

Audit Report

Performance Audit

3608-09



Prepared for
ERM Power Retail Pty Ltd
6 December 2019

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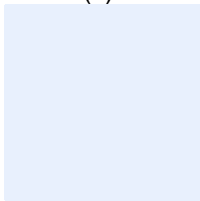
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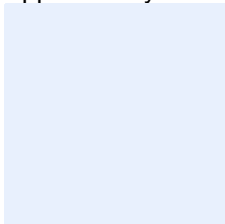


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Effective Date 6/12/2019

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1	28/11/2018	Draft for review and comment by ERM	P. Lamb J. Edwards	J. Edwards
1.1	03/12/2019	Draft for review and comment by ERA	P. Lamb	P. Lamb
1.2	04/12/2019	Updated per comments by the ERA	P. Lamb	P. Lamb
2	06/12/2019	Final	P. Lamb	P. Lamb

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Executive Summary

General

ERM Power Pty Ltd (ERM) holds an electricity retail licence (ERL15). While more than one versions of this license has been issued since last audit, the revisions are considered to be immaterial.

Audit objectives

This audit has been conducted in order to assess ERM's level of compliance with the conditions of their electricity licence.

This report outlines the findings of the audit, conducted on 14 November. The audit covers the operating period of 1 November 2015 to 31 October 2019.

Performance Audit - Findings

The previous audit identified no non-compliances and two recommendations which related to eight obligations with its operating licenses. The recommendations were both addressed during this audit period. The recommendations were:

1. Consistently locate verifiable consent forms across all customers
2. Develop procedure for documenting initial contact with customer

ERM has updated its CRM so that verifiable consent forms are stored separate from other documents associated with its customers and are easily found. ERM has also updated its CRM to better document initial contact with customers.

There were three non-compliances identified during the current audit period:

1. ERM supplied electricity to a small use customer under a contestable customer. During the audit period, ERM was contracted with a large customer with multiple sites that was acceptable under its retail licence. Then the customer sold one of the sites. When the ownership of the site changed the contract was novated to the new owner, who ended up being a small use customer which is outside of ERM's licence conditions. After this was identified the new owner (small use customer) was transferred to another retailer. ERM has updated procedures to prevent this from happening in the future.
2. ERM supplied electricity to a small use customer while not being a member of an approved scheme. ERM has updated procedures to prevent supplying small use customers in the future and does not need to become a member of an approved scheme under its current license conditions.
3. ERM submitted its standing charge data on 14 October 2019 after the required date of 30 September 2019. A new procedure has been developed to prevent late submissions in the future.

Performance Audit - Effectiveness of controls

We consider that ERM has adequate controls in place that are appropriate to the nature and scale of its activities.

Performance Audit - Overall compliance

The overall compliance of ERM with its licence is summarised in Section 4.2 of this report. Three items were assessed as noncompliant while all other items were assessed as compliant, not able to be rated or not applicable.

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1 Introduction

1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a competitive and fair environment, particularly where businesses operate as natural monopolies.

ERM Power Pty Ltd (ERM) holds an electricity retail licence (ERL15). ERM retails electricity throughout Australia. In Western Australia, ERM has approximately 86 large use customers. ERM does not retail to any small use customers

1.2 Purpose of this report

As a condition of the licence, the licensee is required to conduct a performance audit that assesses the performance of the licensee against its obligations under its licence.

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- > process compliance
- > outcome compliance
- > output compliance
- > integrity of reporting
- > compliance with any individual license conditions.

The *Electricity Industry Act 2004 (WA)* obligate the licensee to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority not less than every 24 months period (or such longer period as the Authority allows).

Version 4 of ERL15 was issued on 1 July 2015 and version 5 was issued on 1 July 2018. A Performance Audit of licence ERL15 was last performed for the period 1 November 2012 to 31 October 2015. A Performance Audit of ERL15 is now required to be undertaken for the period 1 November 2015 to 31 October 2019.

2 Audit Scope

2.1 Audit Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of ERM's compliance with all of the relevant obligations under the licences
2. Provide recommendations to address noncompliance.

2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- > Process compliance: assessment of the effectiveness of systems and procedures
- > Outcome compliance: assessment of actual performance against the prescribed licence standards
- > Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- > Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports.

The scope of works of this audit included:

- > Interviews with key staff members from ERM to:
 - Assess findings from the last audit and the actions taken to address the recommendations from the previous audit
 - Assess performance against licence conditions for ERL15
- > Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- > Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Electricity and Gas Licences (March 2019).

2.2.1 Performance Audit

The audit of the licences covered the entire licences, and contained the following key areas as outlined in Table 2-1.

Table 2-1 Licence Performance Audit Areas

Clause	Licence Requirements	ERM15
3.7	Notices	✓
3.8	Publishing information	✓
3.9	Review of the Authority's Decisions	✓
4.1	Compliance	✓
4.2	Fees	✓
4.3	Accounting Records	✓
4.4	Reporting change in circumstances	✓
4.5	Provision of information	✓
5.3	Performance Audit	✓

2.2.2 Performance Audit Excluded Conditions

Some of the reporting obligations for retail have been excluded from the audit because they are not applicable to ERM.

Table 2-2 Excluded conditions

2018 Compliance Manual Reference	Reference	Reason for exclusion
78-100	Electricity Industry Customer Transfer Code	No small use customers
109, 111, 114-118	Electricity Industry Act: Section 54	No small use customers
110	Electricity Industry Act: Section 76	The Licensee is not a retailer of last resort
120	Electricity Industry Act: Section 11	There are no individual performance standards
129-316	Electricity Industry Act: Section 82	Code of conduct does not apply because there are no small use customers

2.2.3 Deviations from the audit plan

Reporting obligation items 108 and 111 were excluded from the audit plan as ERM has no small use customers. However, during the course of the audit it was discovered that they had supplied a small use customer and were noncompliant with items 108 and 111. Therefore, they were included in the audit report.

2.3 Methodology and Approach

The audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- > A start-up discussion (by telephone) with ERM to:
 - Discuss the main issues to be addressed at audit
 - Identify any issues from the previous audit
 - Identify any new issues arising from changes to the Licence or operating environment requirements
 - Discuss the audit plan.
- > Preparation of a draft audit plan for comment by the licensee. The audit plan identified the number and location of audits, the information to be addressed and the auditor responsible.
- > Submission of the draft audit plan to the ERA for approval
- > A start-up meeting on-site at the beginning of our audit work
- > On site audit work comprising:
 - Face-to-face interviews with business staff responsible for the audit area
 - Demonstration of key systems
 - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
 - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
 - Controls assessment on obligations that are found to be non-compliant
- > Preliminary audit feedback at the audit close-out meeting
- > Preparation of a draft report for ERM's review and comment
- > Preparation of a final report for submission to the ERA.

Our methodology for completing this audit assignment was based on:

- > A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A.
- > Our understanding of the licensee's business
- > The experience of our audit team in undertaking regulatory audits which has been gained in several jurisdictions in Australia and in the United Kingdom

Our audit methodology, including the key documents required to be reviewed and the supporting systems that we would like to see demonstrated, is detailed in Table 2-3.

