From review of AGL's Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 12 (5)(e), as this obligation is outlined in Section 12.1(b) of the Contract, under details for 'When we must arrange Reconnection'. AGL has not had to initiate a reconnection under this clause during the audit period.
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
43	Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code	A Licensee who disconnects in the event of an emergency must provide a 24-hour information service, estimate the time when gas supply will be restored and use best endeavours to restore supply when the emergency is over.  Priority 4      Control Adequacy: N/P      Compliance Rating: 1	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.3.1 & 5.1.3.2 AGA Code, as this requirement is outlined in Section 11.8 under details for 'Our obligations on Disconnection following Emergency'.
44	Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code	A Licensee who disconnects supply for health and safety reasons must provide the customer written notice of the reason; allow the customer 5 business days to remove the reason where the customer is able to; and after the 5 business days issued a notice to the customer of its intention to disconnect supply at least 5 business days' notice prior to the disconnection date.  Priority 4      Control Adequacy: N/P      Compliance Rating: 1	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 12 (6), Clauses 5.1.4.1 & 5.1.4.2 AGA Code, as this requirement is outlined in Section 11.7 under details for 'When we must not arrange Disconnection for health and safety reasons'.
52	Energy Coordination (Customer Contracts) 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.  Priority 4      Control Adequacy: N/P      Compliance Rating: 1	Based on our review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 12 (6), Clause 5.2.2.2 AGA Code, as the requirement is outlined in Section 12.2 of the Non-Standard Contract under the details for 'When Reconnection will occur'.

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
56	Energy Coordination (Customer Contracts) Reg 14 (2),	A Licencee 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.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 14 (2), as this requirement is outlined in Section 6.3 under details for 'What is included in the Rates'.
		Priority 5 Control Adequacy: N/P Compliance Rating: 1	
57	Energy Coordination (Customer Contracts) Reg 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code	A Licencee must give notice of the tariffs charged and provide these notices to customers without charge upon request.	From review of the Non-Standard Contract, we noted that AGL is compliant with Energy Coordination (Customer Contracts) Reg 14 (3), Clauses 4.1.2.1 & 4.1.2.2 AGA Code, as this requirement is outlined in Section 6.5 under details for "Informing you of variation of Rates, Fees or Charges" and Section 17.2 "Access to Information". Section 6.5 states: a) <i>If we change our Rates or any of our Charges or Fees, we will publish the change and the date it takes effect in the Government Gazette if required by law, in a major newspaper circulating in the Supply Area or on our Website; and</i> b) <i>If the change affects you, we will provide you with written notice of the variation and the date it takes effect as soon as practicable after the variation is gazetted (if required) or published in the newspaper or on our Website and in any event, no later than on your next bill.</i> Section 17.2(b) states that on request, AGL will provide information about the Charges payable under the Non-Standard Contract, and alternative tariffs that are available to the customer, <b>free of charge</b> .
		Priority 5 Control Adequacy: N/P Compliance Rating: 1	
58	Energy Coordination (Customer Contracts) Reg 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code	A Licencee 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.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 14, Clause 4.1.3.1 & 4.1.3.2 AGA Code, as this requirement is outlined in Section 6.5 under details for "Informing you of variation of Rates, Fees or Charges", where written notice of variations will be provided to customers.  Through a walkthrough with the Price Change Team, we also observed AGL have established controls to give notice to each of its customers, affected by a variation in its tariffs, by no later than the next bill in the customer's billing cycle. Tariff change messages are designed and approved by the Price Change Team and applied to affected customers by SAP and included in the customer's bill automatically.
		Priority 5 Control Adequacy: N/P Compliance Rating: 1	

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
59	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.1 AGA Code	A Licencee must issue a bill to a customer at least once every 3 months, unless agreed otherwise.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.1 AGA Code, as this requirement is outlined in Section 8.1 under details for "Format and timing of bills", where the billing period will not be less than once a month and will be at least once every 3 months.
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
60	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code	A Licencee must prepare a bill in accordance with the terms specified in the AGA code, including the inclusion of any refundable advance.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.3.1, 4.2.3.2 & 4.2.3.3 AGA Code, as this requirement is outlined in Section 8.2 under details for "What your bill will contain".  In addition, we tested a sample of 53 customer bills across both Standard Form Contracts and Non-Standard Contracts and confirmed that the bills contained the minimum prescribed information and also included details of any refundable advances (known as Security Deposits) provided by the customer.
		Priority 5	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
61	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.3.2 AGA Code	A Licencee must apply payments received from a customer as directed by the customers (if the bill includes charges for other goods and services).	<p><i>Obligations 61 to 62</i></p> <p>From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1) and (2) as this requirement is outlined in Section 8.3 under details for "Allocation of payment for additional goods and services".</p> <p>This was also confirmed through system demonstrations performed by the Payment Team, where we observed the controls maintained in SAP, which are designed to import all payments (regardless of type) and allocate the payments to the relevant customer account based on reference numbers. It was also confirmed there have been no instances where other goods and services would appear on the bill for WA customers.</p>
		<p>Priority 5</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	
62	Energy Coordination (Customer Contracts) Reg 15 (1) and (2)	If a customer does not direct how a payment is to be allocated, a Licencee 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.	<p>From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1) and (2) as this requirement is outlined in Section 8.3 under details for "Allocation of payment for additional goods and services".</p> <p>This was also confirmed through system demonstrations performed by the Payment Team, where we observed the controls maintained in SAP, which are designed to import all payments (regardless of type) and allocate the payments to the relevant customer account based on reference numbers. It was also confirmed there have been no instances where other goods and services would appear on the bill for WA customers.</p>
		<p>Priority 5</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	
63	Energy Coordination (Customer Contracts) Reg 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code	A Licencee 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.	<p>From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1) and 47 (2) and (4), Clause 4.2.3.4 AGA Code, as this requirement is outlined in Section 8.10 under details for "Your historical billing information".</p> <p>Through system demonstrations performed by the Customer Solutions Team, we confirmed the controls in place where AGL is able to generate billing data for the period requested by the customer by updating the 'To' and 'From' fields to select the period as per the billing query.</p> <p>In addition, we confirmed that SAP is capable of generating 'Summary of Account Statements', which can be provided to the customer on request. We sighted the automatic generation of these statements in SAP and confirmed that the statements are provided to the customer immediately following the request, to ensure compliance with the prescribed time as per clause 47 (2).</p> <p>From discussions with the Regulatory and Compliance Team, we confirmed that AGL only charge the customer for the sale and supply of natural gas based on consumption, as well as the fees and charges outlined in the Fee Schedule. Available billing data is provided to the customer free of charge and we confirmed there are no additional charges pertaining to this service as outlined in the Fee Schedule. Within the audit period, there were no compliance breaches noted with respect to charging customers and AGL not fulfilling customer requests for billing data.</p>
		<p>Priority 5</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)			
64	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code	A Licencee must base a customer's bill on a meter reading and meters must be read at least once per year.	From review of the Non-Standard Contract, we noted this requirement is contained in Section 8.5 <i>'Meter Reading'</i> and Section 8.6 <i>'Estimating your usage'</i> , which addresses the matters set out in Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.1 AGA Code.
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1



## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
65	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.2 AGA Code	A Licencee, who accepts a customer reading of the meter, must not adjust the bill in favour of the Licencee if the Licencee subsequently discovers the reading was incorrect in favour of the customer.	<p>From review of the Non-Standard Contract terms and conditions, we confirmed that AGL have a 'Self Service' meter reading in place where customers can provide their reading of the meter. AGL will accept the read at their discretion.</p> <p>If AGL accepts the customers read, as per Clause 8.5(b) 'Meter Reading' of AGL's Non-Standard Contract, they will not make any adjustment to the bill for the billing cycle if the meter is subsequently read and an error in the customers favour is identified. Therefore, AGL has complied with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.2 AGA Code.</p>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1
66	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.4 AGA Code	A Licencee, 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.	<p>From review of the Non-Standard Contract, AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.4 AGA Code, as this requirement is included in Sections 8.6(e) 'Estimating your usage' and 8.7 'Bill adjustments'.</p> <p>In addition, we reviewed a sample customer where an actual read caused an adjustment of the customer's previously issued estimated bill. We confirmed that AGL included the adjustment details and applied a credit on the customers next bill.</p>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1
67	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.5 AGA Code	A Licencee must read a customer's meter upon request and may impose a fee for doing so.	<p>From review of the Non-Standard Contract, AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.2.4.5 AGA Code, as this requirement is included in Section 8.6(e) 'Estimating your usage'.</p> <p>From discussions, we also confirmed that AGL arrange a special read if requested by the customer and may impose a special meter read fee. We noted that AGL's preferred method (which is at no cost to the customer), is to utilise their 'Self Service' process, where the customer can provide their meter reads via AGL's website or via AGL's customer service phoneline.</p>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
68	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.3.2.1 AGA Code	A Licencee must offer payment in person and payment by mail.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.3.2.1 AGA Code, as this requirement is in Section 8.13 'Payments'.  In addition, we reviewed a sample bill and confirmed that all payment methods as required by the obligation were offered by AGL.
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1
69	Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.3.2.2 AGA Code	A Licencee must offer customers who are absent for a long period, payment in advance facilities and the option of redirecting the bill.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 15 (1), Clause 4.3.2.2 AGA Code, as this requirement is in Section 8.13 'Payments'.  This was also confirmed further confirmed to be incorporated into processes, through system demonstrations with the Customer Solutions Team, where we sighted that: <ul style="list-style-type: none"> <li>AGL offer the customer an option to redirect their bills by adding a temporary address;</li> <li>AGL is able to add a temporary address on customer request;</li> <li>There are fields set up in SAP to update the 'To' and 'From' date to ensure the request can be processed temporarily; and</li> <li>The redirection of customer bills is processed at no charge.</li> </ul>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1
70	Energy Coordination (Customer Contracts) Reg 16 (3)	A Licencee must not terminate a contract if a customer commits a breach of the contract (other than a substantial breach) unless — (a) the Licencee has a right to disconnect supply under the contract, a written law or a relevant code; and (b) the Licencee has disconnected supply at all supply addresses of the customer covered by the contract.	From review of the Non-Standard Contract, we noted that AGL is compliant with the Energy Coordination (Customer Contracts) Reg 16 (3), as this requirement is outlined in Section 4.1 under details for 'Terminating this Market Contract'.
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings			
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>						
71	Energy Coordination (Customer Contracts) Reg 19	<p>A Licencee must provide a customer</p> <ul style="list-style-type: none"> <li>(a) a copy of their customer service charter;</li> <li>(b) copies of regulations or any relevant code;</li> <li>(c) information about fees and charges payable under the contract;</li> <li>(d) with information on energy efficiency;</li> <li>(e) billing data; and</li> <li>(f) with information on Government Assistance Programs and Financial Counselling Services if requested by the customer.</li> </ul>	<p>From review of the Non-Standard Contract, we confirmed AGL is compliant with the Energy Coordination (Customer Contracts) Reg 19, as this requirement is addressed in Section 17.2 'Access to information'.</p> <p>This was also confirmed through examination of AGL's Welcome Pack, which are sent to all new customers. It was confirmed the Welcome Pack contained all relevant information as per obligation.</p>			
		<table border="1"> <tr> <td>Priority 5</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority 5	Control Adequacy: N/P	Compliance Rating: 1	
Priority 5	Control Adequacy: N/P	Compliance Rating: 1				
72	Energy Coordination (Customer Contracts) Reg 20 (2) Clause 4.3.5.1 AGA Code	<p>A Licencee must offer a customer who is experiencing payment difficulties:</p> <ul style="list-style-type: none"> <li>instalment plan options;</li> <li>right to have bill redirected to third person;</li> <li>information or referral on government assistance programs;</li> <li>and information on independent financial counselling services.</li> </ul>	<p>From review of the Non-Standard Contract, we confirmed AGL is compliant with Energy Coordination (Customer Contracts) Reg 20 (2) Clause 4.3.5.1 AGA Code, as this requirement is captured in Section 8.15 'If you have trouble paying'.</p> <p>In addition, from review of the Hardship Policy, fieldwork testing and confirmation with the Regulatory and Compliance Team, we confirmed that:</p> <ul style="list-style-type: none"> <li>▪ AGL has controls in place to offer payment extensions or payment instalment plans to customers experiencing payment difficulties or financial hardship; and</li> <li>▪ Any payment instalment plan is provided at no cost to the customer and is interest free.</li> </ul>			
		<table border="1"> <tr> <td>Priority 5</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority 5	Control Adequacy: N/P	Compliance Rating: 1	
Priority 5	Control Adequacy: N/P	Compliance Rating: 1				
73	Energy Coordination (Customer Contracts) Reg 27 (4) and 40 (3)	<p>A Licencee must not supply gas to the customer under a door to door contract during the cooling-off period unless the customer requests supply.</p>	<p>From review of the Non-Standard Contract, we confirmed AGL is compliant with the Energy Coordination (Customer Contracts) Reg 27 (4) and 40 (3) as this requirement is included in Section 2.1 'Cooling-off Period'.</p> <p>Through discussions with the Regulatory and Compliance Team and from review of a process map, we also confirmed the 10-business day cooling off period commences once the door to door sale is verified by the Customer Service Officer (CSO) Team and processed in SAP. At the end of the cooling off period, there is an automatic control in SAP where a Service Order (SO) is automatically raised to effectively transfer the customer to AGL. The gas supply is only triggered upon the completion of the SO.</p>			
		<table border="1"> <tr> <td>Priority 5</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: 1</td> </tr> </table>	Priority 5	Control Adequacy: N/P	Compliance Rating: 1	
Priority 5	Control Adequacy: N/P	Compliance Rating: 1				

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
74	Energy Coordination (Customer Contracts) Reg 20 (3) and 48	A Licencee 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.	<p>From review of the Non-Standard Contract, we noted that AGL are compliant with the Energy Coordination (Customer Contracts) Reg 20 (3) and 48, as this requirement is captured in Section 8.15 'If you are having trouble paying' and Section 8.17 'Debt collection procedures'.</p> <p>In addition, we confirmed controls in place by undertaking system demonstrations with the Customer Solutions Team and Credit Team and noted that rules are embedded in SAP to prevent any debt collection strategies or legal action commencing for customers who have an active payment arrangement. We noted that all customers who enter the Staying Connected Program (SCON), also known as AGL's Hardship Program, are flagged in SAP to avoid any legal action commencing upon them. Additionally based on the testing performed there were no compliance breaches identified where legal proceedings for the recovery of an amount owed to it by a customer within a payment arrangement with AGL.</p>
		Priority 5	Control Adequacy: N/P Compliance Rating: 1
75	Energy Coordination (Customer Contracts) Reg 22 and 49 (2)	A Licencee must only provide a credit reporting agency with default information relevant to one of their bills.	<p>From review of the Non-Standard Contract, we noted that AGL are compliant with the Energy Coordination (Customer Contracts) Reg 22 and 49 (2) as this requirement is captured in Section 17 'Information and privacy', where required credit information will be provided to the credit reporting agency.</p> <p>AGL also has a Credit Reporting Policy to govern this function and we noted this Policy is adequately referenced in the Non-Standard Contract.</p> <p>In addition, from review of AGL's Privacy Policy, Section 4 and 5, AGL only shares customer information with credit reporting agencies only in relation to bills issued by AGL, which is in compliance with Reg 49 (2).</p> <p>It was also confirmed with AGL's Regulatory and Compliance team that there were instances where AGL's customers were listed with a credit agency during the audit period and information relevant to the bill issued by AGL was provided to the Agency. Through our review of the Breach Register and Customer complaints there were no compliance breaches noted.</p>
		Priority 5	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
76	Energy Coordination (Customer Contracts) Reg 49 (3)	A Licencee must notify a credit reporting agency immediately if a customer has cleared their debt.	<p>Through review of the Default Listing Best Practice Procedure (BPP) script, we confirmed that AGL have controls in place to ensure there are consistent practices to notify a credit reporting agency immediately if a default listed customer clears their debt.</p> <p>It was also confirmed with AGL's Regulatory and Compliance team that there were instances where AGL's customers were listed with a credit agency during the audit period. For these customers it was advised that once the customer paid the overdue amount, AGL notify the credit reporting agency. The credit listing is then updated to "paid". Through our review of AGL's breach register and customer complaints there were no compliance breaches noted specific to Regulation 49(3).</p>
		<p>Priority 5</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
77	Energy Coordination (Customer Contracts) Reg 49 (4)	If a customer remedies a default and demonstrates extenuating circumstances, a Licencee must request the credit reporting agency to remove the default record.	<p>Through discussions with the Credit Management Team, we confirmed that AGL request the credit reporting agency to remove the default record in following instances:</p> <ul style="list-style-type: none"> <li>Once the debt has been paid in full by the customer; and</li> <li>If the investigation on customer disputes prove justifiable.</li> </ul> <p>From examination of the Default Listing Best Practice Procedure (BPP) script, we confirmed that the AGL have controls in place to ensure consistent practices in the event a customer remedies a default or has extenuating circumstances that warrants the removal of the default such as a genuine dispute or non-liability.</p> <p>It was confirmed with AGL's Regulatory and Compliance that whilst there were instances during the audit period where AGL's customers were listed with a credit agency, there were no instances of remedied defaults that demonstrated extenuating circumstances. Additionally, through our review of the Breach Register and Customer complaints there were no compliance breach noted that indicated an instance occurring within the audit period.</p>
		Priority 5	Control Adequacy: N/P    Compliance Rating: N/R
78	Energy Coordination (Customer Contracts) Reg 49 (5)	A Licencee must not refer a default to a credit reporting agency that is the subject of a complaint or matter of review.	<p>Through system demonstrations and walkthroughs with the Credit Management Team, we confirmed that a 'Dunning Lock' is manually applied on all the customers who have submitted a complaint to AGL.</p> <p>The Dunning Lock in SAP is a control designed to restrict the commencement of debt collection processes, thereby preventing AGL from referring the customer to a credit reporting agency.</p> <p>Based on the testing performed there were no instances noted where an AGL customer in default, with a complaint lodged with AGL, was reported to a credit reporting agency. This was confirmed through interviews, review of AGL's Compliance Breach Register and also review of customer complaints.</p>
		Priority 5	Control Adequacy: N/P    Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
83	Energy Coordination (Customer Contracts) Reg 46 (1) & (2)	Upon request, a Licencee must provide a customer with a copy of the Energy Coordination (Customer Contract) Regulations 2004 or a relevant code.	From discussions with the Regulatory and Compliance Team, we confirmed that AGL has the ability to provide a copy of the Energy Coordination (Customer Contract) Regulations 2004 upon request of the customer. It was noted that AGL have had no such requests during the audit period.
		Priority 5	Control Adequacy: N/P Compliance Rating: N/R
84	Energy Coordination (Customer Contracts) Reg 46 (4)	A Licencee 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.	Through discussions with the Regulatory and Compliance Team, we confirmed that AGL have a customer service representative available to handle walk-in requests and are able to supply a copy of the Energy Coordination (Customer Contract) Regulations 2004 or any relevant regulation required by the customer. It was noted that AGL have had no such requests during the audit period.
		Priority 5	Control Adequacy: N/P Compliance Rating: 1
85	Energy Coordination (Customer Contract) Reg 28, clause 3.1.1(a) AGA Code	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain equipment for the supply of gas up to the point of supply.	<i>Obligation 85 to 86</i>  From review of AGL's Standard Contract, we noted that AGL are compliant with the Energy Coordination (Customer Contract) Reg 28, clause 3.1.1(a) and (b) of AGA Code, as the provision, installation and maintenance of equipment and metering necessary for gas supply purposes is captured in Section 4.2 'Requirements for new connections' and 16.1 'Maintenance of equipment' of the Contract.
		Priority 5	Control Adequacy: N/P Compliance Rating: 1
86	Energy Coordination (Customer Contract) Reg 28, clause 3.1.1(b) AGA Code	A standard form contract must include a provision that the retailer or distributor must provide, install and maintain metering and necessary equipment at the supply address.	
		Priority 5	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.3 Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>12 Licence Compliance Requirements - Energy Coordination (Customer Contracts) Regulations 2004 (Cont.)</b>			
90	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code	A Licencee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification.	<p>Through discussion with the Regulatory and Compliance Team and from examination of AGL's representative badges, it was confirmed AGL are compliant with the Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code, as personnel are required to wear their Identification Cards at all times, which include:</p> <ul style="list-style-type: none"> <li>▪ Name;</li> <li>▪ Photograph;</li> <li>▪ Marketing ID number;</li> <li>▪ AGL logo; and</li> <li>▪ AGL Contact details (including address and phone number).</li> </ul> <p>In addition, during "Field Verification Calls" the Customer Service Officer (CSO) confirms with the customer if the representative clearly displayed their ID badge.</p>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1
91	Energy Coordination (Customer Contract) Reg 42	A Licencee must notify a customer of any amendment to a non-standard contract.	<p>From review of AGL's Non-Standard Contract, we noted are compliant with the Energy Coordination (Customer Contract) Reg 42, as this requirement is captured in Section 5 'Variation of this Market Contract'. The Regulatory and Compliance Team confirmed that AGL has not amended the Non-Standard Contract since entry into the WA Gas Market.</p>
		Priority 5	Control Adequacy: N/P
			Compliance Rating: 1



## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>13 Licence Compliance Requirements - Licence Conditions</b>			
96	Trading Licence clause 16.2	A Licensee must comply and require its expert to comply with the ERA's standard guidelines dealing with the performance audit.	<p>The Audit Plan was approved by the ERA on 17 July 2019 (after the audit period of 31 May 2019) and commits AGL and RSM (as the appointed independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the ERA.</p> <p>RSM confirms that this audit was undertaken utilising the March 2019 version of the Audit Guidelines: Electricity and Gas Licences.</p> <p>Therefore, as no audit was undertaken during the audit period, the obligation has been assessed as N/R.</p>
		<table border="1"> <tr> <td>Priority 4</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: N/R</td> </tr> </table>	
Priority 4	Control Adequacy: N/P	Compliance Rating: N/R	
97	Trading Licence clause 16.4	A Licensee's independent auditor must be approved by the ERA prior to the audit.	<p>On 8 June 2019, with the ERA's approval, AGL appointed RSM as the independent auditor to undertake the Performance Audit for the period 30 May 2017 to 31 May 2019.</p>
		<table border="1"> <tr> <td>Priority 5</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: 1</td> </tr> </table>	
Priority 5	Control Adequacy: N/P	Compliance Rating: 1	
98	Trading Licence clause 17	A Licensee may be subject to individual performance standards.	<p>The Regulatory and Compliance Team confirmed that AGL has not been subject to individual performance standards during the audit period.</p> <p>AGL have set up a Regulatory Advice Mailbox that is used by the whole Regulatory and Compliance Team to communicate with ERA.</p>
		<table border="1"> <tr> <td>Priority 5</td> <td>Control Adequacy: N/P</td> <td>Compliance Rating: N/R</td> </tr> </table>	
Priority 5	Control Adequacy: N/P	Compliance Rating: N/R	

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings	
<b>13 Licence Compliance Requirements - Licence Conditions</b>				
99	Trading Licence clause 20	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters.	<p>Through discussion with the Regulatory and Compliance Team and from examination of formal communications with the ERA, we confirmed that AGL have set up a Regulatory Advice Mailbox that is used by the whole Regulatory and Compliance Team (13 AGL Staff) to communicate with the ERA.</p> <p>It was confirmed that AGL have provided notices to the ERA, during the audit period, through this Mailbox in accordance with Clause 20.2 (e) As a result of the above, this obligation has been assessed as "compliant" for the audit period.</p>	
		Priority 5	Control Adequacy: N/P	Compliance Rating: 1
100	Trading Licence clause 21.1	A Licencee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.	<p>From review of AGL's Annual Financial Reports for the audit period, we confirmed they are compliant with Trading Licence clause 21.1 as :</p> <ul style="list-style-type: none"> <li>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); and</li> <li>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.</li> </ul>	
		Priority 5	Control Adequacy: N/P	Compliance Rating: 1
101	Trading Licence clause 22.1	A Licencee must report to the ERA if the Licencee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the Licencee's ability to meet its obligations under this licence within 10 business days of the change occurring.	The Regulatory and Compliance Team confirmed that during the audit period, AGL was not under external administration and did not experience a significant change in its corporate, financial or technical circumstances that may affect its ability to meet its Licence obligations.	
		Priority 4	Control Adequacy: N/P	Compliance Rating: N/R

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>13 Licence Compliance Requirements - Licence Conditions</b>			
102	Trading Licence clause 23.1	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.	<p>As requested by the ERA, we assessed Obligation 102 as Audit Priority 2.</p> <p>We performed walkthroughs with the Scrum Master and Analysts from the Customer Data and Decisioning Team to assess compliance with the Trading Licence clause 23.1.</p> <p>We identified the key steps taken by AGL to collect and report performance data, which include:</p> <ul style="list-style-type: none"> <li>▪ The development of Technical Definitions starts with the interpretation of the Reporting Guidelines. A Design Decision Log is created to manage clarifications and ensure the indicators are correctly interpreted. Each clarification is assigned to a Subject Matter Expert (SME) who are responsible for responding to the query.</li> <li>▪ Once all clarifications are made, a Technical Definition, which links to the Regulatory language found in the ERA's Performance Reporting Guidelines, is translated to reporting systems used by AGL to produce the answers for each indicator.</li> <li>▪ We reviewed the Technical Definitions and approvals for a sample of performance indicators in the areas of 'Energy Bill Debt', 'Hardship Programs' and 'Complaints'. Once the Technical Definitions are approved, the Customer Data and Decisioning Team develop a code designed to collect data from SAP for each individual performance indicator. The code is reviewed and approved by each business unit. We reviewed the approvals of the codes for a sample of performance indicators in the areas of 'Energy Bill Debt', 'Hardship Programs' and 'Complaints'.</li> <li>▪ Once the code is approved, the code is executed, and results are provided to the business units for their review and verification. We reviewed the approvals of the numbers for a sample of performance indicators in the areas of 'Energy Bill Debt', 'Hardship Programs' and 'Complaints'.</li> </ul>

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
13 Licence Compliance Requirements - Licence Conditions			
102 (Cont.)	Trading Licence clause 23.1	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.	<ul style="list-style-type: none"> <li>The business units then review the final numbers by analysing trends or other comparative reports and once the results have been approved, the final results are populated into the 'ERA Submission Template' and submitted for final crosscheck and approval. We sighted the AGL General Manager approval for the FY18 Performance Indicator Data.</li> </ul> <p>We also performed a detailed re-calculation on a sample of performance indicators in the areas of 'Energy Bill Debt', 'Hardship Programs' and 'Complaints' with the Customer Data and Decisioning Team.</p> <p>This involved restoring column store backups and manually querying the data to ensure the same results were obtained for those submitted in the 'FY18 Performance Reporting Datasheets'. The Customer Data and Decisioning Team were able to verify that the restored data was an exact copy of the data used for the FY18 Report. For the chosen performance indicator categories, we recalculated a total sample of 39 indicators and drilled down to source data for a sample of these indicators with no exception. The sample testing included confirming the data complied with the definitions in the handbook.</p> <p>Based on system walkthroughs, review of procedures, approvals and the re-calculation of performance indicators, we confirm AGL are compliant with the Trading Licence clause 23.1.</p> <p>We also noted that AGL requested an extension to the ERA that allowed them to submit documentation until 17 December 2018 instead of the original 1 October 2018 deadline. We sighted evidence that this extension was approved and granted by the ERA.</p>
		Priority 2	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>13 Licence Compliance Requirements - Licence Conditions</b>			
103	Trading Licence clause 24	A Licensee must publish any information it is directed by the ERA to publish, within the timeframes specified.	<p>Through review ed of email correspondence, we tested that AGL complied with the ERA's direction to publish their performance data within 7 days of ERA accepting the data.</p> <p>We noted that AGL submitted their Performance Data on 14 December 2018, where the ERA accepted the data on 30 January 2019 and requested AGL to publish the Performance Data within 7 days. AGL replied to the ERA on 6 January 2019 with a link to the reports on their website, confirming compliance with the specified timeframes.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings			
<b>13 Licence Compliance Requirements - Licence Conditions</b>						
106	Trading Licence clause 12.2	A Licencee 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.	<p><i>Obligations 106 to 108</i></p> <p>Through discussions with the Regulatory and Compliance Team and from review of correspondence between AGL and the ERA:</p> <ul style="list-style-type: none"> <li>We noted AGL have a Regulatory Advice mailbox set up with the ERA which will notify the Regulatory and Compliance Team of any requests. The whole team have access to this mailbox and all emails sent to/from this mailbox are archived and retrievable by AGL's IT Team;</li> <li>Should the ERA request change to the Standard Form Contract, AGL has processes in place to review and amend the Contract within the conditions specified by the ERA. If there are any changes to the contract, a review must be conducted by the Legal Team and the Manager, Customer Markets Regulatory and Compliance; and</li> <li>The latest version of the Standard Form Contract (July 2017) has been approved by the ERA and is located on AGL's website. AGL has not received direction from the ERA to review its Standard Form Contract during the audit period;</li> </ul> <p>We noted that there was evidence of communication and approval from the ERA regarding amendments to the Standard Contract. This communication took place on 22 June 2017 with the ERA responding on 5 July 2017 (which was within the audit period). Therefore, AGL is in compliance with respect to contract amendments in accordance with the Energy Coordination Act 1994 and Regulations.</p> <p>The Regulatory and Compliance Team confirmed that AGL's procedures and service standards provide for AGL to continue to supply to a customer unless the customer breaches the standard terms and conditions of their contract or cancels their account.</p> <p>During the audit period, AGL made a business decision to not disconnect customers in WA for non-payment including failure to pay a refundable advance, no access to the meter and for non-identification (deemed customers - where gas usage is recorded but no customer is allocated to that account).</p>			
		Priority 5		Control Adequacy: N/P	Compliance Rating: N/R	
107	Trading Licence clause 12.3	A Licencee must comply with any direction given by the ERA in relation to the scope, process and methodology of the standard form contract review.				
		Priority 5			Control Adequacy: N/P	Compliance Rating: N/R
108	Trading Licence clause 13.1	A Licencee must only amend the standard form contract in accordance with the Energy Coordination Act 1994 and Regulations.				
		Priority 4				Control Adequacy: N/P
109	Trading Licence clause 15.1 and 15.2	A Licencee 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.				
		Priority 4				

## 4. DETAILED FINDINGS (CONT.)

### 4.4 Licence Conditions (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>13 Licence Compliance Requirements - Licence Conditions</b>			
110	Trading Licence Schedule 3 clause 1.5	A Licencee 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.	The Regulatory and Compliance Team 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	
111	Trading Licence Schedule 3 clause 1.7	A Licencee must comply with a direction from the ERA to supply a customer, subject to specified conditions.	The Regulatory and Compliance Team confirmed that the ERA has not made a direction to supply a customer during the audit period.
		Priority 4	
112	Trading Licence Schedule 3 clause 2.1 to 2.2	A Licencee 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 Licencee.	<p>The Regulatory and Compliance Team confirmed that during the audit period,</p> <ul style="list-style-type: none"> <li>AGL has not refused information requested by ATCO Gas;</li> <li>AGL maintained communication with ATCO Gas on a regular basis via email correspondence, meetings and through the automated transactional B2B processes; and</li> <li>We did not identify any complaints from ATCO Gas about AGL's communication channels.</li> </ul> <p>For information requested by ATCO, we sighted evidence through correspondence that information was provided to ATCO. There were no instances noted where information was not provided to ATCO based on our review, and no compliance breaches noted following our review of the Breaches Register.</p>
		Priority 4	
113	Trading Licence Schedule 3 clause 3.1	A Licencee 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.	Through discussions with the Regulatory and Compliance Team, Price Changes Manager and Price Strategy Analyst, as well as review of communication between AGL and the Minister for Energy, we confirmed that AGL provided notification to the Minister of updated tariffs rates accordingly on 28 May 2018 (effective from 1 July 2018), and are therefore in compliance with Trading Licence Schedule 3 clause 3.1.
		Priority 4	

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct

No.	Obligation Reference	Obligation Description	Observations and Findings		
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct)</b>					
114	Trading Licence clause 19.1.	A Licencee must comply with the Gas Marketing Code of Conduct.	<p><b>Non-Compliance</b> <i>Obligations 114 to 116</i></p> <p>We noted the following controls in place to ensure employees and agents comply with the Marketing Code of Conduct.</p> <ul style="list-style-type: none"> <li>all AGL Customer Service Officers (CSOs) are provided with detailed induction training around the Marketing Code of Conduct;</li> <li>detailed Best Practice Procedures (BPP) scripts and Work Instructions are established to ensure that regulatory requirements are consistently met.</li> <li>AGL have also established a QA Program to monitor the compliance performance of their internal employees. The internal QA Program is outlined in AGL's Quality Framework. We reviewed Scorecards, Audit Reports and Monthly Reports of Non-adherences.</li> <li>A dedicated Compliance Team member is assigned to monitor third-party sales vendor performance through a QA Program and Annual Audits.</li> <li>We confirmed that AGL had conducted Annual Audits on all five vendors during the audit period.</li> </ul> <p>We sighted the training registers provided and verified that all AGL employees, as well as third party sales agents, have undergone training on compliance requirements. In addition, AGL conduct refresher training through the e-learning platform, located in the 'WorkDay' application where each employee is assigned ten mandatory compliance modules which must be completed annually. This confirms compliance with Clause 2.1 of the Code of Conduct.</p> <p>In addition, we completed sample testing on 30 internal sales and 23 third-party sales in accordance with RSM's Sampling Methodology (based on ASA 540 <i>Audit Sampling</i>) to ensure AGL's compliance with the Code of Conduct. Based on our testing, in all instances AGL obtained customer Explicit Informed Consent (EIC) and provided or made available the information specified in Clause 2.3(2) of the Gas Marketing Code of Conduct.</p> <p>However due to the non-compliances reported under Obligation's 117-118 and 119-120, Obligation's 114-115 has also been assessed as non-compliant.</p> <p><b>Please refer to recommendations provided under the corresponding obligations 117-118 and 119-120.</b></p>		
		Priority 2		Control Adequacy: A	Compliance Rating: 2
115	Trading Licence clause 19.2	A Licencee must ensure all agents and employees comply with the Gas Marketing Code of Conduct.			
		Priority 2	Control Adequacy: A	Compliance Rating: 2	
116	Trading Licence clause 19.1 Code of Conduct clause 2.1	A retailer must ensure that its gas marketing agents comply with Part 2 of the Code of Conduct.			
		Priority 2	Control Adequacy: A	Compliance Rating: 1	



## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>			
117	Trading Licence clause 19 Code of Conduct clause 2.2(1)	A retailer or gas marketing agent must ensure that standard form contracts that are not unsolicited consumer agreements are entered into in the manner and satisfying the conditions specified.	<p><b>Non-Compliance and Control Deficiency</b> <i>Obligations 117 to 118</i></p> <p>We completed sample testing on 30 internal sales in accordance with RSM's Sampling Methodology (based on ASA 540 <i>Audit Sampling</i>) to confirm compliance with Clause 2.2(1) and 2.2(2). AGL's sales channels include inbound calls, outbound calls and online sales. Our testing included reviewing:</p> <ul style="list-style-type: none"> <li>▪ Sales phone call records (EIC Records);</li> <li>▪ Welcome Packs and Plan Summaries; and</li> <li>▪ Bills.</li> </ul> <p>Based on our testing, we confirmed the content of AGL's Welcome Packs enable AGL to enter into a Standard Contract that are not unsolicited consumer agreements in the manner and satisfy the conditions specified in Clause 2.2(1) and 2.2(2) of the Gas Marketing Code of Conduct.</p> <p>However, we noted the following non-compliances based on the testing performed:</p> <ul style="list-style-type: none"> <li>▪ Two instances where AGL did not provide a Welcome Pack (which includes a copy of the Standard Form Contract as part of the information within the pack) to the customer entering into a contract with AGL. Therefore, not providing all relevant information as specified in Clause 2.2(1) and 2.2(2). AGL have advised they believe these two instances to be isolated.</li> </ul> <p>We also noted opportunities for improvement in regards to ensuring information provided to customers about fees and charges are adhered to:</p> <ul style="list-style-type: none"> <li>▪ We noted one instance where a customer was advised by the CSO that no Paper Bill Fee would be charged, but on review of the customer's first bill, the customer was charged;</li> <li>▪ We noted one instance where a customer was advised by the CSO that there will be no 'Initial Meter Fee', but on review of the customer's first bill, the customer was charged; and</li> <li>▪ We noted one instance where a customer signed up to a Standard Form Contract and from review of the customer's Welcome Pack, a line relating to a Market Contract (non-standard) was included. AGL advised this error was identified and resolved during an internal Welcome Packs Assurance review completed by the Regulatory and Compliance Team. The fix was deployed on the 1st July 2019.</li> </ul>
		Priority 2	Control Adequacy: B
		Priority 2	Compliance Rating: 2
118	Trading Licence clause 19 Code of Conduct clause 2.2(2) and clause 2.2(3)	A retailer or gas marketing agent must ensure that the information specified in clause 2.2(2) is given to the customer no later than on or with the customer's first bill, unless the retailer or gas marketing agent has provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer has requested to receive the information).	<p>Priority 2</p> <p>Control Adequacy: B</p> <p>Compliance Rating: 2</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observation and Findings
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>			
<b>118 (Cont.)</b>	Trading Licence clause 19 Code of Conduct clause 2.2(2) and clause 2.2(3)		<b>Recommendation</b> <i>We recommend AGL:</i> <ul style="list-style-type: none"><li>▪ <i>Confirm the root cause of this instance with the Implementation and Delivery Teams and investigate sales made in the same conditions as this instance; and</i></li><li>▪ <i>Post investigation of the root cause of this instance, consider whether any improvements to controls (i.e. system fixes, manual workarounds or exception reporting) are required to ensure AGL can prevent and rectify such instances in a timely manner to avoid any further non-compliances.</i></li></ul>

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings		
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>					
119	Trading Licence clause 19 Code of Conduct clause 2.3(1)	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.	Priority 4	Control Adequacy: B Compliance Rating: 2	<p><b>Non-Compliance and Control Deficiency</b></p> <p><i>Obligations 119 to 120</i></p> <p>AGL's third-party sales vendor channels include outbound and inbound telemarketing, online sales, non-residential field sales (which ceased during the audit period in 2018) and kiosk sales. We tested a sample of 23 third-party sales in accordance with RSM's Sampling Methodology (based on ASA 540 <i>Audit Sampling</i>) included review of</p> <ul style="list-style-type: none"> <li>▪ Explicit Informed Consent Records;</li> <li>▪ Welcome Packs and Plan Summaries; and</li> <li>▪ Bills.</li> </ul> <p>Based on our testing, we confirmed the content of AGL's Welcome Packs and bills enable customers to enter into a Non-Standard Contract that are not unsolicited consumer agreements in the manner and satisfying the conditions specified in Clause 2.3(1) and Clause 2.3(2) of the Gas Marketing Code of Conduct.</p> <p>Our testing also revealed one non-compliance where:</p> <ul style="list-style-type: none"> <li>▪ AGL did not provide a Welcome Pack (which includes a copy of the non-standard form contract as part of the information within the pack) to a customer entering into a non-standard Contract. Therefore, AGL did not provide all relevant information as specified in Clause 2.3(1) &amp; 2.3(2). AGL advised that the root cause of this one instance is under investigation by the Implementation and Delivery Team who are responsible for the Welcome Pack delivery and the process that support this.</li> </ul> <p><b>Recommendation</b></p> <p><i>We recommend AGL:</i></p> <ul style="list-style-type: none"> <li>▪ Confirm the root cause of this instance with the Implementation and Delivery Teams and investigate sales made in the same conditions as this instance; and</li> <li>▪ Post investigation of the root cause of this instance, consider whether any improvements to controls (i.e. system fixes, manual workarounds or exception reporting) are required to ensure AGL can prevent and rectify such instances in a timely manner to avoid any further non-compliances.</li> </ul>
120	Trading Licence clause 19 Code of Conduct clause 2.3(2)	A retailer or gas marketing agent must ensure that the information specified is provided to the customer before entering into a non-standard contract.	Priority 4	Control Adequacy: B Compliance Rating: 2	

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)			
121	Trading Licence clause 19  Code of Conduct clause 2.3(3) and clause 2.3(4)	A retailer or gas marketing agent must obtain a customer's verifiable consent that the information specified in clause 2.3(2) has been given, unless the retailer or gas marketing agent provided the information to the customer in the preceding 12 months or informed the customer how the information may be obtained (unless the customer requested to receive the information).	<p>Through discussions with the Customer Solutions Team and Regulatory and Compliance Team, as well as review of AGL's New Customer sign-up process and from review of a sample of internal and third-party sales, we confirmed the following controls:</p> <ul style="list-style-type: none"> <li>▪ Customer Service Officers (CSOs) obtain explicit and verifiable informed consent (EIC) from the customer and that the information specified in Clause 2.3(2) of the Gas Marketing Code of Conduct has been provided through a series of scripted questions that must be directly answered by the customer. This was completed for all the samples testing with no exceptions noted.</li> <li>▪ AGL ensure the terms and conditions are communicated to their customers before entering into the contract via scripting and pre-recorded messages. The CSO Team then obtain EIC (which are all maintained in SAP).</li> <li>▪ It is noted EIC is obtained in the following methods: <ul style="list-style-type: none"> <li>- For internal sales, verbally ensuring they have understood the terms and conditions of the offer;</li> <li>- For online sales, when the customer accepts the terms and conditions in the online form; and</li> <li>- For field sales, verification is obtained by the customer signature and for kiosk sales, verification is obtained similar to online sales, when the customer accepts the terms and conditions via the online sales platform. In addition, a verification call is also completed (as a secondary control in place to confirm the EIC has been obtained prior to the sale being processed. Sales cannot be processed without the verification check.</li> </ul> </li> </ul> <p>From the sample testing conducted for obligations 114 to 118, of 30 internal and 23 third-party sales in accordance with RSM's Sampling Methodology (based on ASA 540 Audit Sampling), we noted all customers provided EICs, which were maintained in SAP. Based on the testing performed there were no non-compliance breaches noted.</p>
		Priority 4	Control Adequacy: N/P      Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>14 Licence Compliance Requirements - Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>			
123	Trading Licence clause 19 Code of Conduct clause 2.4(2)	A retailer or gas marketing agent must ensure that a customer is able to contact the retailer or gas marketing agent on the retailer's or gas marketing agent's telephone number during the normal business hours of the retailer or gas marketing agent for the purposes of enquiries, verifications and complaints.  Priority 4      Control Adequacy: N/P      Compliance Rating: 1	From review of a sample of customer bills and AGL's website and through discussion with the AGL's Customer Solutions Team and the Regulatory and Compliance Team, we confirmed AGL are compliant with this obligation as: <ul style="list-style-type: none"> <li>AGL's phone contact details were made available to AGL customers; and</li> <li>The Customer Service Call Centre phone lines were open 24/7.</li> </ul>
124	Trading Licence clause 19 Code of Conduct clause 2.5(1)	A retailer or gas marketing agent who contacts a customer for the purposes of marketing must, on request, provide the customer with the retailer's complaints telephone number, the gas ombudsman's telephone number and, for contact by a gas marketing agent, the gas marketing agent's marketing identification number.  Priority 4      Control Adequacy: N/P      Compliance Rating: N/R	From review of a sample of 30 customer bills, Welcome Packs and sales calls, we confirmed that these channels contained all relevant information regarding AGL's Complaints Management process during the audit period.  From the sample tested, we did not identify any instances where the customer requested information regarding complaints contact details.
125	Trading Licence clause 19 Code of Conduct clause 2.5(2)	A retailer or gas marketing agent who meets with a customer face to face for the purposes of marketing must: <ul style="list-style-type: none"> <li>wear a clearly visible and legible identity card showing the information specified; and</li> <li>as soon as practicable provide the customer, in writing, the information specified.</li> </ul> Priority 4      Control Adequacy: N/P      Compliance Rating: 1	Through discussion with the Regulatory and Compliance Team and from review of AGL's field and kiosk Sales Agents representative badges, we confirmed AGL are compliant with this obligation as Sales Agents are required to wear their Identification (ID) badge at all times, which detail their: <ul style="list-style-type: none"> <li>Name;</li> <li>Photograph;</li> <li>Marketing ID number;</li> <li>AGL logo; and</li> <li>AGL Contact details (including address and phone number).</li> </ul>

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings	
<b>14 Licence Compliance Requirements – Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>				
126	Trading Licence clause 19 Code of Conduct clause 2.6	A retailer or gas marketing agent who visits a person's premises for the purposes of marketing, must comply with any clearly visible signs at the premises indicating that canvassing is not permitted, or no advertising material is to be left at the premises.	<p>Through discussion with the Regulatory and Compliance Team we confirmed that AGL do not perform door to door marketing.</p> <p>Field agents are used for sales purposes; however, they are monitored by Customer Service Officers (CSOs) who perform the "Field Verification Calls" to confirm with the customer if the representative clearly displayed their ID badge, thus demonstrating compliance with this obligation.</p> <p>From testing of sales, it was confirmed that 'Field Verification Calls' were performed accordingly by the field agents.</p>	
		Priority 4	Control Adequacy: N/P	Compliance Rating: 1
127	Trading Licence clause 19 Code of Conduct clause 2.8	A person who carries out any marketing activity in the name of or for the benefit of a retailer or a gas marketing agent is to be taken to have been employed or authorised by the retailer or gas marketing agent to carry out that activity, unless the contrary is proved.	<p>Through discussion with the Regulatory and Compliance Team and examination of the Quality Assurance (QA) for third-party sales vendors we confirmed AGL are compliant with this obligation:</p> <ul style="list-style-type: none"> <li>AGL third-party sales vendors are trained and informed that any marketing activity conducted by them would be regarded as having been conducted on behalf of AGL; and</li> <li>AGL third-party sales vendors are provided with call scripts that have been specifically designed to comply with the requirements of the Gas Marketing Code of Conduct.</li> </ul> <p>We also confirmed that each third-party sales vendor is assigned an AGL Channel Manager who is responsible for assuring all mandatory requirements are adhered to by the third-party vendor, this includes:</p> <ul style="list-style-type: none"> <li>Holding regular meetings;</li> <li>Performing sales verifications; and</li> <li>Overseeing the third-party management of Complaints, Compliance and Quality Assurance.</li> </ul>	
		Priority 4	Control Adequacy: N/P	Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.5 Gas Marketing Code of Conduct (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>14 Licence Compliance Requirements – Gas Marketing Code of Conduct (Code of Conduct) (Cont.)</b>			
128	Trading Licence clause 19 Code of Conduct clause 2.9	<p>A gas marketing agent must:</p> <ul style="list-style-type: none"> <li>keep a record of each complaint made by a customer, or person contacted for the purposes of marketing, about the marketing carried out by or on behalf of the gas marketing agent; and</li> <li>on request by the gas ombudsman in relation to a particular complaint, give to the gas ombudsman all information that the gas marketing agent has relating to the complaint within 28 days of receiving the request.</li> </ul>	<p>From review of AGL's Complaints Management Framework and from discussions with the Customer Advocacy Team, we confirmed the following are in place for recording and monitoring customer complaints:</p> <ul style="list-style-type: none"> <li>All complaints are stored in AGL's Customer Relationship Management System and Complaint Management System;</li> <li>Each complaint is assigned a unique Case ID/Transaction Number; and</li> <li>The Customer Advocacy Team working directly with the Energy and Water Ombudsman (WA) to provide information as requested. This is managed via a dedicated mailbox.</li> </ul> <p>We undertook a detailed walkthrough of a sample of 4 complaints and noted that all relevant details were captured in AGL's Customer Relationship Management System and Complaint Management System. We also sighted the timely and transparent communication between AGL and the Gas Ombudsman, thus demonstrating compliance with the obligation. Additionally, based on our review of the compliance breach register, there were no compliance breaches noted specific to this obligation.</p>
		<p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	
129	Trading Licence clause 19 Code of Conduct clause 2.10	<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>Through discussions with the Regulatory and Compliance Team and from system demonstrations with the Customer Solutions Team, we confirmed that AGL record all information as required by the Gas Marketing Code of Conduct in SAP, thus demonstrating compliance with this obligation.</p> <p>We reviewed AGL's SAP Retail Archiving procedure document which outlines all record keeping and archiving requirements. It was noted that records are archived for at least 2 years and are accessible via the front end of SAP.</p>
		<p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>			
<b>Connections</b>			
134	Compendium clause 3.1(1)	<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>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	<p><i>Obligation 134 and 135</i></p> <p>AGL will arrange connections with customers in the following three instances:</p> <ul style="list-style-type: none"> <li>▪ New Connections - where there is no existing meter at the premise;</li> <li>▪ Existing Connections – 'in-situ' connections where the customer is changing retailers (defined by AGL as a 'Switch'); and</li> <li>▪ Existing Connections – 'move-in' where a customer is moving premise.</li> </ul>
135	Compendium clause 3.1(2)	<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>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	<p>We sighted the steps undertaken to create a customer account in SAP, including the Business Partner (BP), Business Agreement (BA) and Technical Master Data. It was also noted:</p> <ul style="list-style-type: none"> <li>▪ A process is in place to ensure the Point of Connection (POD) aligns with the MIRN; and</li> <li>▪ A Change Request is then automatically sent to the relevant market participants where this automated communication is managed through MDH.</li> </ul> <p>The Sales Fulfillment Manager confirmed that AGL will forward all required Service Order (SO) requests to ATCO once they have verified the request via their internal processes.</p> <p>Through system demonstrations of two actual AGL customer requests, we verified that these requests were sent to the distributors immediately following the request, therefore complying with the timeframes as in Clause 2.1 and Schedule 2, Compendium Clause 3.1(2).</p> <p>In addition, all sent and received requests were time stamped in SAP for audit trail purposes. We noted that daily exception reports are run and managed by AGL's back house team in India, to ensure the accurate and timely completion of connection service orders. These reports monitor service order and change request activity in the market and provide alerts if there are any discrepancies. This exception reports have not indicated any non-compliances with the WA timeframes.</p>



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing</b>			
<b>136</b>	Compendium clause 4.1(a)	A retailer must issue a bill no more than once a month unless the conditions specified in 4.1(a)(i)-(iii) apply.	<p>Section 4.1 of the Compendium requires AGL to bill each customer no more than once a month, and at least once every 105 days unless AGL has received verifiable consent to bill in a different manner.</p> <p>Through discussions with the Functional Billing Manager and Billing Team and from examination of AGL's billing policies and procedures, we confirmed the controls in place where:</p> <ul style="list-style-type: none"> <li>AGL's billing process is based on quarterly actual meter reads provided by ATCO;</li> <li>AGL will only issue a bill to a customer more than once a month if the bill is a final bill and this has been agreed with the customer; and</li> <li>AGL's Market Customer Contract and Standard Form Contract state the billing cycle will not be less than once a month and will be at least once every 3 months.</li> </ul> <p>Based on our review of AGL's Breach Registers, customer complaints received and through further confirmation with AGL's Regulatory and Compliance team, we noted that there were no instances during the audit period where a customer was billed more than once a month and that did not satisfy the conditions specified Clause 4.1(a) (i) to (iii) in the Compendium.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
137	Compendium clause 4.1(b)	A retailer must issue a bill at least every 105 days unless the conditions specified are met.	<p><b>Non-Compliance and Control Deficiency</b></p> <p>Through discussions with the Functional Billing Manager and Billing Team and from review of AGL's billing procedures, we confirmed the following:</p> <ul style="list-style-type: none"> <li>AGL's billing process is based on meter reads received from ATCO.</li> <li>Where ATCO fails to provide an actual read within a 3-month period, AGL will issue a bill based upon an estimated read. This estimate is provided by ATCO.</li> <li>AGL's SAP system is set up to automatically initiate the billing process upon an estimated or actual read being received</li> <li>AGL's Billing team regularly monitor an 'Unbilled' report which identifies customers who have not been billed in 90 days. The 'Unbilled' report is produced when a customer account exceeds their NSRD (next scheduled read date). An item will be flagged as unbilled after a PMD (provide meter data) request has been sent to the ATCO, and a period of time has elapsed to allow for a response. This report is considered high priority and management has visibility over this report.</li> </ul> <p>However, within the audit period, AGL identified 14 customers that were billed outside of the prescribed 105-day period, due to a weakness in controls. AGL reported these customers to the ERA in the 2017/18 Annual Performance Report. We investigated these instances and confirmed they were not systemic in nature and were considered to be isolated incidents</p> <p><b>Recommendation</b> We recommend AGL investigate methods to improve the output of the 'Unbilled Report' for WA customers (which identifies customers who have not been billed in 90 days) to better identify the WA customer accounts at risk of breaching the 105 day-requirement.</p>
		Priority 4	Control Adequacy: B      Compliance Rating: 2