Table 2-3 Licence Audit Methodology

Audit Area	Priority	Approach	Systems	Key Documents
Licence Audit				
Notices (Clause 3.7)	4	<ul style="list-style-type: none"> Confirm all notices are issued in writing 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Issued notices
Publishing Information (Clause 3.8)	4	<ul style="list-style-type: none"> Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Letters of notification / requests from the Authority Response to the Authority
Review of the Authority's Decisions (Clause 3.9)	4	<ul style="list-style-type: none"> Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response 		<ul style="list-style-type: none"> Requests for review of decision (Correspondence)
Compliance (Clause 4.1)	Various	<ul style="list-style-type: none"> Review legislative requirements and confirm compliance Identify any corrective action applied to correct / prevent breaches of compliance 	<ul style="list-style-type: none"> Work scheduling system 	<ul style="list-style-type: none"> Performance standards Compliance Summary Reports (record of breaches)
Fees (Clause 4.2)	5	<ul style="list-style-type: none"> Review invoices from Authority and receipts of payment 		<ul style="list-style-type: none"> Invoices and receipts
Accounting Records (Clause 4.3)	4	<ul style="list-style-type: none"> Check that 2015/16, 2016/17, 2017/18 and 2018/19 financial statements are signed off as being to appropriate standards 	<ul style="list-style-type: none"> Finance system 	<ul style="list-style-type: none"> 2015/16 Financial statement 2016/17 Financial statement 2017/18 Financial statement 2018/19 Financial statement
Reporting change in circumstances (Clause 4.4)	5	<ul style="list-style-type: none"> Review any correspondence with the Authority 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Provision of Information (Clause 4.5)	4	<ul style="list-style-type: none"> Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Annual compliance reports Correspondence register
Performance audit (Clause 5.3)	4	<ul style="list-style-type: none"> Review information reported to the Authority Confirm methodology used to determine performance conforms to legislation and procedures. 		<ul style="list-style-type: none"> Performance Audit Annual Performance Reports Procedures / Policy Manual Correspondence between ERM and Authority regarding review requirements

2.4 Time Period Covered by the Audit

This audit covers the period from 1 November 2015 to 31 October 2019.

2.5 Time Period for the Audit Process

The audit commenced in October 2019 with preparation of the Audit Plan. Interviews with ERM staff were carried out on 14-15 November 2019 at ERM's office in Brisbane, QLD.

2.6 Details of the Licensee Representatives Participating in the Audit

Details of representatives from ERM who participated in the audit process are provided in Table 2-4.

Table 2-4 Details of Licensee Representatives

Name	Organisation	Role
Elaine Lee	ERM Power Retail Pty Ltd	Compliance Manager
Libby Hawker	ERM Power Retail Pty Ltd	Senior Manager Regulatory Affairs
Allison Hill	ERM Power Retail Pty Ltd	General Manager Product & Pricing
David Diamond	ERM Power Retail Pty Ltd	Manager Retail Pricing
Shona Gilfoyle	ERM Power Retail Pty Ltd	WA Account Manager
Phoebe Macintosh	ERM Power Retail Pty Ltd	Manager C&I Operations

2.7 Details of Key Documents and Other Information Sources

- > Electricity Transfer Access Contract
- > Deed of Variation to Electricity Transfer Access Contract-Bidirectional Service
- > Confirmation of Completed Recommendations - 2015 Audit Report - ERM Power Retail Pty Ltd - ERL15 (email)
- > ERM's Compliance Reports
 - 2015-16
 - 2016-17
 - 2017-18
 - 2018-19
- > ERM's correspondence on small use breach to ERA
- > ERM's Breach Register and Reports
- > ERM's ERAWA Reporting Procedure
- > ERA licence charge tax invoices and ERM's summary of payments to ERA
- > ERA audit extension letter
- > Electricity Retail Licence - ERM Power Pty Ltd. ERL15, Version 5, 1 July 2018
- > Licence Standing Charge Data (2015-2018)
- > ERM's reporting procedures
- > ERM's privacy policy
- > Communication with Western Power
- > ERM's Customer relationship management (CRM) system
- > Western Power's web portal
- > Western Power Corporation's Metering Code Model Service Level Agreement (2006)

2.8 Details of Auditors Participating in the Audit and Hours Utilised

The audit team comprised two staff members from Cardno.

Details of their roles and hours utilised in the audit process are provided in the table below.

Table 2-5 Details of Audit Team Members

Name	Organisation	Role	Summary of Task	Hours Utilised
Patrick Lamb	Cardno	Auditor	<ul style="list-style-type: none"> ▪ Audit preparation ▪ Audit ▪ Preparation of Report 	50
Justin Edwards	Cardno	Project Manager	<ul style="list-style-type: none"> ▪ Project Management ▪ Audit ▪ Audit report 	40

3 Licensee's Response to Previous Audit Recommendations

In the previous operating licence audit no actions were recommended to improve the existing controls. Details of the actions completed by ERM against the recommendation are presented in Table 3-1 below.

Table 3-1 Previous Audit Non-compliances and Recommendations

A. Resolved before end of previous audit period				
Electricity compliance reporting manual 2015 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	Nil			
B. Resolved during current Audit period				
Electricity compliance reporting manual 2015 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
19/2015 18/2015 44/2015	CONTROLS IMPROVEMENT - B 1 Electricity Industry Customer Transfer Code clause 3.9(4)/3.9(3)/4.16 A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	Formalise processes surrounding the location of VC storage within the CRM are required to be defined i.e. storage has been noted in emails, notes and archive sections of the customer file within the CRM. Specification of a common location is required to ensure ease of retrieval	February 2016	No further action required
339/2015 371/2015 372/2015 373/2015 408/2015	CONTROLS IMPROVEMENT - B 1 Electricity Industry Metering Code 3.11(3)/4.4(1)/4.5(1)/4.5(2)/5.19(3) A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable. Ensure dispute resolution processes are supported by initial contact in all instances.	Establish business process to ensure the initial contact made by a customer or contact made by ERM to customer or WPN is better tracked where the contact is made via telephone or verbal in nature. This will assist in ensuring compliance with clause 4.5(2) & 5.19(3) of the Metering Code.	February 2016	No further action required

C. Unresolved at end of current Audit period				
Electricity compliance reporting manual 2015 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	Nil			

4 Performance Summary

The findings of the performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the Electricity Compliance Reporting Manual 2018. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of ERM was completed using the rating scale in. In addition to these ratings a NP indicates that a control rating was not performed for those obligations that were considered to be compliant and having an audit priority of 3, 4 or 5.

Table 4-1 Audit Compliance and Controls Rating Scales

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

4.2 Performance Audit Compliance Summary

Table 4-2 provides a summary of NPPL's compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant.

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

Table 4-2 Audit Obligation Ratings

2018 No.	Licence obligation	Audit Priority applied [rated 1 (Highest) to 5 (Lowest)]	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	NA	NR	
6	Electricity Industry Customer Transfer Code 3.2(2)	5	✓					✓						
7	Electricity Industry Customer Transfer Code 3.4(1)	5	✓					✓						
8	Electricity Industry Customer Transfer Code 3.5(3)	4						✓						✓
9	Electricity Industry Customer Transfer Code 3.6(2)	4						✓						✓
16	Electricity Industry Customer Transfer Code 3.9(1)	4	✓					✓						
17	Electricity Industry Customer Transfer Code 3.9(2)	4						✓						✓
18	Electricity Industry Customer Transfer Code 3.9(3)	4						✓						✓
19	Electricity Industry Customer Transfer Code 3.9(4)	4	✓					✓						
23	Electricity Industry Customer Transfer Code 4.2(2)	5	✓					✓						
24	Electricity Industry Customer Transfer Code 4.3	5	✓					✓						
25	Electricity Industry Customer Transfer Code 4.4(1)	5	✓					✓						
26	Electricity Industry Customer Transfer Code 4.4(2)	5	✓					✓						
27	Electricity Industry Customer Transfer Code 4.5(1)	5	✓					✓						
28	Electricity Industry Customer Transfer Code 4.6(3)	4						✓						✓
29	Electricity Industry Customer Transfer Code 4.7	5	✓					✓						
30	Electricity Industry Customer Transfer Code 4.8(2)	4						✓						✓
34	Electricity Industry Customer Transfer Code 4.9(6)	4	✓					✓						
39	Electricity Industry Customer Transfer Code 4.11(3)	4	✓					✓						
40	Electricity Industry Customer Transfer Code 4.12(3)	5						✓						✓

2018 No.	Licence obligation	Audit Priority applied [rated 1 (Highest) to 5 (Lowest)]	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	NA	NR	
43	Electricity Industry Customer Transfer Code 4.15	5	✓						✓					
44	Electricity Industry Customer Transfer Code 4.16	4	✓						✓					
45	Electricity Industry Customer Transfer Code 4.17	4	✓						✓					
48	Electricity Industry Customer Transfer Code 5.2	4	✓						✓					
48A	Electricity Industry Customer Transfer Code 6.1	5	✓						✓					
49	Electricity Industry Customer Transfer Code 6.2	5	✓						✓					
52	Electricity Industry Customer Transfer Code 6.4(1)	4						✓						✓
53	Electricity Industry Customer Transfer Code 6.4(2)	4						✓						✓
54	Electricity Industry Customer Transfer Code 6.6	4	✓						✓					
55	Electricity Industry Customer Transfer Code 7.1(1)	4						✓						✓
56	Electricity Industry Customer Transfer Code 7.1(2)	4						✓						✓
57	Electricity Industry Customer Transfer Code 7.1(3)	4						✓						✓
58	Electricity Industry Customer Transfer Code 7.2(4)	5						✓						✓
59	Electricity Industry Customer Transfer Code 7.3(2)	5						✓						✓
101	Electricity Industry Act, section 13(1)	4	✓						✓					
105	Electricity Industry Act, section 17(1) Economic Regulation Authority (Licensing Funding) Regulations 2014	4	✓						✓					
106	Electricity Industry Act, section 31(3)	4						✓					✓	
107	Electricity Industry Act, section 41(6)	4						✓					✓	
108	Electricity Industry Act, section 54(1)	4		✓						✓				
111	Electricity Industry Act, section 101	4		✓						✓				
119	Retail Licence, condition 4.3.1	4	✓						✓					
121	Retail Licence, condition 5.3.2	4	✓						✓					
123	Retail Licence, condition 4.4.1	4						✓						✓
124	Retail Licence, condition 4.5.1	4		✓						✓				
125	Retail Licence, condition 3.8.1 and 3.8.2	4						✓						✓
126	Retail Licence, condition 3.7.1	4						✓						✓

2018 No.	Licence obligation	Audit Priority applied [rated 1 (Highest) to 5 (Lowest)]	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	NA	NR	
324	Electricity Industry Metering Code, clause 3.3B	4					✓							✓
339	Electricity Industry Metering Code, clause 3.11(3)	4					✓							✓
354	Electricity Industry Metering Code, clause 3.18(1)	5					✓					✓		
371	Electricity Industry Metering Code, clause 4.4(1)	5	✓											✓
372	Electricity Industry Metering Code, clause 4.5(1)	5					✓							✓
373	Electricity Industry Metering Code, clause 4.5(2)	4	✓					✓						
388	Electricity Industry Metering Code, clause 5.4(2)	5					✓							✓
401	Electricity Industry Metering Code, clause 5.16	4					✓							✓
402	Electricity Industry Metering Code, clause 5.17(1)	4	✓					✓						
405	Electricity Industry Metering Code, clause 5.18	4	✓											✓
406	Electricity Industry Metering Code, clause 5.19(1)	5	✓					✓						
407	Electricity Industry Metering Code, clause 5.19(2)	5	✓					✓						
408	Electricity Industry Metering Code, clause 5.19(3)	4	✓					✓						
410	Electricity Industry Metering Code, clause 5.19(6)	5	✓					✓						
416	Electricity Industry Metering Code, clause 5.21(5)	4	✓											✓
417	Electricity Industry Metering Code, clause 5.21(6)	4					✓							✓
435	Electricity Industry Metering Code, clause 5.27	4					✓							✓
448	Electricity Industry Metering Code, clause 6.1(2)	4	✓					✓						
451	Electricity Industry Metering Code, clause 7.2(1)	5	✓					✓						
453	Electricity Industry Metering Code, clause 7.2(4)	4					✓							✓
454	Electricity Industry Metering Code, clause 7.2(5)	4					✓							✓
455	Electricity Industry Metering Code, clause 7.5	4	✓					✓						
456	Electricity Industry Metering Code, clause 7.6(1)	4	✓					✓						
457	Electricity Industry Metering Code, clause 8.1(1)	5	✓											✓
458	Electricity Industry Metering Code, clause 8.1(2)	5	✓											✓

2018 No.	Licence obligation	Audit Priority applied [rated 1 (Highest) to 5 (Lowest)]	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	NA	NR		
459	Electricity Industry Metering Code, clause 8.1(3)	5	✓												✓
460	Electricity Industry Metering Code, clause 8.1(4)	5	✓												✓
461	Electricity Industry Metering Code, clause 8.3(2)	5	✓												✓

Table 4-3 Compliance and controls rating summary table

		Compliance rating						
		1	2	3	4	NA	NR	Total
Controls rating	A	33					8	41
	B		3					3
	C							
	D							
	NP					3	26	29
	Total	33	3			3	34	73