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
146	Compendium clause 4.4	A retailer must issue a bill to a customer at the address nominated by the customer, which may be an email address.	<p>Through discussions with the AGL Connections and Transfers Sales Fulfilment Manager, review of Work Instructions as well as a walkthrough of the customer creation process, we confirmed that AGL's billing procedures allow customers to receive bills via email or mail at the customers nominated address or email.</p> <p>AGL's Regulatory and Compliance team confirmed and through a review of complaints data, there were no instances during the period where bills were issued to the incorrect address, in compliance with Clause 4.4.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
147	Compendium clause 4.5(1)	Unless the customer agrees otherwise, a retailer must include the minimum prescribed information in clauses 4.5(1)(a)-(cc) on the customer's bill.	<p>From examination of AGL's Technical Invoice Layout agreement with Fuji Xerox and through discussion with the AGL Billing Team, it was noted that customer bills are automatically generated from the SAP system and issued by Fuji Xerox.</p> <p>We tested a sample of two AGL customers (one Standard Form Contract and one Non-Standard Contract) and confirmed that the bills contained the minimum prescribed information as outlined in Clauses 4.5(1)(a)-(cc), confirming compliance with this obligation.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
148	Compendium clause 4.5(2)	Notwithstanding clause 4.5(1)(bb), a retailer is not obliged to include a graph or bar chart on the bill, if the bill meets the criteria specified in clauses 4.5(2)(a)-(c).	From examination of a sample of WA customer bills, we confirmed that all bills include a graph which displays the customers average daily cost and usage as it is available, confirm compliance with Compendium clause 4.5(2).
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1
149	Compendium clause 4.5(3)	If a retailer identifies and wishes to bill a customer for a historical debt, the retailer must advise the customer of the amount of the historical debt and its basis, before, with or on the customer's next bill.	From system demonstrations, we confirmed that where AGL identifies historical debt relating to WA customers, the debt is transferred to the customer's account and appears as a message on the customer's next bill. We reviewed a bill issued to a customer where historical debt was identified and confirmed the amount and basis of the historical debt was included on the customer's bill in accordance with Compendium Clause 4.5(3). Therefore, AGL are compliant with this obligation. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1
150	Compendium clause 4.6(1)	A retailer must base a customer's bill on the distributor's or metering agent's reading of the meter at the customer's supply address, or the customer's reading of the meter provided the retailer and the customer agreed that the customer will read the meter.	Through discussions with the Billing Team, AGL apply the following processes for generating bills: <ul style="list-style-type: none"> <li>ATCO is responsible for all meter readings, which are uploaded into AGL's SAP-ISU system via the Meter Data Hub (MDH) and iDot.</li> <li>Customer invoices are automatically generated via SAP based on meter reading data, SAP has appropriate logic and controls to ensure actual and estimated data flow through to the customer's bill. Additionally, SAP runs data validation on each reading with predetermined thresholds.</li> <li>AGL accepts customer own meter reads in WA and has detailed processes and systems for customers to 'self-service'. Self-service meter reads can be completed online or via the phone with the Customer Solutions team.</li> </ul> Based on the above, it was confirmed that AGL bases customer bills on either a distributor reading of the meter or a customer's reading of the meter (where applicable), thereby AGL are compliant with Compendium Clause 4.6(1). Additionally, through our review of AGL's breach register and customer complaints there were no non-compliance instances noted.
		Priority 4	Control Adequacy: N/P
			Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
152	Compendium clause 4.7(1)	A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills.	<p>From a walkthrough of the billing process in SAP, we confirmed that AGL's WA customers are billed quarterly based on meter reads provided by ATCO.</p> <p>If ATCO is unable to read the meter, a market estimate is provided and AGL will bill the customer based on the estimate.</p> <p>We undertook a walkthrough for a sample WA customer to ensure actual reads and estimated data provided by ATCO were correctly applied to the customer. We also sighted reporting, which is monitored by the Billing Team, indicating that there are currently no unbilled customers in WA. AGL are therefore compliant with Compendium clause 4.7(1).</p>
		Priority 5	Control Adequacy: N/P    Compliance Rating: 1
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><b>Non-Compliance and Control Deficiency</b></p> <p>There were nine customers where AGL did not obtain actual meter reading data at least once a year.</p> <p>The non-compliance is driven by the inability of the distributor (ATCO Gas) to access a customer's property to perform a meter reading. It is acknowledged that AGL use their best endeavours to meet this obligation by:</p> <ul style="list-style-type: none"> <li>Monitoring estimated reads provided by ATCO;</li> <li>Sending a letter to the customer after two consecutive occasions (based on the customer standard bill cycle) where the distributor fails to provide an actual read; and</li> <li>Displaying a message on all subsequent bills requesting clear meter access during their next meter read period, in the interest of ATCO gaining access to the meter for the provision of an actual read to AGL.</li> </ul> <p>Notwithstanding the above processes, AGL were unable to obtain actual meter reads for nine customers during the audit period.</p> <p><b>Recommendation</b></p> <p><i>In addition to sending a letter, we recommend a SMS with a call to action is sent to customers to confirm the date the meter is scheduled to be read at the customer's supply address or allow the option for the customer to provide a meter self-read.</i></p>
		Priority 5	Control Adequacy: B    Compliance Rating: 3

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
154	Compendium clause 4.8(1)	A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.	<p>Through discussions with the Billing Team and a detailed walkthrough of the billing system (SAP-ISU), we noted that:</p> <ul style="list-style-type: none"> <li>ATCO is responsible for providing all meter readings, which are uploaded into AGL's SAP-ISU system via the Meter Data Hub (MDH) and iDot. If ATCO is unable to access the meter and send an 'actual' read, a market estimate is provided and AGL will bill the customer based on the estimated read. We performed a walkthrough for a sample of WA customer to ensure estimated data provided by ATCO were correctly applied to each customer.</li> <li>Customer bills are automatically generated via SAP based on meter data. SAP has appropriate logic and controls to ensure actual reads and estimated data flow through to the customer's bill.</li> </ul> <p>Based on the above, it was confirmed that if AGL is unable to reasonably base a bill on a reading of the meter, an estimated bill is issued to the customer in the manner specified in Clause 4.8 of the Compendium. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
155	Compendium clause 4.8(2)	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).	<p>Through examination of a sample of four estimated WA customer bills during the audit period and from discussions with the Billing Team and the Regulatory and Compliance Team, we confirmed that AGL's estimated bills explicitly comply with the minimum information required by clauses 4.8(2) (a)-(c) of the Compendium.</p> <p>If the bill is estimated, this information is provided to all customers even if not requested. If the customer requires additional information about the estimated bill, AGL's CSO's are able to retrieve and provide this information.</p>
		Priority 4	Control Adequacy: N/P    Compliance Rating: 1
156	Compendium clause 4.8(3)	Upon request, a retailer must inform a customer of the basis and the reason for the estimation.	<p>From examination of a sample of four estimated WA customer bills during the audit period and from discussions with the Billing Team and the Regulatory and Compliance Team, we sighted that AGL's estimated bills inform the customer of the basis and the reason for the estimation, thus confirming compliance with Compendium Clause 4.8(3).</p> <p>In addition, Customer Service Officers (CSO Team) are trained and guided by the Billing BPP to provide the customer with the basis and reason for the estimation, where requested.</p> <p>It was confirmed with AGL's Regulatory and Compliance team that there were instances during the audit period where AGL received enquiries from customers relating to the basis for the estimated bills. It was also confirmed that CSO team have access to the customer bill information and provided the basis of the estimation and the reason for it to the customer. In addition to this AGL proactively provided this to customers on bills and supporting communications.</p>
		Priority 4	Control Adequacy: N/P    Compliance Rating: 1
157	Compendium clause 4.9	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.	<p>We selected and reviewed a sample of customers where actual reads caused an adjustment to the customer's previously issued estimated bill.</p> <p>We confirmed that AGL includes the adjustment details and applies a credit on the customers next bill, thereby confirming compliance with Compendium clause 4.9</p>
		Priority 4	Control Adequacy: N/P    Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
158	Compendium clause 4.10	If a retailer has based a bill upon an estimation because the customer failed to provide access to the meter, and the customer subsequently requests the retailer to provide a bill based on a reading of the meter and provides access to the meter, and pays the retailer's reasonable charge for reading the meter (if any), the retailer must do so.	From review of the Non-Standard Contract and Standard Form Contract terms and conditions and a sample of customer bills, as well as discussions with the Billing Team and Regulatory and Compliance Team, we confirmed that AGL have processes that allow the customer to request a "special meter read" via AGL's customer service phone line.  It was confirmed with AGL's Regulatory and Compliance team that there were instances during the audit period where AGL received customer requests to replace an estimated bill. In those cases, AGL addressed the request in compliance with clause 4.10 and provided the customer with an actual read accordingly. Additionally, through our review of the Breach Register and customer complaints, there were no compliance breach noted specific to this Clause.
		Priority 5	Control Adequacy: N/P
159	Compendium clause 4.11(1)	If a customer requests the meter to be tested and pays a retailer's reasonable charge (if any) for doing so, a retailer must request the distributor or metering agent to do so.	Through discussions and walkthroughs with the Connections and Transfers Sales Fulfilment Team and the Regulatory and Compliance Team, as well as querying SAP for all meter tests requested in the audit period, we confirmed that AGL have appropriate controls in place to raise a service order for a meter test.
		Priority 4	Control Adequacy: N/P
160	Compendium clause 4.11(2)	If the meter is tested and found to be defective, the retailer's reasonable charge for testing the meter (if any) is to be refunded to the customer.	It was confirmed that during the audit period one-meter test was requested by a customer and was appropriately scheduled with the distributor; however, the test was not carried out as an underlying issue was identified which resolved the customer's issue. AGL is therefore in compliance with Clause 4.11(1) of the Compendium.  If there was one undertaken, customers would not be charged the meter test cost, this would only occur once the test was completed and the meter was found to be not defective. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted for obligation 159.
		Priority 4	Control Adequacy: N/P



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
161	Compendium clause 4.12(1)	If a retailer offers alternative tariffs and a customer applies to receive an alternate tariff (and demonstrates to the retailer that they satisfy the conditions of eligibility), a retailer must change the customer to an alternate tariff within 10 business days of the customer satisfying those conditions.	<p><i>Obligations 161 to 163</i></p> <p>AGL do not offer alternative tariffs. This was confirmed through review of rates, charges and contract information on AGL's website for WA Customers and from discussions with the Pricing Team.</p>
		Priority 4	
162	Compendium clause 4.12(2)	For the purpose of clause 4.12(1), the effective date of change in the tariff will be the date on which the last meter reading at the previous tariff was obtained; or, if the change requires an adjustment to the meter at the customer's supply address, the date the meter adjustment is completed.	
		Priority 4	
163	Compendium clause 4.13	If a customer's gas use changes and the customer is no longer eligible to continue to receive an existing, more beneficial tariff, a retailer must give the customer written notice prior to changing the customer to an alternative tariff.	
		Priority 4	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>			
<b>Billing (Cont.)</b>			
164	Compendium clause 4.14(1)	<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>Priority 5      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From review of a final bill and from discussions with the Connections and Transfers Team and Billing Team, it was noted that AGL have controls that allow the CSO's to close a customer's account on request.</p> <p>It was confirmed that the CSO creates a final meter read service order (SO) in SAP. When the SO is completed by ATCO, the read is received in SAP and a final bill is automatically generated and issued to the customer, demonstrating compliance with Compendium clause 4.14(1)</p>
165	Compendium clause 4.14(2)	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through discussions with the Billing Team and Regulatory and Compliance Team, as well as a walkthrough of the SAP billing system controls, we noted that AGL has the following processes in place to manage closed accounts in credit:</p> <ul style="list-style-type: none"> <li>SAP will identify any credit amounts at the time of issuing the final bill. This information is then provided on the final bill with a request for the customer to contact AGL to arrange for a refund or credit transfer; and</li> <li>AGL have an unclaimed monies process managed by the Credit Team where various activities are completed to ensure the unclaimed amounts are returned to a customer.</li> </ul> <p>Based on the above, it was confirmed that AGL asked customers for instructions on where to transfer the amount of credit in the event a closed account credit was identified during the audit period, thus demonstrating compliance with Compendium clause 4.14(2). Additionally, through our review of AGL's breach register and customer complaints there were no non-compliance instances noted.</p>
165A.	Compendium clause 4.14(3)	<p>If the customer's account is in credit at the time of account closure and the customer owes a debt to the retailer, the retailer may, with written notice to the customer, use that credit to set off the debt. If after the set off, there remains an amount of credit, the retailer must ask the customer for instructions in accordance with clause 4.14(2).</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: N/R</p>	<p>Through discussions with the Regulatory and Compliance Team and the Credit Team, we confirmed that during the audit period, AGL applied a credit from a closed account to offset a debt on the customer's other active account in two instances. There was no credit remaining after the offset in both instances.</p> <p>AGL's Credit Team identify these customers in credit and an SMS is sent to the customer to obtain consent to transfer the debit to their active account. Additionally, AGL includes a summary of the credit transfer on the customer next bill.</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings		
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>					
<b>Billing (Cont.)</b>					
166	Compendium clause 4.15	A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months and paying any future bills that are properly due.	<p><i>Obligations 166 to 168</i></p> <p>Through examination of AGL's billing processes, training modules and relevant BPPs as well as undertaking walkthroughs with the Billing Team and Customer Solutions Team, we noted that the following are in place to demonstrate compliance with these obligations:</p> <ul style="list-style-type: none"> <li>AGL CSO's are trained and guided by the BPP to review bills on request without requiring a customer to pay any amount of the bill or a calculated average of the bill over the previous 12 months;</li> <li>Where a customer is not satisfied with the outcome of the initial review conducted by AGL's 'Care' and 'Resolutions' Teams, the matter will be escalated to the 'Resolutions +' Team where a meter test can be scheduled if the customer agrees to pay the required fee if the meter is found to be compliant;</li> <li>Alternatively, the customer will be advised of AGL's internal complaints handling processes and details of the WA Ombudsman;</li> <li>CSO's will update the customer account with notes from the call and place relevant flags and locks on the account if the review is subject to further investigation (meter test);</li> <li>CSO's will notify the customer in real time of the outcome of the review. This was confirmed by reviewing SAP interaction notes; and</li> <li>Where the bill is assessed as incorrect by AGL's CSO, the CSO will work with the customer to arrange a credit, refund or re-issue the bill. We confirmed this occurred during the audit period, and we sighted evidence that the bill was adjusted in accordance with Clauses 4.17 and 4.18.</li> </ul> <p>We conducted a walkthrough with the Customer Solutions Team to demonstrate an example of the steps taken by the CSO when conducting a bill review which included advising the customer of all requirements under Compendium clause 4.16(1)(a). We sighted that the CSO completed all necessary fields in SAP to satisfy the bill review.</p> <p>It was confirmed with the Customer Solutions Team that AGL applied the above processes during the audit period, when a customer requested a bill review and it was also confirmed that AGL do not charge for bill reviews. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.</p>		
		Priority 4		Control Adequacy: N/P	Compliance Rating: 1
167	Compendium clause 4.16(1)(a)	If a retailer is satisfied after conducting a review of a bill that the bill is correct, the retailer <ul style="list-style-type: none"> <li>may require a customer to pay the unpaid amount;</li> <li>must advise the customer that the customer may request the retailer to arrange a meter test in accordance with applicable law; and</li> <li>must advise the customer of the existence and operation of the retailer's internal complaints handling processes and details of any applicable external complaints handling processes.</li> </ul>			
		Priority 4	Control Adequacy: N/P	Compliance Rating: 1	
168	Compendium clause 4.16(1)(b)	If a retailer is satisfied after conducting a review of a bill that the bill is incorrect, the retailer must adjust the bill in accordance with clauses 4.17 and 4.18.			
		Priority 4	Control Adequacy: N/P	Compliance Rating: 1	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
169	Compendium clause 4.16(2)	The retailer must inform a customer of the outcome of the review (of the bill) as soon as practicable.	<i>Obligations 169 to 170</i>
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
170	Compendium clause 4.16(3)	If the retailer has not informed a customer of the outcome of the review within 20 business days from the date of receipt of the request for review under clause 4.15, the retailer must provide the customer with notification of the status of the review as soon as practicable.	Through examination of AGL's billing processes, training modules and relevant BPPs as well as undertaking walkthroughs with the Billing Team and Customer Solutions Team, we noted that the following is in place to demonstrate compliance with these obligations: <ul style="list-style-type: none"> <li>CSO's will notify the customer in real time of the outcome of the review. This was confirmed by reviewing SAP interaction notes.</li> </ul> Based on our review of AGL's breach registers, customer complaints and compliance reports there were no compliance breaches noted.
		Priority 4 Control Adequacy: N/P Compliance Rating: N/R	
171	Compendium clause 4.17(2)	If a retailer proposes to recover an amount undercharged as a result of an error, defect or default for which the retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must follow the procedure specified in clauses 4.17(2)(a)-(e).	From examination of the AGL's Standard Form Contract and the Non-Standard Form Contract, we noted that both documents state that AGL will not charge interest on the undercharged amount.
		Priority 4 Control Adequacy: N/P Compliance Rating: N/R	
171A	Compendium clause 4.17(3)	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).	Through discussion with the Functional Billing Team and Regulatory and Compliance Team, we confirmed during the audit period, AGL has not undercharged WA customers as a result of an error, defect or default for which the retailer or distributor is responsible.
		Priority 4 Control Adequacy: N/P Compliance Rating: N/R	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
172	Compendium clause 4.18(2) and 4.18(5)	If a customer (including a customer who has vacated the supply address) has been overcharged as a result of an error, defect or default for which a retailer or distributor is responsible (including where a meter has been found to be defective), the retailer must use its best endeavours to inform the customer accordingly within 10 business days of the retailer becoming aware of the error, defect or default and, subject to clauses 4.18(6) and (7) ask the customer for instructions as to whether the amount should be credited to the customer's account; or repaid to the customer. No interest shall accrue to a credit or refund referred to in this clause.	<p><i>Obligations 172 to 175</i></p> <p>Through walkthroughs with the Functional Billing Team and Regulatory and Compliance Team, we confirmed during the audit period, AGL has not overcharged WA customers as a result of an error, defect or default for which the retailer or distributor is responsible.</p>
		Priority 5	
173	Compendium clause 4.18(3)	If a retailer receives instructions under clause 4.18(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions.	
		Priority 4	
174	Compendium clause 4.18(4)	If a retailer does not receive instructions under clause 4.18(2) within 5 business days of making the request, the retailer must use reasonable endeavours to credit the amount overcharged to the customer's account.	
		Priority 5	Control Adequacy: N/P
175	Compendium clause 4.18(6)	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.	
		Priority 5	Control Adequacy: N/P