5 Observations and Recommendations

5.1 Performance Audit

Table 5-1 Performance Audit Observations

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
6	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.2(2)	A retailer must submit a separate data request for each connection point, unless otherwise agreed.	<ul style="list-style-type: none"> The Western Power Web portal is used by ERM for all data requests. The Web portal ensures compliance with the obligation. 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Retail Pricing Interview with Compliance Manager Demonstration of Web portal 	1
7	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.4(1)	A retailer must submit a data request electronically and must not submit more than a prescribed number of standing or historical data requests in a business day, unless otherwise agreed.	<ul style="list-style-type: none"> Data requests are made by ERM via the Western Power web portal. The web portal restricts the number of requests to 20 per day and the ERM is unable to exceed prescribed number of requests. In the event that ERM has more requests than the prescribed daily limit, it spreads out requests over a number of days. 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Pricing Interview with Manager C&I Operations Western Power Web Portal 	1
8	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.5(3)	A retailer must withdraw a request for historical consumption data if the contestable customer's verifiable consent ceases to apply before the network operator provides the historical consumption data.	<ul style="list-style-type: none"> ERM has not withdrawn a request for historical consumption data due to the contestable customer's verifiable consent ceasing to apply before the network operator has provided the historical consumption data during the audit period. 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Pricing Western Power Web Portal ERM CRM 	N/R
9	Electricity Industry (Licence Conditions)	Electricity Industry Customer	A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a request for historical	<ul style="list-style-type: none"> ERM did not incur any costs during the audit period for work performed in relation to a request for historical 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
	Regulations, regulation 5(2)	Transfer Code 3.6(2)	consumption data that has been subsequently withdrawn.	consumption data that has been subsequently withdrawn. <ul style="list-style-type: none"> All historical consumption data is retrieved via the web portal. This data is provided for free. 	and Manager Retail Pricing <ul style="list-style-type: none"> Western Power Web Portal 	
16	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.9(1)	A retailer may only use data relating to a contestable customer to provide that customer with a quotation for the supply of electricity by the retailer; or to initiate a transfer of that customer.	<ul style="list-style-type: none"> Historical data is used to provide quotations. The sole use for data is to provide a quotation to the customer. All customer data is stored in ERMs CRM, including all the correspondence associated with customer 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Pricing Western Power Web Portal ERM CRM 	1
17	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.9(2)	A retailer must not aggregate a contestable customer's historical consumption data with that of other contestable customers for the purposes of internal business development, if requested not to do so by the customer.	<ul style="list-style-type: none"> ERM has not aggregated a contestable customer's historical consumption data with that of other contestable customers for the purposes of internal business development during the audit period. If customer cancels a price request, ERM would deactivate the request. 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Pricing Western Power Web Portal ERM CRM 	N/R
18	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.9(3)	A retailer must not disclose a contestable customer's data to any other person without the verifiable consent of the contestable customer, except in the circumstances defined.	<ul style="list-style-type: none"> ERM maintains copies of verifiable consent on the CRM. ERM's has not disclosed customer's data outside of the circumstances defined. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with General Manager Product & Pricing and Manager Retail Pricing Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R
19	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 3.9(4)	A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	<ul style="list-style-type: none"> All verifiable consent forms are stored electronically and can be accessed in the CRM. This includes where consent has been given by the customer to a broker to act on the customer's behalf. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Interview with Compliance Manager ERM CRM 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> The consent forms are stored for at least two years. The CRM was updated in 2015. The update makes it easier to locate the verifiable consent forms. 		
23	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.2(2)	A retailer must submit a separate customer transfer request for each connection point, unless otherwise agreed.	<ul style="list-style-type: none"> The Western Power web portal is used for customer transfer requests. The web portal is configured to only allow submission of separate customer transfer requests. As a result, the web portal ensures compliance with the obligation. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1
24	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.3	A retailer's reason for a transfer must be specified in the customer transfer request form as either to transfer a contestable customer to the retailer that submitted the customer transfer request or to reverse an erroneous transfer.	<ul style="list-style-type: none"> Customer transfers are initiated through the Western Power web portal. The web portal has a mandatory field in regards to reason for transfer. The web portal only allows customer transfers to occur when a reason for transfer has been selected. Only two options can be selected for the reason for customer transfers: erroneous or new customer We reviewed the transfer type of every customer transfer raised and confirmed that these have generally been classified as "new customer transfer". We observed only one example of an erroneous transfer during the audit period, dated 4 July 2019. The cause of this erroneous transfer was that another retailer had accidentally transferred one of ERM's customer and Western Power had let it go through even though ERM had a contract with the customer. Western Power should have prevented this from happening. As a result, ERM retrospectively raised the erroneous transfer to achieve the correct start contract date and reverse customer transfer. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
25	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.4(1)	A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.	<ul style="list-style-type: none"> The Western Power web portal is used for customer transfer requests Access to web portal is dependent on an access contract and there is an Electricity Transfer Access Contract (ETAC) between Western Power and ERM. There is also an amendment to the access contract to include an allowance to bill customers for solar. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Electricity Transfer Access Contract (ETAC) 	1
26	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.4(2)	A retailer that submits a customer transfer request to reverse an erroneous transfer must ensure the transfer was made in error and, if it is an incoming retailer, confirm the identity of the previous retailer.	<ul style="list-style-type: none"> Western Power acts as the conduit between the retailers. During the audit period there was one erroneous transfer that was required to be reversed due to an error by another retailer. The identity of the other retailer for this transfer was confirmed. The resulting transaction that was completed was to transfer back the customer to ERM, as this customer already had a contract in place with ERM. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1
27	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.5(1)	A retailer must submit a customer transfer request electronically and must not submit more than a prescribed number of customer transfer requests in a business day or with the same nominated transfer date, unless otherwise agreed.	<ul style="list-style-type: none"> The Western Power web portal is used for customer transfer requests. The web portal only permits the prescribed number of transfers, thus ensuring compliance. ERM is aware of prescribed number of transfers that it can make in any business day. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1
28	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.6(3)	A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.	<ul style="list-style-type: none"> ERM has not withdrawn a customer transfer request if the contestable customer's verifiable consent has ceased to apply before the transfer occurs during the audit period. If customer were to withdraw a transfer request, ERM would void the request. As this has not occurred, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
29	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.7	A retailer must nominate a transfer date in a customer transfer request in accordance with specified timeframes, except if the customer transfer request is to reverse an erroneous transfer.	<ul style="list-style-type: none"> The Western Power web portal is used for customer transfer requests. The web portal requires a transfer date to be included, thus ensuring compliance. The mandatory field was confirmed during audit. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1
30	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.8(2)	A retailer must pay any reasonable costs incurred by a network operator for providing and/or installing a meter if a customer transfer request is withdrawn.	<ul style="list-style-type: none"> A status of "withdrawn" can be recorded in the Western Power web portal if a customer withdraws its customer transfer request. We observed an example of a customer transfer request being withdrawn during the audit period. However, we also observed a separate line showing the same NMI as being pending. ERM explained that the request was withdrawn as it was originally set up wrong and then corrected and set up as a new request. This was confirmed by reviewing the two requests. As there has been no instances of ERM incurring costs in the audit period related to this obligation, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	N/R
34	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.9(6)	A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.	<ul style="list-style-type: none"> The chosen transfer date is set by ERM and rejected status set in the web portal by Western Power if they are not able to facilitate the transfer. If a transfer for a new customer is to occur on a non-business day, the transfer date is revised to a business day. Four transfer dates were revised in the audit period. We confirmed that these took place on 24/02/2017, 01/12/2016, 04/01/2016 and 01/12/2015. The reasons for the revised dates were for one of two reasons: 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> – min number of days required process the transfer not provided – duplication of transfer request 		
39	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.11(3)	A network operator and the retailer must take certain action if the contestable customer's meter is not read on the nominated transfer date.	<ul style="list-style-type: none"> ▪ ERM's customers have comms meters that enable the provision of daily meter data. ▪ If there is a new customer without a comms meter, Western Power exchange their meters prior to the change of retailer. ▪ The meters provide data at 30 min intervals. 	<ul style="list-style-type: none"> ▪ Interview with Manager C&I Operations 	1
40	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.12(3)	The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.	<ul style="list-style-type: none"> ▪ ERM is currently operating under the ETAC negotiated in August 2010 and amended April 2015 ▪ No amendments have been made during this audit. ▪ As no negotiations or amendments have occurred during this period, this obligation has not been rated. 	<ul style="list-style-type: none"> ▪ Interview with Manager C&I Operations ▪ Electricity Transfer Access Contract (ETAC) 	N/R
43	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.15	In the case of a transfer to reverse an erroneous transfer, a network operator and all affected retailers (and, if applicable, AEMO) must act in good faith to ensure that the affected contestable customer has the same rights and obligations as if the erroneous transfer had not occurred.	<ul style="list-style-type: none"> ▪ One erroneous transfer occurred and was reversed during the audit period. ▪ The transfer was discovered before it was completed although the transfer went to completion before it could be reversed due to the functionality of the web portal. The error was identified on 2 July 2019 and rectified on 5 July 2019. ▪ ERM consider that it acted in good faith to ensure that the affected contestable customer had the same rights and obligations as if the erroneous transfer had not occurred. 	<ul style="list-style-type: none"> ▪ Interview with Manager C&I Operations ▪ Western Power Web Portal ▪ ERM CRM 	1
44	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.16	A verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request must be retained by the incoming retailer for two years, except in the case of a customer transfer	<ul style="list-style-type: none"> ▪ We confirmed that verifiable consent forms are stored on the CRM. ▪ Files are maintained for a minimum of two years. 	<ul style="list-style-type: none"> ▪ Interview with Manager C&I Operations ▪ ERM CRM 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			request to reverse an erroneous transfer.			
45	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 4.17	A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.	<ul style="list-style-type: none"> When a customer transfer away, ERM has a finalised contract process that prevents further invoicing from the day after the billing contract. Meter data for a customer is unavailable to ERM after a transfer. As invoicing requires meter data, the system prevents charges being incurred after the transfer date. The erroneous transfer request that occurred during the audit period removed all of the time gaps, ensuring a continuous service and correct invoicing. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1
48	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 5.2	A network's communication rules apply in respect of data and information communication between the network operator and a retailer under this Code.	<ul style="list-style-type: none"> Transfers and data transactions occur through Western Power's web portal, ensuring compliance Further communications occur via email. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1
48A	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 6.1	All notices must be in writing and delivered as described in subclauses 6.1(a)-(c).	<ul style="list-style-type: none"> Transfers and data transactions occur through Western Power's web portal, ensuring compliance Billing is carried out electronically 	<ul style="list-style-type: none"> Interview with Manager C&I Operations 	1
49	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 6.2	A licensee's notice in relation to a data request or customer transfer request must identify the connection point to which it relates.	<ul style="list-style-type: none"> Western Power's web portal is used for data requests and customer transfer requests. The web portal requires an NMI (i.e. connection point ID) to be included with the request, ensuring compliance with this obligation. The mandatory field in the web portal was confirmed during the audit. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
52	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 6.4(1)	A retailer must notify its contact details to a network operator within three business days of a request.	<ul style="list-style-type: none"> ERM's contact details have not changed during the audit. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations 	N/R
53	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 6.4(2)	A retailer must notify the network operator of any change in its contact details at least three business days before the change takes effect.	<ul style="list-style-type: none"> ERM's contact details have not changed during the audit. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations 	N/R
54	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 6.6	A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with the communication rules.	<ul style="list-style-type: none"> Western Power's web portal is used for data requests and customer transfer request, ensuring compliance with this obligation. Email is used for other communication. A sample of emails between ERM and Western Power were observed during the audit to confirm compliance. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	1
55	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 7.1(1)	For a dispute in respect of a matter under, or in connection with, the Electricity Industry Customer Transfer Code, the disputing parties must meet, within five business days of a request by one of those parties, and attempt to resolve the dispute through negotiations that are conducted in good faith.	<ul style="list-style-type: none"> There have been no disputes during the audit period. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	N/R
56	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 7.1(2)	If the negotiations in 7.1(1) of the Electricity Industry Customer Transfer Code do not resolve the dispute within 10 days after the first meeting, the dispute must be referred to the senior executive officer of each disputing party who must attempt to resolve the dispute through negotiations that are conducted in good faith.	<ul style="list-style-type: none"> There have been no disputes during the audit period. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
57	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 7.1(3)	If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	<ul style="list-style-type: none"> There have been no disputes during the audit period. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	N/R
58	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 7.2(4)	A disputing party that refers a dispute to the arbitrator must provide the arbitrator with prescribed details of the nature of the dispute.	<ul style="list-style-type: none"> There have been no disputes during the audit period. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	N/R
59	Electricity Industry (Licence Conditions) Regulations, regulation 5(2)	Electricity Industry Customer Transfer Code 7.3(2)	A disputing party must, at all times, conduct itself in a manner that is directed towards achieving the objectives in clause 7.3(1) of the Electricity Industry Customer Transfer Code.	<ul style="list-style-type: none"> There have been no disputes during the audit period. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	N/R
Electricity Industry Act						
101	Retail Licence, condition 5.3.1	Electricity Industry Act, section 13(1)	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months.	<ul style="list-style-type: none"> The audit is managed by the Senior Manager Regulatory Affairs. Since the last audit, ERA extended the auditing period to 48 months. An extension letter was provided to confirm the extension. The previous audit was performed as required. Regulatory activities and their timing is scheduled and monitored in a spreadsheet that all of ERM's regulatory team members can view. The Master Dashboard 2019-20 Current spreadsheet includes ERM's reporting requirements for all of the states in which it operates, including WA. We confirmed that the spreadsheet includes a breakdown for each step needed to meet the compliance requirements so that can meet the required deadline. 	<ul style="list-style-type: none"> Interview with Compliance Manager Letter dated 24 March 2016 from ERA granting audit extension 2015 audit report Shared Regulatory Affairs Outlook Calendar Master Dashboard 2019-20 Current.xls (reporting requirements spreadsheet) 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> The performance audit timing is also entered into ERM's regulatory affairs shared calendar in Outlook. The licensee also receives reminders from ERA before deadlines/due dates. There is a fortnightly meeting to track progress on activities such as compliance reports that need to be provided. 		
105	Retail Licence, condition 4.2.1	Electricity Industry Act, section 17(1) Economic Regulation Authority (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> .	<ul style="list-style-type: none"> Licence fees have been paid appropriately and within the required timeframes. ERM provided copies of the invoices and transaction information to confirm that the invoice had been paid for each year within the audit period. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERA Tax Invoice 12/10/2016 for the period 15/10/2015 to 14/10/2016 ERA Tax Invoice 22/09/2016 for the period 15/10/2016 to 14/10/2017 ERA Tax Invoice 28/09/2017 for the period 15/10/2017 to 14/10/2018 ERA Tax Invoice 05/10/2018 for the period 15/10/2018 to 14/10/2019 ERA Tax Invoice 09/10/2019 for the period 15/10/2019 to 14/10/2020 SAP Report of licence fee payments made to the ERA 	1
106	Retail Licence, condition 4.1.1	Electricity Industry Act, section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident,	<ul style="list-style-type: none"> The supply of electricity and the management of steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply is the responsibility of Western Power. As 	<ul style="list-style-type: none"> Interview with Compliance Manager 	N/A