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
175A.	Compendium clause 4.18(7)	<p>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.</p>	<p>Through discussions with the Functional Billing Team and Regulatory and Compliance Team, we confirmed during the audit period, AGL has not overcharged WA customers as a result of an error, defect or default for which the retailer or distributor is responsible and applied the amount to offset a customer's debt.</p>
		<p>Priority 5</p>	<p>Control Adequacy: N/P    Compliance Rating: N/R</p>
176	Compendium clause 4.19(1)	<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 clauses 4.19(1)(a)-(d).</p>	<p>AGL's Standard Form Contract and Non-Standard Form Contract state that AGL will not charge interest on the undercharged amount, amounts to be recovered are limited to the 12 months prior, customers may pay the undercharged amount in instalments and the customer will be notified of the undercharge on their next bill.</p> <p>It was confirmed with AGL that during the audit period, they have not proposed to recover any adjustment amounts that were not the result of any act or omission of the customer.</p>
		<p>Priority 4</p>	<p>Control Adequacy: N/P    Compliance Rating: N/R</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
177	Compendium clause 4.19(2) and 4.19(6)	<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 clauses 4.19(5) and 4.19(7), ask the customer for instructions as to whether the amount should be -</p> <ul style="list-style-type: none"> <li>• credited to the customer's account;</li> <li>• repaid to the customer; or</li> <li>• included as a part of the new bill smoothing arrangement if the adjustment arises under clauses 4.3(2)(a)-(b).</li> </ul> <p>No interest shall accrue to a credit or refund referred to in this clause.</p>	<p><i>Obligations 177 to 180</i></p> <p>We reviewed an adjustment based on a revised meter read scenario and verified that a revised bill was issued within 10 business days and the amount was credited to the customer's account complying with obligation 177 and 180.</p> <p>Additionally, through walkthroughs with the Functional Billing Team and Regulatory and Compliance Team, we noted that AGL become aware of amounts owing to the customer, as a result of revised meter data becoming available. In these instances:</p> <ul style="list-style-type: none"> <li>▪ AGL's default process is to credit the customer's account and notify the customer on their next bill where SAP manages this process automatically; and</li> <li>▪ Customers can contact AGL directly to arrange for a refund via cheque or electronic transfer if preferred. These requests will be actioned by AGL's CSO during the call, therefore meeting the 12-business day obligation.</li> </ul> <p>AGL confirmed that in instances where customers are owed an amount over \$100, the customer is asked to provide instructions to AGL for how the funds should be directed. Additionally, where instructions are not received AGL credits the customer's account.</p> <p>Based on our review of AGL's Breach Register and Customer Complaints, there were no compliance breaches noted with Obligations 177 to 180.</p>
		Priority 4	
178	Compendium clause 4.19(3)	<p>If a retailer received instructions under clause 4.19(2), the retailer must pay the amount in accordance with the customer's instructions within 12 business days of receiving the instructions.</p>	
		Priority 4	
179	Compendium clause 4.19(4)	<p>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.</p>	
		Priority 5	Control Adequacy: N/P
180	Compendium clause 4.19(5)	<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"> <li>• ask the customer for instructions under clause 4.19(2); or</li> <li>• credit the amount to the customer's next bill.</li> </ul>	
		Priority 5	Control Adequacy: N/P

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Billing (Cont.)</b>			
180A.	Compendium clause 4.19(7)	<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.</p>	<p>Through walkthroughs with the Functional Billing Team and Regulatory and Compliance Team, we confirmed during the audit period, there has been no instances where AGL have used an adjustment to offset the debt owed to the retailer.</p>
		<p>Priority 4</p>	<p>Control Adequacy: N/P    Compliance Rating: N/R</p>



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment</b>			
181	Compendium clause 5.1	<p>The due date on the bill must be at least 12 business days from the date of that bill, unless otherwise agreed with the customer. The date of the dispatch is the date of the bill, unless a retailer specifies a later date.</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From examination of 53 bills during sales testing, we noted that the due date was at least 12 business days from the date of the bill.</p> <p>Through discussions with the Payments Team, we noted that rules are set up in the SAP System Architecture to enable the auto population of due dates in line with Compendium clause 5.1.</p>
182	Compendium clause 5.2	<p>Unless otherwise agreed with a customer, a retailer must offer the customer at least the following payment methods:</p> <ul style="list-style-type: none"> <li>• in person at 1 or more payment outlets located within the Local Government District of the customer's supply address;</li> <li>• by mail;</li> <li>• for residential customers, by Centrepay;</li> <li>• electronically by means of BPay or credit card; and</li> <li>• by telephone by means of credit card or debit card.</li> </ul> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through review of 53 bills during sales testing, we noted that AGL had offered the following payment methods and therefore are compliant with Compendium clause 5.2:</p> <ul style="list-style-type: none"> <li>▪ in person at any Australia Post Office;</li> <li>▪ by mail;</li> <li>▪ for residential customers, by Centrepay;</li> <li>▪ electronically by means of BPay or credit card; and</li> <li>▪ by telephone by means of credit card or debit card.</li> </ul>
183	Compendium clause 5.3	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through review of the Payment section of the Best Practice Procedure (BPP), we confirmed that detailed guidelines are set out to assist with Direct Debit set up.</p> <p>We performed a walkthrough of a sample direct debit set up and confirmed that the customer's direct debit details were updated correctly in SAP as per customer's verifiable consent and as per Compendium clause 5.3</p> <p>In addition, from discussions with Payments Team and Regulatory and Compliance Team, we confirmed that customers are able to set up/change the payment method to direct debit online. When customers update payment details online, there is a control to automatically populate details in SAP.</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment (Cont.)</b>			
184	Compendium clause 5.4	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From system demonstrations, we confirmed that all customer overpayments are carried forward to the next bill regardless of amount. Therefore, there is no minimum amount in accepting advance payments and advance payments are generally a result of a customer overpayment. AGL are therefore compliant with Compendium clause 5.4.</p>
185	Compendium clause 5.5	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through discussions with the Payments Team, we confirmed that AGL offer the customer an option to redirect their bills to a third person by adding a temporary address. AGL have detailed work instructions in place to provide adequate guidelines regarding this and these are accessible to CSO staff through "GRID", AGL's knowledge management bank.</p> <p>Through system demonstrations we confirmed the following:</p> <ul style="list-style-type: none"> <li>AGL is able to add a temporary address on customer request;</li> <li>There are fields set up in SAP to update the 'To' and 'From' date to ensure the request can be processed temporarily; and</li> <li>The redirection of customer bills is processed at no charge.</li> </ul> <p>As indicated above, AGL offer bills to be redirected not only for prescribed circumstances in compendium Clause 5.5, but at any request of the customer. This is of no charge. Based on discussions with AGL and review of customer complaints we did not note any compliance breaches associated with the Clause.</p>
186	Compendium clause 5.6(1)	<p>A retailer must not charge a residential customer a late payment fee in the circumstances specified in clauses 5.6(1)(a)-(d).</p> <p>Priority 4      Control Adequacy: B      Compliance Rating: 1</p>	<p><b>Control Deficiency</b></p> <p>From system demonstrations, we confirmed that all customers in AGL's Staying Connected ('SCON') hardship program are flagged as hardship customers in SAP. When the hardship flag is applied, the 'Dunning Lock' is automatically activated. The Dunning Lock is applied to trigger SAP controls to stop generating any future late payment fees (LPF). In terms of complaints, we noted that the Dunning Lock is applied manually on all the customers who have submitted a complaint to AGL, as this prevents late payment fees being applied.</p> <p>There is no independent review on the manual process of applying the Dunning Lock to complaints, which results in an inherent risk of human error and an increased risk of non-compliance with Clause 5.6(2). We acknowledge that no non-compliances were identified during our testing.</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment (Cont.)</b>			
186A.	Compendium clause 5.6(2)	<p>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.</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through discussions with the Payments Team and Credit Team, we confirmed, for any instances where AGL charged a Late Payment Fee (LPF) and subsequently become aware of a complaint to the Ombudsman, there are controls in place to refund the LPF that were applied, ensuring compliance with Compendium clause 5.6(2). Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.</p>
187	Compendium clause 5.6(3)	<p>If a retailer has charged a residential customer a late fee, a retailer must not charge 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.</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From system demonstrations with the Credit Team and discussions with the Regulatory and Compliance Team, we confirmed AGL is compliant with Compendium clause 5.6(3), as customers are only charged one late payment fee per bill issued. Compliance was also tested through review of AGL's breach register and customer complaints where there were no compliance breaches noted.</p>
188	Compendium clause 5.6(4)	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From a system demonstration with the Credit Team, we confirmed that AGL only charge one LPF per bill. With monthly billing being the highest billing frequency offered to customers, we noted that AGL meets the requirement of a maximum of 12 late payment fees per year, in accordance with Compendium clause 5.6(4). Furthermore, through our review of AGL's Breach Register and customer complaints, there were no compliance breaches noted.</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>			
<b>Payment (Cont.)</b>			
189	Compendium clause 5.6(5)	If a residential customer has been assessed as being in financial hardship, a retailer must retrospectively waive any late payment fee charged to the residential customer's last bill prior to the assessment being made.	<p><b>Non-Compliance and Control Deficiency</b></p> <p>From review of a sample of 13 SCON customers, we confirmed that 6 customers from the sample were charged LPFs on their last bill prior to the assessment being made, which had also not been refunded during the audit period. The Regulatory and Compliance Team confirmed that AGL did not have automated controls in place to ensure that LPFs were retrospectively waived following a customer's hardship assessment during the audit period.</p> <p>To ensure compliance with this obligation, AGL ran a full listing of SCON customers who had been charged LPFs on their last bill prior to their hardship assessment and refunded them accordingly on 24 June 2019. It is acknowledged that automated controls have now been implemented after the audit period.</p> <p><b>Recommendation</b></p> <p><i>We acknowledge this issue has now been resolved, as automated controls were implemented by AGL on 27<sup>th</sup> August 2019 to ensure LPFs are retrospectively waived following a customer's hardship assessment. The relevant Best Practice Procedure (BPP) has also been updated. In addition, we recommend that AGL develop a monitoring tool to ensure no applicable LFP waivers were missed.</i></p>
		Priority 3	Control Adequacy: D Compliance Rating: 3
190	Compendium clause 5.7(1)	A retailer must not require a customer who has vacated a supply address, and who has given the retailer notice, to pay for gas consumed at the customer's supply address in the circumstances specified in clause 5.7(1), unless the retailer and the customer have agreed to an alternative date.	<p><b>Obligations 190 to 191</b></p> <p>Through system demonstrations with the Customer Solutions Team, we confirmed AGL's compliance with Compendium clause 5.7(1) and 5.7(2) as there are processes in place to issue a final bill in line with the move-out date advised by the customer.</p> <p>In instances where the customer fails to notify their move-out date in advance, AGL backdates the final bill and only charges consumption up to the move-out date.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
191	Compendium clause 5.7(2)	If a customer reasonably demonstrates to a retailer that the customer was evicted or otherwise required to vacate a supply address, a retailer must not require a customer to pay for gas consumed at the customer's supply address from the date the customer gave the retailer notice.	<p>From examination of the Non-Standard Contract and Standard Form Contract, we confirmed that the customer is not required to pay for gas consumed in the event that the customer is forced to vacate the premises. Through our review of AGL's breach register, compliance reports and customer complaints there were no compliance breaches noted specific to Compendium clauses 5.7(1) and (2).</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment (Cont.)</b>			
192	Compendium clause 5.7(3)	Notice is given if a customer informs a retailer of the date on which the customer intends to vacate, or has vacated the supply address, and gives the retailer a forwarding address to which a final bill may be sent.	From examination of the Non-Standard Contract and Standard Form Contract, we confirmed that AGL is compliant with Compendium clause 5.7(3) as the customer is obligated to provide the forwarding address to send the final bill.
		Priority 4	
193	Compendium clause 5.7(4)	Notwithstanding clauses 5.7(1) and 5.7(2), a retailer must not require a customer to pay for gas consumed at the customer's supply address in the circumstances specified in clauses 5.7(4)(a)-(c).5	Through discussion with Regulatory and Compliance Team, we confirmed there had been no occurrences during the audit period, where a customer is required to pay for gas consumed in line with Clause 5.7(4)(a)-(c).
		Priority 4	
195	Compendium clause 5.8(1)	A retailer must not commence proceedings for recovery of a debt from a residential customer who has informed a retailer that the customer is experiencing payment difficulties or financial hardship; or while a residential customer continues to make payments under an alternative payment arrangement.	Through system demonstrations performed by the Customer Solutions Team and Credit Team, we confirmed there are controls embedded in SAP to restrict any debt collection strategies when the Hardship Flag is applied to an account. The "Dunning Lock" is automatically activated to prevent AGL commencing any debt collection activity.  We noted that all customers who enter the Staying Connected Program (SCON) (AGL's Hardship Program), are flagged in SAP to avoid any legal action upon them.
		Priority 4	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment</b>			
196	Compendium clause 5.8(2)	<p>A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of gas to that supply address.</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through examination of the 'Collect It Guidelines' and from discussions with the Regulatory and Compliance Team, we confirmed that AGL will only collect debt from their customers, which is compliant with relevant Privacy requirements, the ACCC Debt Guidelines and Compendium clause 5.8(2).</p>
196A.	Compendium clause 5.9	<p>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.</p> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: N/R</p>	<p>From review of the Debt Transfer Framework and from discussions with the Credit Team, we confirmed there have been no instances where customer debts had been transferred to another customer during the audit period.</p> <p>In addition, the Regulatory and Compliance Team confirmed that AGL do not transfer debt from customer to customer but only from site to site (if it falls under the same customer - e.g. instances where a customer has multiple sites under their name, they are able to transfer the debt between sites).</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship</b>			
198	Compendium clause 6.1(1)	<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. If the retailer cannot make the assessment within 5 business days, it must refer the customer to a relevant consumer representative to make the assessment.</p>	<p><i>Obligations 198 to 199</i></p> <p>Through assessment of AGL's Staying Connected Program Policy, we noted that AGL assess customers in financial difficulty and provide them with the option to join the Staying Connected (SCON) Program.</p> <p>AGL has the following controls in place to assess a customer's financial situation within 5 business days:</p> <ul style="list-style-type: none"> <li>AGL has developed the SCON Program, as part of their Customer Hardship Policy. This policy assists AGL's employees in performing a preliminary assessment of a customer's financial situation;</li> <li>Customer Service Operators (CSO) are responsible for performing the initial assessment of the customer in line with the Customer Hardship Policy. Initial assessment whether the customer is experiencing payment difficulties or financial hardship, is performed instantly while the customer is on the phone, complying this way with the 5 business days period to perform this assessment, in line with the rules;</li> <li>CSO Team are sufficiently trained and guided by the BPP to allow them to make the assessment over the phone;</li> <li>When a preliminary assessment of a customer has been performed, the CSO is required to document the discussion and outcome on the customer's profile within SAP;</li> <li>For more complex matters regarding the financial hardship assessment, the CSO will transfer the customer to the Customer Resolution Team;</li> <li>The Customer Resolution (CR) Team will be responsible for assessing the customer's financial position and assessing the customer's eligibility into the Hardship Utility Grant Scheme (HUGS). The CR Team will also provide referrals to the Energy and Water Ombudsmen (WA), as well as offer a range of payment options that are available to customers.</li> </ul> <p>CSO Team will assess the customer's financial situation by using:</p> <ul style="list-style-type: none"> <li>Information provided by the customer;</li> <li>Information held by AGL; and</li> <li>Information from relevant 3rd parties (e.g. financial counsellors)</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship</b>			
198A.	Compendium clause 6.1(2)	<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>Priority 3 (ERA Request)    Control Adequacy: A    Compliance Rating: 1</p>	<p>(Cont.)</p> <p>From examination of supporting documentation for sample of 13 customers that were part of the AGL's SCON Program we confirmed that:</p> <ul style="list-style-type: none"> <li>▪ The initial assessment was conducted immediately by the CSO (less than 5 days) with the customer on the phone;</li> <li>▪ Phone calls records were available and subjected to internal quality assurance (QA) providing details about the Financial Hardship program assessment performed by the CSO Team;</li> <li>▪ The details of the assessment were provided to the customer on request;</li> <li>▪ Staying Connected Program Welcome Letters were sent to the customers detailing terms and conditions of the hardship program they signed up for;</li> <li>▪ The CSO Team performed an evaluation on each customer for eligibility to Government Grants and Concessions taking in consideration: <ul style="list-style-type: none"> <li>▪ Total customer debt;</li> <li>▪ The amount being applied for; and</li> <li>▪ The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> <li>▪ The CSO Team displayed competency to assess a customer's financial situation</li> </ul> <p>AGL performed all assessments internally to confirm the customers payment difficulty situation and did not refer customers to external financial counsellor (for the purpose of assessment) during the audit period.</p>
199	Compendium clause 6.1(3)	<p>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.</p> <p>Priority 3 (ERA Request)    Control Adequacy: A    Compliance Rating: 1</p>	



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
200	Compendium clause 6.1(4)	A retailer must advise a residential customer on request of the details of an assessment.	<p><i>Obligations 200 to 200A</i></p> <p>Through examination of supporting documentation for sample of 13 customers that were part of the AGL's SCON Program and from discussions with the Regulatory and Compliance Team, we confirmed the following:</p> <ul style="list-style-type: none"> <li>▪ The CSO Team are aware that customers are entitled to information regarding their assessment;</li> <li>▪ From the sample tested, it was noted that in 4 instances the customer requested details of the assessment in order to be part of AGL's Staying Connected Program and the CSO team provided the customer with the relevant information as well as an assessment on customer eligibility accordingly.</li> <li>▪ The CSO Team informed customers if their application has been denied and will advise them of additional payment options available, such as payment plans or time extensions;</li> </ul> <p>If a customer informs AGL that they are experiencing payment problems, AGL provides the customer with a temporary suspension of actions for a period of at least 15 business days, upon request from the customer;</p> <ul style="list-style-type: none"> <li>▪ Staying Connected Program Welcome Letters are sent to the customers detailing terms and conditions of the hardship program they signed up for;</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A      Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
200A.	Compendium clause 6.2(1)	<p>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.</p>	<p>(Cont.)</p> <ul style="list-style-type: none"> <li>▪ CSO Team performed an evaluation on each customer for eligibility to Government Grants and Concessions taking in consideration:               <ul style="list-style-type: none"> <li>▪ Total customer debt;</li> <li>▪ The amount being applied for; and</li> <li>▪ The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> <li>▪ CSO Team will investigate on behalf of the customer their eligibility for HUGS and if the customer is eligible, AGL will negotiate the balance with the customer;</li> <li>▪ The customer will not be notified by AGL if the application for a HUGS grant has been approved. As a result, the customer will become aware of the approval of the grant via a reduction of debt on the next bill; and</li> <li>▪ AGL has performed all assessments internally to confirm the customers payment difficulty situation and has not referred a customer to an external financial counsellor (for the purpose of assessment) during the audit period.</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: N/R