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			emergency, potential danger or other unavoidable cause.	such, it is essentially outside ERM's control. <ul style="list-style-type: none"> This obligation was included in the Audit Plan but as it is not relevant to ERM, it should have been excluded. We consider that a rating of Not Applicable is appropriate for this obligation. 		
107	Retail Licence, condition 4.1.1	Electricity Industry Act, section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	<ul style="list-style-type: none"> As for Obligation 106, this obligation is not relevant to ERM as it does not own any assets. The meters used for billing are owned by Western Power so ERM does not need to consider easements for access. We have rated this obligation as Not Applicable. 	<ul style="list-style-type: none"> Interview with Compliance Manager 	N/A
108	Retail Licence, condition 6.4.1	Electricity Industry Act, section 54(1)	A retail or integrated regional licensee must not supply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract that complies with the Act.	<ul style="list-style-type: none"> During the audit period, ERM contracted with a large customer with multiple sites, which was acceptable under the conditions of its retail licence. However, the ownership of one site changed. The contract was novated to the new owner. The new owner was a small use customer and outside of ERM's licence conditions. Although the new customer was no longer a large use customer, ERM continued supplying electricity to the small use customer under the contestable customer contract that the previous large use customer was under. After usage data was analysed it was identified that the customer was a small use customer and ERM had to ask the customer to transfer to a retailer that was eligible to service them. ERM provided assistance to the customer to find a new retailer. Although the contract was novated to the new customer on 1 May 2018, the issue was not identified until 7 August 2019. The customer was transferred to 	<ul style="list-style-type: none"> Interview with Operations analyst ERM WA Transfer Procedure ERM CRM ERM Compliance Register 	2

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<p>a different retailer on 16 September 2019.</p> <ul style="list-style-type: none"> ERM has implemented new controls to ensure that when a NMI has a transfer of customer, the customer's future usage is understood in order to ensure that they will not be a small use customer. ERM was noncompliant with this obligation. This was recorded as a breach on 19/08/2019 in Compliance Register. Register includes breaches for all states. This information was provided during the audit. 		
111	Electricity Industry Act, section 101	Retail Licence condition 6.1.1	A retail, distribution or integrated regional licensee must not supply electricity to small use customers unless the licensee is a member of an approved scheme and is bound by, and compliant, with any decision or direction of the electricity ombudsman under the approved scheme.	<ul style="list-style-type: none"> ERM is not a member of an ombudsman approved scheme. ERM supplied a small use customer while not being a member of an approved scheme. As ERM is no longer supplying any small use customers and is not licensed to do so it will not need to become a member of an approved scheme. Therefore, ERM was noncompliant with this obligation. 	<ul style="list-style-type: none"> Interview with Operations analyst ERM WA Transfer Procedure ERM CRM ERM Compliance Register 	2
Electricity Licence Conditions And Obligations						
119	Electricity Industry Act, section 11	Retail Licence condition 4.3.1	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	<ul style="list-style-type: none"> ERM has complied with the requirements. Accounting records are prepared in accordance with AASB standards. The audited financial statements for ERM Power for the previous four years were reviewed. The Annual Report for the part of the 2019/20 financial year within the audit period will not be available until late 2020. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power Annual Report 2016 ERM Power Annual Report 2017 ERM Power Annual Report 2018 ERM Power Annual Report 2019 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
121	Electricity Industry Act, section 11	Retail Licence condition 5.3.2	A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.	<ul style="list-style-type: none"> ERM has previously complied with, and continues to comply with the Authority's standard audit guidelines dealing with the performance audit. The previous performance audit was reported on in January 2016 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Compliance Manager Previous performance audit report dated 26 January 2016 ERM Power Annual Compliance reports for 2015/16, 2016/17, 2017/18 and 2018/19 Letter dated 31 October 2019 from ERA approving ERM Power audit plan 	1
123	Electricity Industry Act, section 11	Retail Licence condition 4.4.1	In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.	<ul style="list-style-type: none"> ERM is not under external administration nor has there been a change in circumstances upon which the licence was granted which could affect its ability to meet its obligations. Therefore, this obligation has not been rated. We note that ERM Power has been acquired by Shell Energy. The approvals process for this transaction have been completed and the Shell Energy's ownership of ERM will commence on 29 November 2019. At this time it is unclear what impacts, if any, there will be related to the retail licence granted to ERM by the ERA. 	<ul style="list-style-type: none"> Interview with Compliance Manager 	N/R
124	Electricity Industry Act, section 11	Retail Licence condition 4.5.1	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.	<ul style="list-style-type: none"> During the Audit Period, ERM has provided the ERA with information it is required to provide in connection with its functions under the Electricity Industry Act. This has included provision of the annual Compliance Reports. We confirmed that ERM provided all of its annual Compliance Reports during the audit period by the required due date. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power Annual Compliance reports for 2015/16, 2016/17, 2017/18 and 2018/19 ERM Power correspondence with the ERA 	2