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observation and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
201	Compendium clause 6.2(2)	If a residential customer informs a retailer that the customer is experiencing payment problems, the retailer must not unreasonably deny a residential customer's request for a temporary suspension of actions, if the customer demonstrates to the retailer that the customer has an appointment with a relevant consumer representative to assess the customer's capacity to pay.	<p><i>Obligations 201 to 203</i></p> <p>Through examination of supporting documentation for sample of 13 customers that were part of the AGL's SCON Program and from examination of the Hardship Policy and HUGS Guideline, as well as discussions with the Regulatory and Compliance Team, we confirmed that AGL has controls in place (which have been applied during the audit period) to enable the customer's account to be suppressed from any credit or disconnection actions for a minimum of 15 business days.</p> <p>The following controls are in place:</p> <ul style="list-style-type: none"> <li>Phone calls records are available for quality assurance purposes and provide details about Financial Hardship program assessment performed by the CSO Team;</li> <li>CSO Team performed an evaluation on each customer for eligibility to Government Grants and Concessions taking in consideration: <ul style="list-style-type: none"> <li>Total customer debt;</li> <li>The amount being applied for; and</li> <li>The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> <li>AGL does not unreasonably deny a customer's request for temporary suspension of actions, if the customer demonstrates to AGL that the customer has an appointment with a relevant consumer representative organisation to assess the customer's capacity to pay, however from the sample tested, we did not identify any instances when the consumer representative or residential customer was unable to complete the assessment on time;</li> <li>We confirmed from our sample testing that AGL performs all customer financial assessments internally to determine payment difficulties or financial hardship; and</li> <li>If a residential customer informs AGL that they are experiencing payment difficulty, AGL will provide the customer with a temporary suspension of actions for a period of at least 15 business days, upon customer request. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.</li> </ul>
		Priority 3 (ERA Request) Control Adequacy: A Compliance Rating: 1	
202	Compendium clause 6.2(3)	A retailer must allow a temporary suspension of actions for a period of at least 15 business days.	
		Priority 3 (ERA Request) Control Adequacy: A Compliance Rating: 1	
203	Compendium clause 6.2(4)	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.	
		Priority 3 (ERA Request) Control Adequacy: A Compliance Rating: N/R	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
204	Compendium clause 6.3(1)	<p>If the assessment carried out under clause 6.1 indicates to the retailer that the residential customer is experiencing payment difficulties or financial hardship, the retailer must follow the procedure specified in clause 6.3(1).</p>	<p>From examination of the Hardship Policy and HUGS Guideline, as well as discussions with the Regulatory and Compliance Team, we confirmed that AGL has controls in place (which have been applied during the audit period) to offer alternative payment arrangements such as payment extensions or payment instalment plans to customers who are experiencing payment difficulties or financial hardship.</p> <p>In addition, through examination of supporting documentation for a sample of 13 customers that were part of the AGL's SCON Program we determined that:</p> <ul style="list-style-type: none"> <li>▪ Phone calls records are available for quality assurance purposes and provide details about Financial Hardship program assessment performed by the CSO Team. These records provide evidence that the CSO team assessed the customer financial situation accordingly providing assistance in line with clause 6.3 (1) and based on the conditions of the AGL's Staying Connected Program such as: <ul style="list-style-type: none"> <li>▪ Reduction of fees in accordance with Clause 6.6;</li> <li>▪ Alternative payment arrangements in accordance with Clause 6.7;</li> <li>▪ Provide the customer with relevant information in accordance with Clause 6.8; and</li> <li>▪ Payment in advance as per Clause 6.9 - the CSO team agreed a minimum payment to be set up as part of the payment schedule.</li> </ul> </li> <li>▪ CSO Team performed an evaluation on each customer for eligibility to Government Grants and Concessions taking in consideration: <ul style="list-style-type: none"> <li>▪ Total customer debt;</li> <li>▪ The amount being applied for; and</li> <li>▪ The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> </ul> <p>Based on the testing performed, we confirmed that CSO's advised the customers that additional assistance set out in clause 6.6 to 6.9.</p>
		Priority 3 (ERA Request)	Control Adequacy: A      Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
205	Compendium clause 6.4(1)	A retailer must offer a residential customer who is experiencing payment difficulties or financial hardship at least the payment arrangements that are specified in clauses 6.4(1)(a) and (b).	<p>Through examination of the Hardship Policy and HUGS Guideline, as well as discussions with the Regulatory and Compliance Team, we confirmed that:</p> <ul style="list-style-type: none"> <li>AGL has procedures in place to offer payment extensions or payment instalment plans to customers experiencing payment difficulties or financial hardship; and</li> <li>Any payment instalment plan is provided a customer is at no cost to and interest free.</li> </ul> <p>From examination of supporting evidence for sample of 13 customers that were part of the AGL's Staying Connected Program we confirmed that that the payment arrangements offered were at least the arrangements specified in Clauses 6.4(1) (a) and (b)</p> <p>Additionally, as detailed above, we also noted that</p> <ul style="list-style-type: none"> <li>Phone calls records were available and subjected to internal quality assurance (QA) providing details about the Financial Hardship program assessment performed by the CSO Team;</li> <li>The details of the assessment were provided to the customer on request;</li> <li>Staying Connected Program Welcome Letters were sent to the customers detailing terms and conditions of the hardship program they signed up for;</li> <li>The CSO Team performed an evaluation on each customer for eligibility to Government Grants and Concessions taking in consideration: <ul style="list-style-type: none"> <li>Total customer debt;</li> <li>The amount being applied for; and</li> <li>The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> <li>The CSO Team displayed competency to assess a customer's financial situation</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)			
Payment Difficulties & Financial Hardship (Cont.)			
206	Compendium clause 6.4(2)	When offering or amending an instalment plan to a residential customer a retailer must ensure that the instalment plan is fair and reasonable taking into account the customer's capacity to pay and consumption history and comply with clause 6.4(3).	<p><i>Obligations 206 to 206A</i></p> <p>Through examination of supporting documentation for sample of 13 customers that were part of the AGL's Staying Connected Program and from examination of the Hardship Policy and HUGS Guideline, as well as discussion with the Regulatory and Compliance Team, we confirmed that AGL has the following in place to ensure compliance with Compendium clause 6.4(2) and for placing customers onto a payment instalment plan:</p> <ul style="list-style-type: none"> <li>Each payment instalment plan is tailored to the needs of each customer and considers their capacity to pay and consumption history. Therefore, the CSO team determine on a case by case basis whether the instalment plan is applicable to the customer. In addition to that, the CSO team considers the customer's ability to meet the overall costs of their basic living needs in order to help determine their capacity to pay;</li> <li>The details of the assessment are to be provided to the customer on request;</li> <li>The CSO Team will inform customers if their application has been denied and will advise them of additional payment options available such as payment plans or time extensions;</li> <li>Details on how to reduce energy usage (such as energy reduction initiatives on AGL's website) are provided to the customer;</li> <li>Within 5 business days of a customer accepting a payment instalment plan, the customer is provided at no cost and interest free with written confirmation of the agreed arrangement through Staying Connected Program Welcome Letters, confirming the agreed amount to pay on each scheduled date, commencement date and terms (including the need to contact AGL for assistance in the event that the plan cannot be met); and</li> <li>The Hardship Policy outlines the steps AGL takes when offering an Instalment plan to a residential customer in line with Clauses 6.4(2) of the Compendium.</li> </ul> <p>Through examination of supporting documentation for sample of 13 customers that were part of the AGL's Staying Connected Program, there were no compliance breaches noted. This was further tested through the review of AGL's breach register, the review of compliance reports, and customer complaints.</p>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)			
Payment Difficulties & Financial Hardship (Cont.)			
206A.	Compendium clause 6.4(3)	<p>If the residential customer accepts an instalment plan offered by the retailer, the retailer must provide the information specified in clauses 6.4(3)(a)(i)-(iii) within 5 business days of the customer accepting the plan and notify the customer of any amendments to the instalment plan at least 5 business days before they come into effect (unless agreed otherwise with the customer) and provide the customer with information explaining the changes.</p>	<p><i>Obligations 206 to 206A</i></p> <p>Through examination of supporting documentation for sample of 13 customers that were part of the AGL's Staying Connected Program and from examination of the Hardship Policy and HUGS Guideline, as well as discussion with the Regulatory and Compliance Team, we confirmed that AGL has the following controls for placing customers onto a payment instalment plan:</p> <ul style="list-style-type: none"> <li>When determining whether the instalment plan is applicable to the customer, AGL considers the customer's ability to meet the overall costs of their basic living needs in order to help determine their capacity to pay;</li> <li>The details of the assessment are to be provided to the customer on request;</li> <li>The CSO Team will inform customers if their application has been denied and will advise them of additional payment options available such as payment plans or time extensions;</li> <li>Details on how to reduce energy usage (such as energy reduction initiatives on AGL's website) are provided to the customer;</li> <li>Within 5 business days of a customer accepting a payment instalment plan, the customer is provided at no cost and interest free with written confirmation of the agreed arrangement through Staying Connected Program Welcome Letters confirming the agreed amount to pay on each scheduled date, commencement date and terms (including the need to contact AGL for assistance in the event that the plan cannot be met); and</li> </ul> <p>The Hardship Policy outlines the steps AGL takes when offering an Instalment plan to a residential customer in line with Clauses 6.4(2) of the Compendium.</p> <p>Based on the testing performed above and review of the AGL's Breach Register, Compliance Reports and customer complaints, there were no compliance breaches noted.</p>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
207	Compendium clause 6.4(4)	<p>If a residential customer has in the previous 12 months had 2 instalment plans cancelled due to non-payment, a retailer does not have to offer that residential customer another instalment plan, unless the retailer is satisfied that the residential customer will comply with the proposed plan.</p>	<p>For a sample of 13 customers that were part of the AGL's Staying Connected Program and from examination of the Hardship Policy and HUGS Guideline, as well as discussions with the Regulatory and Compliance Team, we confirmed that:</p> <ul style="list-style-type: none"> <li>There have been instances where a customer has been subject to an instalment plan and failed to pay in accordance with their payment schedule during the audit period; and</li> <li>AGL's processes and assessment criteria outline the provision of instalment plans to customers experiencing payment difficulties but not on SCON.</li> </ul> <p>The AGL Inbound BPP - Financial Support Document (which is used as a script template by the CSO when dealing with a customer that is experiencing payment difficulties but not on SCON) states that when a customer on a P2P arrangement has broken more than 3 arrangements over the previous 12 months, AGL agents are to:</p> <ul style="list-style-type: none"> <li>Ask the customer to pay a minimum percentage of their current debt within 7 days and the balance within 12 weeks; and</li> <li>Check if the customer is eligible to apply for Concessions or Government Grants.</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
208	Compendium clause 6.6(1)	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.  Priority 3 (ERA Request)    Control Adequacy: A    Compliance Rating: 1	<i>Obligations 208 to 209</i>  From examination of supporting evidence, for a sample of 13 customers that were part of the AGL's Staying Connected Program, such as: <ul style="list-style-type: none"> <li>Phone call records that provide details about the Financial Hardship program assessment performed by the CSO Team; and</li> <li>Staying Connected Program Welcome Letters that were sent to the customers confirming the agreed amount to pay on each scheduled date, commencement date and terms (including the need to contact AGL for assistance in the event that the plan cannot be met).</li> </ul>
209	Compendium clause 6.6(2)	In giving reasonable consideration under clause 6.6(1), a retailer should refer to the hardship procedures referred to in clause 6.10(3).  Priority 3 (ERA Request)    Control Adequacy: A    Compliance Rating: 1	We could not identify any occasions in which customers requested a reduction of fees and charges other than consumption charges during the audit period.  Through examination of the Hardship Policy and HUGS Guideline, as well as discussion with the Regulatory and Compliance Team, we determined that during the audit period, AGL applied its Financial Hardship Assessment procedure, which requires the CSO Team 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.

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
210	Compendium clause 6.7	<p>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.</p>	<p>The AGL CSO Team is provided with a SCON Work instruction document that shows how a customer should be included in the system in order to evaluate their current financial status. The SCON Work Instruction document details the process to be followed by the CSO team when a customer with an existing payment arrangement demonstrates they are unable to meet their current obligations.</p> <p>The SCON Work Instruction also details a set of questions to ensure all customers are given reasonable consideration and to determine the most adequate outcome of the customer financial assessment. The system will use historical information to provide the most suitable option as part of the customer financial assessment.</p> <p>In addition to that, the CSO team is provided with a Financial Support BPP document, that provides scripts and Work Instructions to ensure that regulatory requirements are consistently met.</p> <p>For a sample of 13 customers that were part of the AGL's Staying Connected Program, we reviewed phone call records and the Staying Connected Welcome letters to confirm compliance with Compendium clause 6.7. It was noted the following controls were in place in SAP during the audit period:</p> <ul style="list-style-type: none"> <li>▪ The CSO Team revised the existing instalment plan in those cases where the customer was unable to meet the previous elected payment arrangement;</li> <li>▪ Payment extensions are provided to customers on request by the CSO Team; and</li> <li>▪ An instalment plan, or revision to the current instalment plan, was provided to customers on request by the CSO Team in all 13 instances.</li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A      Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
211	Compendium clause 6.8	A retailer must advise a customer experiencing financial hardship of the options specified in clause 6.8.	<p>The Hardship Policy outlines the customers' rights, responsibilities and specifically outlines the provision of information requirements as per Compendium clause 6. Every customer who advises AGL that they are experiencing payment difficulties, will be offered a payment plan and will be assessed to be part of the SCON Program.</p> <p>From review of a sample of 13 SCON customers, we confirmed that:</p> <ul style="list-style-type: none"> <li>▪ The details of the assessment are to be provided to the customer on request;</li> <li>▪ The CSO Team will inform customers if their application has been denied and will advise them of additional payment options available such as payment plans or time extensions for payment;</li> <li>▪ Staying Connected Program Welcome Letters are sent to the customers detailing terms and conditions of the hardship program they signed up for. The welcome letters included the information as specified in Compendium clause 6.8;</li> <li>▪ The CSO Team performed an evaluation of each customers eligibility to Government Grants and Concessions by taking into consideration: <ul style="list-style-type: none"> <li>▪ Total customer debt;</li> <li>▪ The amount being applied for; and</li> <li>▪ The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> </ul>
		Priority 3 (ERA Request)	Control Adequacy: A Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
212	Compendium clause 6.9(1)	A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representatives.	<p><i>Obligations 212 to 213</i></p> <p>Through examination of the Hardship Policy and HUGS Guideline, as well as discussion with the Regulatory and Compliance Team, we confirmed that AGL's CSO team agrees with the customer on a minimum payment to be set up as part of the payment schedule. AGL's business practice is that a minimum amount of \$10 can be paid by a customer at any time and this serves as a guide (where any payments below or above this amount will be accepted). This is also regardless of whether the customer is part of the Staying Connected Program or not.</p> <p>From examination of supporting documentation for a sample of 13 customers that were part of the AGL's Staying Connected Program we determined that:</p> <ul style="list-style-type: none"> <li>▪ Phone calls records are available for quality assurance purposes and provide with details about Financial Hardship program assessment performed by the CSO Team;</li> <li>▪ The details of the assessment are to be provided to the customer on request;</li> <li>▪ The CSO Team will inform customers if their application has been denied and will advise them of additional payment options available such as payment plans or time extensions;</li> <li>▪ Staying Connected Program Welcome Letters are sent to the customers detailing terms and conditions of the hardship program they signed up for;</li> <li>▪ The CSO Team performed an evaluation on each customer for their eligibility for Government Grants and Concessions by taking into consideration:               <ul style="list-style-type: none"> <li>▪ Total customer debt;</li> <li>▪ The amount being applied for; and</li> <li>▪ The timeframe the customer must be part of the SCON Program before being eligible to apply to the HUGS Program.</li> </ul> </li> <li>▪ Every customer who advised AGL of payment difficulties, will be offered to be part of a payment plan and will be assessed to be part of the SCON Program; and</li> <li>▪ If a residential customer informs AGL they are experiencing payment problems, AGL provides the customer with a temporary suspension of actions for a period of at least 15 business days upon request.</li> </ul> <p>In addition, through discussion with the Regulatory and Compliance Team, customers who are experiencing payment difficulties or financial hardship have the ability to extend the due date of their bill and may make different minimum payments, however AGL's SCON Program does not require the customer to make payments in advance.</p>
		<p>Priority 3 (ERA Request)</p> <p>Control Adequacy: A</p> <p>Compliance Rating: 1</p>	
213	Compendium clause 6.9(2)	A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers.	
		<p>Priority 3 (ERA Request)</p> <p>Control Adequacy: A</p> <p>Compliance Rating: 1</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
214	Compendium clause 6.10(1)	A retailer must develop a hardship policy and hardship procedures to assist customers experiencing financial hardship in meeting their financial obligations and responsibilities to the retailer.	<p><i>Obligations 214 to 216</i></p> <p>AGL has developed a Customer Hardship Policy (last dated 26 June 2017), to accommodate instances where individual customers experience payment difficulties or financial hardship.</p> <p>The Customer Hardship Policy is:</p> <ul style="list-style-type: none"> <li>Applicable to those customers who are assessed as experiencing payment difficulties or financial hardship;</li> <li>Designed to assist customers in meeting their financial obligations for AGL; and</li> <li>Applicable only to residential customers.</li> </ul> <p>Based on examination of the latest Hardship Policy, we determined that the policy complied with all requirements specified in Clauses 6.10(2) and 6.10(3) of the Compendium.</p> <p>In addition, the Customer Hardship Policy is available:</p> <ul style="list-style-type: none"> <li>On the AGL website;</li> <li>On the ERA's website; and</li> <li>In large print at AGL offices upon request.</li> </ul> <p>AGL employees are trained to advise customers on where the policy can be accessed, or if requested to send a copy via post or email at no charge.</p> <p>Given the accessibility of the policy electronically and based on discussions with the Regulatory and Compliance team there were no formal requests made by customers to provide the hardship policy by post, furthermore, AGL will not charge customers for this request. Additionally, through our review of the compliance register and customer complaints, there were no compliance breach noted with respect to customer requests for the hardship policy.</p>
		Priority 4	
215	Compendium clause 6.10(2)	A retailer must ensure that its hardship policy complies with the criteria specified in clause 6.10(2).	<p>The Customer Hardship Policy is:</p> <ul style="list-style-type: none"> <li>Applicable to those customers who are assessed as experiencing payment difficulties or financial hardship;</li> <li>Designed to assist customers in meeting their financial obligations for AGL; and</li> <li>Applicable only to residential customers.</li> </ul> <p>Based on examination of the latest Hardship Policy, we determined that the policy complied with all requirements specified in Clauses 6.10(2) and 6.10(3) of the Compendium.</p> <p>In addition, the Customer Hardship Policy is available:</p> <ul style="list-style-type: none"> <li>On the AGL website;</li> <li>On the ERA's website; and</li> <li>In large print at AGL offices upon request.</li> </ul> <p>AGL employees are trained to advise customers on where the policy can be accessed, or if requested to send a copy via post or email at no charge.</p> <p>Given the accessibility of the policy electronically and based on discussions with the Regulatory and Compliance team there were no formal requests made by customers to provide the hardship policy by post, furthermore, AGL will not charge customers for this request. Additionally, through our review of the compliance register and customer complaints, there were no compliance breach noted with respect to customer requests for the hardship policy.</p>
		Priority 4	
215A.	Compendium clause 6.10(3)	A retailer must ensure that its hardship procedures comply with the criteria specified in clause 6.10(3).	<p>The Customer Hardship Policy is:</p> <ul style="list-style-type: none"> <li>Applicable to those customers who are assessed as experiencing payment difficulties or financial hardship;</li> <li>Designed to assist customers in meeting their financial obligations for AGL; and</li> <li>Applicable only to residential customers.</li> </ul> <p>Based on examination of the latest Hardship Policy, we determined that the policy complied with all requirements specified in Clauses 6.10(2) and 6.10(3) of the Compendium.</p> <p>In addition, the Customer Hardship Policy is available:</p> <ul style="list-style-type: none"> <li>On the AGL website;</li> <li>On the ERA's website; and</li> <li>In large print at AGL offices upon request.</li> </ul> <p>AGL employees are trained to advise customers on where the policy can be accessed, or if requested to send a copy via post or email at no charge.</p> <p>Given the accessibility of the policy electronically and based on discussions with the Regulatory and Compliance team there were no formal requests made by customers to provide the hardship policy by post, furthermore, AGL will not charge customers for this request. Additionally, through our review of the compliance register and customer complaints, there were no compliance breach noted with respect to customer requests for the hardship policy.</p>
		Priority 4	
216	Compendium clause 6.10(4)	If requested, a retailer must give residential customers and relevant consumer representatives a copy of the hardship policy, including by post at no charge.	<p>The Customer Hardship Policy is:</p> <ul style="list-style-type: none"> <li>Applicable to those customers who are assessed as experiencing payment difficulties or financial hardship;</li> <li>Designed to assist customers in meeting their financial obligations for AGL; and</li> <li>Applicable only to residential customers.</li> </ul> <p>Based on examination of the latest Hardship Policy, we determined that the policy complied with all requirements specified in Clauses 6.10(2) and 6.10(3) of the Compendium.</p> <p>In addition, the Customer Hardship Policy is available:</p> <ul style="list-style-type: none"> <li>On the AGL website;</li> <li>On the ERA's website; and</li> <li>In large print at AGL offices upon request.</li> </ul> <p>AGL employees are trained to advise customers on where the policy can be accessed, or if requested to send a copy via post or email at no charge.</p> <p>Given the accessibility of the policy electronically and based on discussions with the Regulatory and Compliance team there were no formal requests made by customers to provide the hardship policy by post, furthermore, AGL will not charge customers for this request. Additionally, through our review of the compliance register and customer complaints, there were no compliance breach noted with respect to customer requests for the hardship policy.</p>
		Priority 4	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Payment Difficulties &amp; Financial Hardship (Cont.)</b>			
219	Compendium clause 6.10(6)	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><i>Obligations 219 to 220A</i></p> <p>Through discussions with the Regulatory and Compliance Team and the Affordability Team as well as review of the Customer Hardship Policy (last dated 26 June 2017), we confirmed that AGL reviews the Financial Hardship Policy on a periodic basis for potential updates and to confirm alignment with the ERA's Financial Hardship Policy Guidelines. Any updates to the Customer Hardship Policy is then submitted to the ERA in a timely manner.</p> <p>It was confirmed that the ERA had not made any directions to AGL to review its hardship policy and hardship procedures within the audit period.</p> <p>We also confirmed that the most recent review of the Policy was conducted in 2017, where the Policy was reviewed by AGL on 22 June 2017 and submitted to the ERA on the 26 June 2017. Therefore meeting the timing requirements of Clause 6.10(6) "...submit to the Authority the results of that review within 5 business days after it is completed..."</p>
		Priority 4 Control Adequacy: N/P Compliance Rating: N/R	
220	Compendium clause 6.10(7)	A retailer must comply with the ERA's Financial Hardship Policy Guidelines.	
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
220A	Compendium clause 6.10(8)	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>Through discussions with the Regulatory and Compliance Team and the Affordability Team, as well as review of the Customer Hardship Policy (last dated 26 June 2017), we confirmed that:</p> <ul style="list-style-type: none"> <li>AGL is not obliged to include business customers in its Hardship policy and therefore have stated the following in Clause 3.3:           <p>"...Business and farm customers are ineligible for the Staying Connected program..."</p> </li> <li>The Customer Solutions Team is trained to apply AGL's Financial Hardship processes by considering hardship situations on a case by case basis, including business customers; and</li> <li>During the audit period, AGL considered requests where business customers sought alternative payment arrangements after experiencing financial difficulty. In these cases AGL worked with businesses to set up alternative payment arrangements to support them while experiencing payment difficulties. It was noted that the approach is tailored to each customer on a case by case basis to the specific circumstances of the business (e.g. extending payment deadlines).</li> </ul> <p>Based on our review of AGL's breach register and customer complaints from business customers there were no compliance breaches noted.</p>
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
221	Compendium clause 6.11	A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.	
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Reconnection</b>			
228	Compendium clause 8.1(1)	In the circumstances specified in clause 8.1(1)(a)-(c), a retailer must arrange for reconnection of the customer's supply address if the customer makes a request for reconnection and pays the retailer's reasonable charges for reconnection (if any) or accepts an offer of an instalment plan for the retailer's reasonable charges for reconnection.	<p>The Regulatory and Compliance Team confirmed there had been no instances of reconnection as a result of AGL's business decision to not to disconnect customers for non-payment. Through review of the Non-Standard Contract, we confirmed that these requirements are captured in Section 12 of the contract.</p> <p>In addition, this was confirmed through review of a disconnection report where no disconnections occurred for 'denying access to the meter' or 'illegal use' during the audit period, therefore no reconnections.</p>
		<p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: N/R</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>The Regulatory and Compliance Team confirmed there had been no occurrence of reconnection requests as a result of AGL's business decision to not to disconnect customers for non-payment.</p> <p>In addition, it was confirmed that AGL's Connection processes will be applied in the event of a reconnection. Through discussions with the Connections and Transfers Sales Fulfillment Manager, review of exception reporting, review of Training Modules for Customer Service Officers (CSO) and walkthroughs of AGL's systems (SAP and the Meter Data Hub (MDH)) we confirmed that during the audit period, AGL maintained controls for arranging and processing Gas Connections for WA customers.</p>
		<p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: N/R</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication</b>			
231	Compendium clause 10.1(1)	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.	Through walkthroughs conducted, we confirmed AGL is compliant with Compendium clause 10.1(1) as we sighted that AGL 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. Additionally, based on our review of AGL's breach register and customer complaints, there were no compliance breaches noted.
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
232	Compendium clause 10.1(2)	A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including any alternative tariffs that may be available to the customer.	Based on discussions with the Customer Solutions Team, we confirmed there have been instances of customers requesting for information on tariffs. These have been actioned by providing the customer with an Energy Price Fact sheet or a Quote Pack, free of charge.  In addition, from review of the AGL website, we noted that Energy Price Fact Sheets are available for customers to compare different tariff options whilst general tariff information is included in customer contracts.  Through our review of AGL's Breach Register and customer complaints we did not note compliance breaches associated with charges to customers for providing information on tariffs. These charges are not set-up within AGL's automated customer billing system.
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
233	Compendium clause 10.1(3)	A retailer must give a customer the information requested on tariffs within 8 business days of the date of receipt of the request and, if requested, a retailer must provide the information in writing.	Through system demonstrations performed by the Customer Solutions Team, we confirmed that there is a control in SAP that is automated to send out Quote Packs. We noted that rules are embedded in SAP to send these packs to customers on the next business day from the date the quote was provided.  The Customer Solutions Team confirmed that Quote Packs are delivered to the customer immediately via email and if requested are manually posted (through an automated process in SAP) to the customer in writing free of charge. Based on the testing performed we did not identify any instances where AGL did not comply with the timeframe specified in clause 10.1(3) of the Compendium.
		Priority 4	Control Adequacy: N/P Compliance Rating: 1



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication (Cont.)</b>			
234	Compendium clause 10.2(1)	A retailer must, on request, give a customer their billing data.	<p>From system demonstrations performed by the Customer Solutions Team, we confirmed that AGL have controls to generate billing data for the period requested by the customer.</p> <p>Through review of the Training Modules and Work Instructions, we determined that the Customer Service Officers (CSOs) are provided with standard guidelines which instruct agents on how to provide billing data on customer request. We also noted that Best Practice Procedure (BPP) scripting is in place to set out the guidelines to be followed in the event of any billing queries.</p> <p>The Customer Solutions Team confirmed that billing data requests were routinely completed by CSOs using the above processes during the audit period and were provided to the customers free of charge.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
235	Compendium clause 10.2(2)	A retailer must give the requested billing data at no charge if a customer requests their billing data for a period less than the previous 2 years and no more than once a year, or in relation to a dispute with the retailer.	<p>From system demonstrations and a walkthrough of an example customer with the Customer Solutions Team, we confirmed compliance Compendium clause 10.2(2), as SAP allows retrieval of billing data for at least the previous two years. Through discussions with the Customer Solutions Team, it was confirmed that AGL do not charge customers for billing data requests regardless of the period or frequency of the request. Additionally, through our review of AGL's breach register and customer complaints, there were no compliance breaches noted.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
236	Compendium clause 10.2(3)	A retailer must give the requested billing data within 10 business days of the date of receipt of either the request, or payment of the retailer's reasonable charge for providing the billing data.	<p>From system demonstrations with the Customer Solutions Team, we confirmed that SAP is automated to send out the billing query data and Statement of Consumption and Payment.</p> <p>We also noted that rules are embedded in SAP to send the statements to customers on the next business day from the date of the request, ensuring compliance with the timeframes of clause 10.2(3) of the Compendium. Additionally, through our review of AGL's breach register and customer complaints there were no compliance breaches noted.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication (Cont.)</b>			
237	Compendium clause 10.2(4)	A retailer must keep a customer's billing data for 7 years.	<p>From system demonstrations with the Customer Solutions Team, we confirmed that SAP has the capacity to retain customer billing data for seven years, despite AGL's short operation history of two years in WA.</p> <p>Also, from the system demonstration and walkthrough undertaken, we noted that AGL have appropriate back-up processes in place where the full database is backed up on a quarterly basis.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
238	Compendium clause 10.3	A retailer must give a residential customer on request, at no charge, information on the types of concessions available to the customer, and the names and contact details of the organisation responsible for administering those concessions (if not the retailer)	<p>Through examination of the following documents, we confirmed that AGL offer information on types of concessions available to their customers through:</p> <ul style="list-style-type: none"> <li>▪ Welcome Packs;</li> <li>▪ Bills; and</li> <li>▪ Ad hoc customer requests.</li> </ul> <p>The information is provided at no charge to customers.</p> <p>We reviewed Best Practice Procedure (BPP) scripts for all inbound, outbound and third-party sales and we confirmed with AGL Regulatory and Compliance team that this is mandatory information provided to all customers upon request.</p> <p>In addition, through sample testing of sales calls, we confirmed that all customers were advised of concession options. Outside of sales calls, through discussions with the Customer Solutions Team, we confirmed that on request, AGL will also provide information regarding concessions to customers.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
239	Compendium clause 10.4	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.	<p>From review of a WA customer bill, we confirmed that customers are informed of the website details where they are able to access energy efficiency information.</p> <p>In addition, AGL have a direct line as well as online customer service to address customer requests ("Here to Help Portal").</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication (Cont.)</b>			
240	Compendium clause 10.5	If a customer asks for information relating to the distribution of gas, a retailer must give the information to the customer or refer the customer to the relevant distributor for a response.	<p>Through discussions with the Customer Solutions Team, we confirmed that AGL have established User Guides to provide essential contact details that customer may request.</p> <p>AGL's Useful Numbers Guide captures all critical contact details and we confirmed this included the distributor numbers. We also confirmed that the Best Practice Procedure (BPP) script refers to the Useful Numbers Guide as a reference point.</p> <p>During the audit period, we noted that all requests for distributor related information were directed to ATCO. The direct number is provided to the customer as per the internal procedures listed above, demonstrating compliance with Compendium clause 10.5. Furthermore, based on our review of the AGL's breach registers and customer complaints, there were no compliance breaches noted.</p>
241	Compendium clause 10.5A(1)	A retailer must, within 3 months of being subject to the Compendium, lodge with the ERA, a gas customer safety awareness programme.	We confirmed AGL's Gas Safety Awareness Program is approved by the ERA and is available on the AGL website to educate consumers.
242	Compendium clause 10.5A(2)	A retailer must consult with the ERA when preparing the gas customer safety awareness programme.	From examination of email communication, we confirmed that AGL's Gas Safety Awareness Program was prepared in consultation with the ERA, thereby in compliance with Compendium clause 10.5A(2).