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> ERM maintains its correspondence with the ERA in its Reg Affairs mailbox. The mailbox is separated out into folders, with all WA correspondence kept in a separate folder. Generally audit and reminders of compliance report etc. The licensee submitted its standing charge data on 14 October 2019 after the required date of 30 September 2019. This breach will be included in the next compliance report. Due to the late submission, we consider that ERM was noncompliant with this obligation. The licensee has updated internal procedures that include improved reminders around submitting standing charge data. 	<ul style="list-style-type: none"> ERAWA Standing Charges Reporting Procedures 	
125	Electricity Industry Act, section 11	Retail Licence condition 3.8.1 and 3.8.2	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.	<ul style="list-style-type: none"> No directions have been made by the Authority for ERM to publish information. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power Annual Compliance reports for 2015/16, 2016/17, 2017/18 and 2018/19 ERM Power correspondence with the ERA 	N/R
126	Electricity Industry Act, section 11	Retail Licence condition 3.7.1	All notices must be in writing, unless otherwise specified.	<ul style="list-style-type: none"> No notices have been issued during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power correspondence with the ERA 	N/R
Electricity Industry Metering Code						
324	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 3.3B	If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in	<ul style="list-style-type: none"> ERM's customer base includes customers with bi-directional flows at a metering point. Customers are required to have a Regional Reference Node (RRN) prior to the bi-directional flow meter installation. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			bi-directional flows, the user must notify the network operator within 2 business days.	<p>As such, ERM has processes related to these activities. This was confirmed through a review of customers on the Western Power web portal.</p> <ul style="list-style-type: none"> However, we consider that this obligation is not applicable to ERM Power. If a customer told ERM that it had installed solar, resulting in bi-directional electricity flows at a metering point, ERM would inform Western Power to start the process to verify. However, this would not be expected to occur as Western Power are the meter owner for ERM's customers' meters. The work to reconfigure any meters or install new meters would be undertaken by Western Power. As a result, Western Power would be aware of any changes to the meter and would inform ERM of these changes to allow invoicing. Therefore, this obligation has not been rated. 		
339	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. The management of meter outages and malfunctions is driven by AEMO metrology procedure and the Market Rules. The meter data sources that are made available to ERM through the Western Power Web Portal are actual data, substitute data, estimated data and missing data. ERM is able to invoice its customers using substituted meter data but not on estimated or missing data. The Market Rules specify how substituted data can be determined, based on the period of time that can be 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<p>substituted and rules about the methods that can be used. Where required, the substituted meter data is provided by Western Power. Estimated data is used for basic meters where there are no similar days that can be used for substituted data</p> <ul style="list-style-type: none"> ▪ If a missing data record is created, it is automatically sent to Western Power to inform them of the issue. ▪ If a customer queries their invoiced usage or an issue is identified by ERM prior to a customer invoice being issued, ERM uses the established meter data rules (related to missing data and the use of substitute data) to create an exceptions report for Western Power. ▪ ERM has a series of different data checks/reports that are run in the system to determine if there is missing data. These reports escalate within the system if the issue cannot be resolved. The order of the checks/reports is PMD1, PMD2, VMD, Exemption and C4 (config data). ▪ Correspondence related to meter installation issues and missing data records are recorded in the CRM against the customer's account. ▪ During the audit, we reviewed a sample of missing data records. The records show dates and processes used to validate the data, e.g. meter data provided and checked against rules set up in CRM. As per the rules, a manual check for verified meter data status is required. If this is not resolved then an exception report is created in order to directly approach Western Power to investigate and resolve the issue. ▪ Based on our observations at audit, we consider that ERM has established 		