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication (Cont.)</b>			
243	Compendium clause 10.5A(3)	A gas customer safety awareness programme is to communicate information to customers regarding safety in the use of gas and must address, at a minimum, the information referred to in clause 10.5A(3)(a)-(e).	We confirmed AGL's Gas Safety Awareness Program was developed in consultation with the ERA thereby in compliance with Compendium clause 10.5A(3). It is noted this is available on the AGL website to ensure accessibility to all customers and communicate information regarding safety in the use of gas.
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
245	Compendium clause 10.9	A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.	Through discussions with the Regulatory and Compliance Team, we confirmed that AGL provide a Welcome Pack to all their new customers.  We reviewed a sample Welcome Pack and determined that all the information required in by the Compendium is included and disclosed in the Welcome Pack in an easy way for the customer to understand with a variety of contact numbers, in case the customer has any specific questions regarding the information disclosed.
		Priority 5 Control Adequacy: N/P Compliance Rating: 1	
246	Compendium clause 10.10(1)	A retailer must advise a customer on request how the customer can obtain a copy of the Gas Marketing Code and the Compendium; and make a copy of the Gas Marketing Code and the Compendium available on the retailer's website.	Through examination of AGL website we confirmed that a copy of the Gas Marketing Code and the Compendium are available. In addition, AGL's Welcome Pack outlines that these documents are accessible on AGL's website.  The Customer Solutions team direct customers to AGL's website if a copy of the Gas Marketing Code and the Compendium is requested.  In addition to that, AGL have confirmed that during the audit period, no customers have enquired about how they can obtain a copy of the Gas Marketing Code and the Compendium, however will fulfil this request by directing the customers to its website or alternative means convenient for the customer.
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Information &amp; Communication (Cont.)</b>			
249	Compendium clause 10.11(1)	<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>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>From discussions with the Customer Solutions Team we confirmed that the interpreter service is provided to customers on request and at no charge. Details of the interpreter services offered are communicated to customers through welcome packs, bills and sales calls.</p> <p>During our sample testing performed on sales calls, we observed one instance where the interpreter service was offered to the customer.</p>
250	Compendium clause 10.11(2)	<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"> <li>• its TTY services;</li> <li>• independent multi-lingual services; and</li> <li>• interpreter services with the National Interpreter Symbol and the words "Interpreter Services".</li> </ul> <p>Priority 4      Control Adequacy: N/P      Compliance Rating: 1</p>	<p>Through examination of a sample bill and reminder notices, we confirmed that the below telephone numbers were captured in the bill and reminder notices:</p> <ul style="list-style-type: none"> <li>▪ TTY services; and</li> <li>▪ interpreter services with the National Interpreter Symbol and the words "Interpreter Services". It is acknowledged that independent multi-lingual services are provided through the "Interpreter Services".</li> </ul> <p>Additionally, we confirmed that during the audit period AGL made a business decision to not disconnect customers in WA, therefore the requirement regarding disconnection warnings does not apply.</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)			
Complaints & Dispute Resolution			
251	Compendium clause 12.1(1)	<p>A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.</p>	<p>Through discussions with the Customer Advocacy Delivery Manager and from review of the Complaints Management Framework, Dispute Resolution Policy and Standard Form and Market Contract Terms and conditions, we noted the following controls:</p> <ul style="list-style-type: none"> <li>▪ The Complaints Management Framework was developed and aligned to ensure compliance with the AS/NZS 10002:2014 and is consistent with ISO 10002:2018;</li> <li>▪ The Dispute Resolution Policy is available on AGL's website at no cost;</li> <li>▪ AGL have a formal Complaints Escalation Policy consisting of three teams within Customer Solutions (Care, Resolutions and Resolutions +) where each team is skilled to attend to complaints at varied degrees of complexity;</li> <li>▪ The Customer Advocacy Team are the highest internal escalation point and this Team manages high reputational risk and complaints made directly to senior management;</li> <li>▪ AGL have implemented a Complaints Severity Rating System in July 2018 which is reported in the Complaints Monthly Report;</li> <li>▪ The Quality team within Customer Market Operations conducts periodical reviews on certain complaint drivers; and</li> <li>▪ We reviewed a sample of three-monthly complaints overviews which report on internal complaints, ombudsman complaints, the complaints severity rating and complaint drivers.</li> </ul> <p>In addition, we reviewed a sample of three complaints made by WA customers during the audit period to ensure the internal process for handling complaints and resolving disputes were correctly implemented by AGL. Our testing focused on each main level of escalation (Customer Solutions, Customer Advocacy and Ombudsman) and based on our testing, we did not identify any instances of non-adherence with AGL's internal complaints handling process.</p>
		Priority 4	Control Adequacy: N/P
		Compliance Rating: 1	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observation and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Complaints &amp; Dispute Resolution (Cont.)</b>			
252	Compendium clause 12.1(2)	<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).</p> <p>The complaints handling process must be available at no cost to customers.</p>	<p>We reviewed AGL's Complaints Management Framework which was developed and aligned to ensure compliance with the AS/NZS 10002:2014.</p> <p>Through discussions with the Customer Advocacy Team and from review of AGL's website, the Complaints Management Framework and the Dispute Resolution Policy, we noted that AGL meets the requirements of Subclauses 12.1(2) per the obligation. Specifically, the framework and policy outlines:</p> <ul style="list-style-type: none"> <li>How complaints can be lodged by customers;</li> <li>How complaints will be handled by AGL; and</li> <li>Response times and methods for complaints.</li> </ul> <p>We also confirmed the Dispute Resolution Policy is available on AGL's website at no cost.</p> <p>The Customer Advocacy Delivery Manager also confirmed there is specific induction training, ongoing training and coaching regarding complaints management. We sighted a sample of training modules regarding complaints to confirm this.</p>
		<p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observation and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Complaints &amp; Dispute Resolution (Cont.)</b>			
254	Compendium clause 12.1(3)(a)	<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 (in accordance with its complaints handling process).</p> <p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	<p>We reviewed AGL's Dispute Resolution Policy which outlines the customer has the right to request their complaint to be reviewed by a higher level AGL representative.</p> <p>This is supported by AGL's formal Complaints Escalation Policy, which consists of three teams within Customer Solutions (Care, Resolutions and Resolutions +) where each team is skilled in responding to complaints at varied degrees of complexity. The Customer Advocacy Team are the highest internal escalation point and this Team manages high reputational risk and complaints made directly to senior management.</p> <p>In addition, the Dispute Resolution Policy is available on AGL's website at no cost.</p>
255	Compendium clause 12.1(3)(b)	<p>When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the gas ombudsman.</p> <p>Priority 4</p> <p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>	<p>We reviewed AGL's Dispute Resolution Policy which outlines that the customer is entitled to raise the complaint with the Energy and Water Ombudsman Western Australia (WA).</p> <p>AGL provides the reason for the complaint outcome to the customer and advise the customer of the Energy and Water Ombudsman (WA) Freecall contact details in the event the customer is not satisfied. This information is also available on AGL's website.</p> <p>These details are also be provided to the customer in writing, if AGL has been unable to resolve the customer's complaint within 28 days.</p> <p>Additionally, AGL's Standard Form Contract and Non-Standard Contract notifies the customers of their dispute resolution policy and lists the WA Ombudsman contact information.</p>



## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Complaints &amp; Dispute Resolution (Cont.)</b>			
255A	Compendium clause 12.1(4)	<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>Priority 4</p> <p>Control Adequacy: NP</p> <p>Compliance Rating: 1</p>	<p>Through discussions with the Customer Advocacy Delivery Manager and from review of AGL's Complaints Management Framework, the Dispute Resolutions Policy and Standard Form and Market Contract Terms and conditions, we noted AGL maintained the following controls during the audit period:</p> <ul style="list-style-type: none"> <li>Written complaints (i.e. emails and letters) are dealt with within 3 and 5 business days respectively, as outlined in the Complaints Management Framework SLA's with AGL's Customer Solutions Team;</li> <li>AGL's Standard Form Contract and Market Contract state that AGL will aim to provide an initial response within 2 business days of receiving a written complaint;</li> <li>We tested and confirmed automatic acknowledgements are in place for both the website complaints form and for direct emails to Customer Solutions; and</li> <li>We reviewed a sample written complaint from a WA customer during the audit period and confirmed acknowledgement and resolution occurred as per the obligations.</li> </ul>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Complaints &amp; Dispute Resolution (Cont.)</b>			
256	Compendium clause 12.2	A retailer must comply with any guideline developed by the ERA relating to distinguishing customer queries from customer complaints.	<p>The Customer Complaints Guidelines (December 2016) outlines the definitions of a Customer Compliant and Customer Query.</p> <p>As per AGL's Complaints Management Framework and Dispute Resolution Policy, complaints are defined as "...a complaint is any expression of dissatisfaction made to AGL or its entities, whereby a resolution or response is expected. Where AGL has made an error and the customer has been impacted or the customer raises concerns with AGL Sales process, this is recorded in our system as a Complaint..."</p> <p>Enquiry is defined as – "...a request for information about AGL products or services that does not reflect Dissatisfaction and is generally any question or concern that is resolved through the customer's initial contact, when AGL provide appropriate information or referral which satisfies the customer. Or any query that needs an answer from another business unit/person where no Dissatisfaction is expressed..."</p> <p>We have confirmed that AGL's definitions complied with the ERA Guidelines.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1
257	Compendium clause 12.3	A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.	<p>Through discussions with the Customer Advocacy Delivery Manager and from review of AGL's Complaints Management Framework, Dispute Resolutions Policy and Standard Form and Market Contract Terms and conditions, we confirmed the following:</p> <ul style="list-style-type: none"> <li>Complaints page on AGL's website with all contact details and policy;</li> <li>Customer Solutions and the Customer Advocacy teams are trained from a dedicated complaints induction to handle all customer requests; and</li> <li>AGL's Best Practice Procedure (BPP) is designed to allow the customer service team to handle all forms of enquiry to meet the customers' expectations.</li> </ul> <p>Based on the above, it was confirmed that AGL assist customers by providing all relevant information to allow the customer to utilise their complaints handling processes. Similar to any request for information, this is provided to customers at no charge. Based on our review of customer complaints and the AGL's breaches register, there were no compliance breaches noted with respect to the provision of this information and furthermore charging for this information.</p>
		Priority 4	Control Adequacy: N/P Compliance Rating: 1

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Complaints &amp; Dispute Resolution (Cont.)</b>			
258	Compendium clause 12.4	<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>Through discussion with the Customer Advocacy Team, we confirmed that AGL's complaints handling processes (which were applied during the audit period) are in compliance with Compendium clause 12.4 and provide for:</p> <ul style="list-style-type: none"> <li>Staff to recognise instances where a complaint does not relate to AGL functions;</li> <li>The matter to be referred to the relevant entity (e.g. ATCO);</li> <li>The customer to be offered the appropriate entity's direct line via the 'Numbers to Know' resource; and</li> <li>AGL's Best Practice Procedure (BPP) provides clear guidance for the CSO to be able to determine if the complaint relates to AGL's functions as a Gas Retailer in WA.</li> </ul> <p>Based on our review of customer complaints and AGL's breach register there were no compliance breaches noted specific to not assisting customers in accordance with Clause 12.4 for complaints regarding functions that are not the responsibility of AGL.</p>
		<p>Priority 4</p>	<p>Control Adequacy: N/P</p> <p>Compliance Rating: 1</p>

## 4. DETAILED FINDINGS (CONT.)

### 4.6 Compendium of Gas Customer Licence Obligations (Cont.)

No.	Obligation Reference	Obligation Description	Observations and Findings
<b>15 Licence Compliance Requirements - Compendium of Gas Customer Licence Obligations (Compendium) (Cont.)</b>			
<b>Record Keeping &amp; Reporting</b>			
281	Compendium clause 13.1	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the ERA.	<i>Obligations 281 to 283</i>
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
282	Compendium clause 13.2	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.	Through discussions with the Regulatory and Compliance Team and from examination of AGL's Annual WA Gas Performance Report we confirmed that AGL was granted an extension by the ERA until 17 December 2018 for the submission of their FY18 Performance Report. AGL prepared the required performance report in the manner and form specified. The final report was submitted to the ERA on 14 December 2018 and is also available on AGL's website.
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	
283	Compendium clause 13.3	A report referred to in clause 13.1 must be published by the date specified by the ERA.	We reviewed email correspondence to confirm that AGL complied with the ERA's direction to publish their performance data within 7 days of the ERA accepting the data. In addition, we confirmed that AGL submitted their Performance Data on the 14 December 2018, where the ERA accepted the data on 30 January 2019, requesting AGL publish the Performance Data within 7 days. AGL replied to the ERA on 6 January 2019 with a link to the reports on their website, confirming compliance with the specified timeframes. AGL are currently compiling the FY19 WA Gas Performance Report for submission to the ERA.
		Priority 4 Control Adequacy: N/P Compliance Rating: 1	

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## APPENDIX A - REFERENCES

### AGL Personnel participating in the Performance Audit

#### Connections and Transfers

- Josh Bradley (Connections Operations Manager)
- Madelene Villena (Senior Operational Analyst)
- Rohan Ware (Sales Fulfilment Manager)
- Mark Riley (Senior Industry Advisor)

#### Affordability

- Dimitri Georgacopoulos (Affordability Manager)
- Andrea Gill (Functional Analyst)

#### Credit and Collections

- Eric Wong (Credit Operations Manager)
- Richard Huff (Payments Manager)
- Gurpreet Pradhan (Credit Operations Lead)
- Ivan Lim (Collections Vendor Manager)
- 

#### Internal Sales and Marketing

- Ben Pittard (Channel Manager)
- Adrian Addamo (CS Manager - Sales)
- Stefan Krumov (Quality and Automation Manager)
- Mel Dalton (Quality Lead)
- Shelley Marketis (Team Manager)

#### Regulatory Compliance

- Rebecca Brigham (Manager Regulatory Compliance)

### Key Documents Reviewed

Please note this list is not exhaustive:

#### Connections and Transfers

- Accept Quote and Offer process map
- AGL Inbound BPP – Move Out and Move In
- AGL Inbound BPP – Move Out
- AGL Inbound BPP – Move In (Voice & Webchat)
- Emergency Contact Numbers
- Manage Non-Transfer Move In process map
- Manage Transfer Completion process map
- Manage Non-Transfer Move In process map
- Manage Transfer Request – Mass process map

- Naomi Bott (Compliance Manager)
- Martine Dixon (Compliance Advisor)
- Claire Sinha (Compliance Advisor)
- Valeriya Kalpakidis (Compliance Advisor)
- Kim Cullen (Senior Regulatory Advisor)

#### Billing

- Keera Hoogendorp (Billing Operations Manager)
- Marissa Hewitt (Functional Billing Manager)
- Sumit Shah (Senior Operational Analyst)
- Joel Kennedy (Operational Analyst)

#### Learning and Development

- David Bryson (Learning and Development Consultant)

#### Third-Party Sales

- Tegan Webster (Customer Acquisition Manager)
- Jon Halilovich (SME Channel Manager)
- Sofia Lagoulis (Compliance Advisor)

#### Customer Advocacy

- Melanie Lawrie (Delivery Manager Customer Advocacy)
- Allister Gammie (Performance Manager Customer Advocacy)

#### Affordability

- AGL Hardship Policy – WA Customers
- AGL Website – ‘Here to Help’ screen
- Customer Journey process map
- Financial Support Inbound BPP
- SAP screenshots – ‘Hardship Alerts’
- SAP screenshots – ‘HDCV’, ‘Bill Smoothing Payment’ and ‘Change of Account Class’
- Staying Connected Program - Graduation E-mail
- Staying Connection Program - Welcome Letter

## APPENDIX A – REFERENCES (CONT.)

### Key Documents Reviewed (Cont.)

#### Credit and Collections

- AGL Website – Direct Debit T&C's screen
- AGL Website – Billing and Payment options screen
- Bill Payment Slip
- Debt Report – Credit and Payment overview
- SAP screenshot – Minimum Payment Amount Limit

#### Internal Sales and Marketing

- Digital Sales EIC website example
- Inbound Sales BPP
- Outbound Sales Framework – Quality Operating Manual
- Residential & SME – Prospect WA BPP
- T&C Mid-Year Price Change BPP
- WA AGL Savers Product Disclosure
- WA AGL Standard Product Disclosure

#### Regulatory Compliance

- Independent Assurance Report – ESCV Performance Indicator Review for the period 1 April 2018 to 30 June 2018
- AGL FY18 Performance Reporting Dashsheets – Retail
- Compliance Engagement Assurance Report - regarding compliance with AEMO requirements for the period 1 January 2018 to 31 December 2018
- Compliance Reporting Work Instructions
- Regulatory Reporting process map
- Regulatory Reporting of Performance Delivery Procedure
- Sales & Marketing – FY18 Assurance Plan
- Schedule A – ERA Annual Report Breaches Register

#### Regulatory Compliance (Cont.)

- IRIS – internal Digital Compliance Log to confirm breaches logged

#### Billing

- Billing System overview process map
- Bill Shock BPP
- Bill Example – Estimated Read
- Bill Example – Post Estimated Read
- Bill Example – Actual Read
- Metering and Billing Work Instructions for WA (Gas)
- SAP ISU Delegations of Authority Policy

#### Third-Party Sales

- AGL External Channel Management Guidelines and Meeting Protocols
- AGL Residential Kiosk Channel Guidelines
- AGL Compliance Summary Report
- AGL Information Security Policy
- AGL Supplier Code of Conduct
- Data Complaints Report Template
- Example Annual Compliance Audit Report
- Example Annual Compliance Review Briefing Note

#### Other

- AGL Home Energy Efficiency Guide
- AGL Organisational Chart
- AGL Code of Conduct
- AGL Standard Contract example
- Complaints Handling BPP
- Initiation of Customer Complaint example
- ERA Invoice Payment example

## APPENDIX B – WORK SCHEDULE

### RSM Staff

RSM Staff who were involved in the Performance Audit include:

- Tim Pittaway – Engagement Partner
- Jean-Marc Imbert – Quality Assurance Partner
- Jacob Elkhishin – Engagement Principal
- Nicole Mohan – Manager
- Leonardo Jaque – Assistant Manager
- Kuleesha Gamage – Senior Auditor
- Anthony Palumbo – Senior Auditor

Resumes for the RSM staff were outlined in the proposal accepted by AGL and the Auditors Approval Submission document presented to the ERA.

### Timeframe and Work Schedule

The planning and risk assessment phases of the Performance Audit were completed in June 2019, after which the draft Audit Plan and risk assessment was presented to AGL for comment prior to submission to the ERA for review and approval. The Final Audit Plan was approved by the ERA on 17 July 2019.

Fieldwork and detailed compliance testing were undertaken at AGL’s Victorian corporate office located at 699 Bourke St, Melbourne during the month of July 2019, enabling a draft report to be submitted to the ERA by the due date of 16 August 2019.

In summary, the time allocated for each task per team member was as follows:

Task	Timeframe	RSM Personnel	Hours	Total Hours
<b>Planning</b>	One week 3 June – 7 June 2019	<ul style="list-style-type: none"> <li>▪ Nicole Mohan (Manager)</li> <li>▪ Leonardo Jaque (Assistant Manager)</li> <li>▪ Anthony Palumbo (Audit Senior)</li> </ul>	8 8 8	24
<b>Risk Assessment and Preparation of Audit Plan</b>	Three weeks 10 June – 28 June 2019	<ul style="list-style-type: none"> <li>▪ Tim Pittaway (Partner)</li> <li>▪ Jacob Elkhishin (Principal)</li> <li>▪ Nicole Mohan (Manager)</li> <li>▪ Leonardo Jaque (Assistant Manager)</li> <li>▪ Anthony Palumbo (Audit Senior)</li> </ul>	6 26 40 50 50	171
<b>Fieldwork – Detailed Compliance Testing</b>	Four weeks 8 July – 26 July 2019	<ul style="list-style-type: none"> <li>▪ Tim Pittaway (Partner)</li> <li>▪ Jacob Elkhishin (Principal)</li> <li>▪ Nicole Mohan (Manager)</li> <li>▪ Leonardo Jaque (Assistant Manager)</li> <li>▪ Kuleesha Gamage (Audit Senior)</li> <li>▪ Anthony Palumbo (Audit Senior)</li> </ul>	2 6 23 63 78 105	277

## APPENDIX B – WORK SCHEDULE (CONT.)

### Timeframe and Work Schedule (Cont.)

Task	Timeframe	RSM Personnel	Hours	Total Hours
<b>Completion and Reporting</b>	Eight weeks 29 July – 20 September 2019	<ul style="list-style-type: none"> <li>▪ Tim Pittaway (Partner)</li> <li>▪ Jean-Marc Imbert (Quality Assurance Partner)</li> <li>▪ Jacob Elkhishin (Principal)</li> <li>▪ Nicole Mohan (Manager)</li> <li>▪ Leonardo Jaque (Assistant Manager)</li> <li>▪ Kuleesha Gamage (Audit Senior)</li> <li>▪ Anthony Palumbo (Audit Senior)</li> </ul>	<p>9</p> <p>4</p> <p>14</p> <p>37</p> <p>32</p> <p>15</p> <p>49</p>	160



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