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				process for advising Western Power of meter installation outages or malfunctions as soon as practicable. <ul style="list-style-type: none"> No outages or malfunctions were identified during the audit period, therefore this obligation has not been rated. 		
354	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 3.18(1)	The metering installation for the connection point must comply with the prescribed wholesale market metering installation requirements if the Electricity Retail Corporation supplies electricity to a contestable customer at a connection point under a non-regulated contract and in circumstances when, immediately before entering into the contract, the electricity retail corporation supplied electricity to the contestable customer under a regulated contract.	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. This includes meter installations. This obligation is not applicable to ERM. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations 	N/A
371	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy.	<ul style="list-style-type: none"> Discrepancies between energy data held in a metering installation and in the metering database are not considered to be an issue for ERM as all of its customer meters are comms meters, which allow for direct update of meter data from the meter to the database that ERM accesses through the Western Power web portal. As a result, there are unlikely to be any data discrepancies. As noted for Obligation 339, there are established automated system checks and reports to allow customer queries and ERM-identified meter data issues to be escalated until resolved. As there are not any known discrepancies between energy data held in a metering installation and in the metering database during the audit period, we have not rated this obligation. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
372	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. As ERM does not maintain the standing registry, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	N/R
373	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 4.5(2)	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	<ul style="list-style-type: none"> Regular discussions are held between ERM and the Western Power Account Manager. If any meter installation inaccuracies or discrepancies are identified, ERM can request that Western Power investigate. These requests are made through the Western Power web portal. The portal is also used to monitor progress and completed actions. ERM provided examples of where changes to the standing data have been required and where ERM has provide this information to Western Power. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	1
388	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.4(2)	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1).	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. This includes meter reading and the provision of this information to ERM through the Web Portal to allow for ERM to invoice the customers. All of ERM's retail customers have Comms meters installed, which allows Western Power to remotely read the meters without needing to go to site. However, if access to a customer meter is required, this is set out in the Retail Electricity Agreement (REA) between ERM and the customer. Western Power provide customer meter data on a daily basis. This data is provided based on consumption from 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				midnight to midnight for the day before and is received by ERM in Brisbane by 10am each day. <ul style="list-style-type: none"> ERM was not asked to provide data by the network operator, therefore this obligation has not been rated. 		
401	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.16	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. This includes meter reading and the provision of this information to ERM through the Web Portal to allow for ERM to invoice their customers. ERM does not collect any energy data from its customers. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Correspondence with Western Power 	N/R
402	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.17(1)	A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user's customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. This includes meter reading and the provision of this information to ERM through the Web Portal to allow for ERM to invoice the customers. ERM does not collect any energy data from its customers. ERM is required to supply meter data to the customer on request and at no charge. This obligation is facilitated through access to the Western Power web portal. ERM is also able to provide a CSV file of the standing and energy data to the customer if requested. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1
405	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.18	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated	<ul style="list-style-type: none"> As owners of the meters, Western Power are responsible for the management and monitoring of its meters. This includes management of the energisation status of a metering point. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			attributes, within the timeframes prescribed.	<ul style="list-style-type: none"> Although ERM does not collect or receive information related to energisation status, it informs Western Power if a retail customer requests a change in energisation status. The energisation status of a metering point can be Active (A), De-energised (D) or Extinct/Demolished (X). ERM has an established process for informing Western Power when a customer requests a change in status An automatic system report in the Western Power web portal is run daily to check the energisation status of each point, resulting in a daily Inactive NMI Report being generated each day. However, as the data is provided from Western Power, Western Power would already be aware of any change in status If the Inactive NMI Report shows meter becoming inactive, this is likely to be expected because a de-energisation was requested in order to change the contract. ERM cease billing of a customer if it is no longer the retailer to that customer or if the site has been de-energised or made extinct. However, as Western Power manage the energisation status of its metering points and provide this information to ERM, this obligation has not been rated. 		
406	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.19(1)	A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator.	<ul style="list-style-type: none"> Customer Detail Notifications (CDN) are managed through the Western Power web portal, which allows Western Power to request and collect information through the system. If ERM receives a request from a customer, it has to provide customer name to Western Power. If this is not what is recorded on Western Power's system then Western Power makes 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM Example of a Customer Detail Notification 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				request to provide information to update the incorrect or out-of-date information. <ul style="list-style-type: none"> ERM provided an example of a CDN and we confirmed that it had been correctly submitted and provided to Western Power. 		
407	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.19(2)	A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated.	<ul style="list-style-type: none"> ERM's CRM records the prescribed information required under this obligation through a series of predetermined fields and drop down menus. We reviewed a sample of customers in the CRM and confirmed that all of the prescribed information was recorded in relation to the site of each connection point for which the customer is associated. These records are maintained in the system. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM 	1
408	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.19(3)	Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.	<ul style="list-style-type: none"> ERM's customers are able to inform them of any changes in an attribute described in subclause 5.19(2) via a Customer Detail Notification (CDN). If any changes are made, ERM provides updates to Western Power overnight. Although ERM consider that this is not a common occurrence, it has occurred during the audit period. ERM provided an example of a CDN and we confirmed that it had been correctly submitted and provided to Western Power. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations ERM CRM Example of a Customer Detail Notification 	1
410	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.19(6)	The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.	<ul style="list-style-type: none"> The standing data includes the status of the NMI, energisation status, loss factors, metering information, and physical address. The standing data is maintained in a separate table to the meter data and other attributes and so doesn't update the customer data in the CRM. Therefore, this prevents a loop going back and forth between ERM and 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				Western Power that continually updates the standing data between the two entities. This ensures that ERM complies with this obligation.		
416	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.21(5)	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	<ul style="list-style-type: none"> ERM has not made any requests to test or audit a meter under subclause 5.21(1) during the audit period. Requests that have been made to Western Power have related to meter communication issues of timeliness of meter data being provided rather than the accuracy. In one case, ERM were receiving meter data from Western Power two days later than it should have been, resulting in the customer being dissatisfied. As a result, Western Power replaced the meter for free. If ERM wants to request a test or an audit under subclause 5.21(1), it has a Western Power customer metering request team that can contact. Request are stored in the shared drive but not in the CRM against the customer account. As no requests have been made in the audit period, we have not rated this obligation. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R
417	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.21(6)	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.	<ul style="list-style-type: none"> No request to test or audit has been made within the audit period. Therefore, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R
435	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 5.27	Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	<ul style="list-style-type: none"> No requests for customer attribute information were made by Western Power during the audit period. Any requests received would be actioned through Western Power's web portal, with compliance with the obligation essentially built into the system. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Western Power Web Portal ERM CRM 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				<ul style="list-style-type: none"> As a result, this obligation has not been rated. 		
448	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	<ul style="list-style-type: none"> ERM complies with the rules, agreements and criteria prescribed in relation to the Western Power network that it has an access contract. The systems viewed and documentation reviewed during the audit confirmed this. Western Power has an access arrangement across all of the retail businesses it services. The arrangement, which has recently been updated, sets out the services that customers can be allocated in terms of tariffs, contract demand etc. The Metering Code Models Service Level Agreement, is a Western Power document based on the 2012 Metering Code that forms a service level agreement with retailers where no other agreement has been set up. This document can be downloaded from Western Power's website. Processes with Western Power are embedded in ERM through the use of the Western Power web portal as the primary data management tool. The portal is the main interface between Western Power and ERM and ERM complies with the requirements of this system. ERM rely on Western Power's metrology procedure for invoicing its customer. This procedure is available on Western Power's website. The system rules in ERM's CRM that set out how long to wait until different transactions for meter data are created and submitted to Western Power are based on the Western Power's metrology procedure, the AEMO 	<ul style="list-style-type: none"> Interview with Manager C&I Operations, Compliance Manager Western Power Web Portal ERM CRM Electricity Transfer Access Contract Western Power Metering Code Models Service Level Agreement Western Power Metrology Procedure for Metering Installations on the Western Power Network, May 2015 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
				requirements and the Level of Service contract between ERM and Western Power. <ul style="list-style-type: none"> Under the Service Level Agreement between Western Power and ERM, Western Power are required to provide meter data within 2 days if there are no communication issues with the meters. 		
451	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	<ul style="list-style-type: none"> ERM has in place the necessary means of sending and receiving communication by post, facsimile and electronic communication. Generally ERM communicate with Western Power using phone and email. Western Power has previously been notified of all of ERM's communication details. At the audit we confirmed evidence of communication between ERM and Western Power. 	<ul style="list-style-type: none"> Interview with Manager C&I Operations Examples of correspondence between ERM and Western Power 	1
453	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 7.2(4)	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.	<ul style="list-style-type: none"> Western Power has not requested ERM provide its contact details during the audit period. There has been no change to contact details during the audit period. As a result, we have not rated this obligation. 	<ul style="list-style-type: none"> Interview with Compliance Manager 	N/R
454	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.	<ul style="list-style-type: none"> There has been no change to ERM's contact details in the audit period. As a result, we have not rated this obligation. 	<ul style="list-style-type: none"> Interview with Compliance Manager 	N/R
455	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 7.5	A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the	<ul style="list-style-type: none"> ERM has quality management procedures for retaining confidential information. The Privacy Policy covers personal information. Staff training was conducted last year as a result of changes to privacy laws. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power Privacy Policy ERM CRM Example of consent for release of 	1

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			purpose for which it was disclosed or another purpose contemplated by the Code.	<ul style="list-style-type: none"> Confidential data, e.g. meter data, is provided in accordance with requirements under the Code. If a potential customer engages a broker for obtaining pricing information or receiving meter data from ERM, ERM require a Letter of Authority before releasing any information. There have been no instances of non-compliance identified in relation to this requirement. 	<ul style="list-style-type: none"> information to a broker Correspondence with customers 	
456	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	<ul style="list-style-type: none"> As noted above, confidential data, e.g. meter data, is provided in accordance with requirements under the Code. If a potential customer engages a broker for obtaining pricing information or receiving meter data from ERM, ERM require a Letter of Authority before releasing any information. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM Power Privacy Policy ERM CRM Example of consent for release of information to a broker Correspondence with customers 	1
457	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 8.1(1)	If any dispute arises between any Code participants then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> No disputes between Code participants have occurred during the audit period. As a result, this obligation has not been rated. There are communication channels in place between ERM and Western Power should any disputes occur. Rules regarding dispute processes are set out in Section 29 of the Electricity Transfer Access Contract (ETAC). 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM CRM Electricity Transfer Access Contract Correspondence Western Power 	N/R
458	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to	<ul style="list-style-type: none"> No disputes between Code participants have occurred during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM CRM Electricity Transfer Access Contract Correspondence Western Power 	N/R

2018 No.	Licence Condition	Obligations under Condition	Description	Observations 2018	Evidence (Include Contact)	Compliance Rating
			resolve the dispute by negotiations in good faith.			
459	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> No disputes between Code participants have occurred during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM CRM Electricity Transfer Access Contract Correspondence Western Power 	N/R
460	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	<ul style="list-style-type: none"> No disputes between Code participants have occurred during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM CRM Electricity Transfer Access Contract Correspondence Western Power 	N/R
461	Retail Licence, condition 4.1.1	Electricity Industry Metering Code, clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	<ul style="list-style-type: none"> No disputes between Code participants have occurred during the audit period. As a result, this obligation has not been rated. 	<ul style="list-style-type: none"> Interview with Compliance Manager ERM CRM Electricity Transfer Access Contract Correspondence Western Power 	N/R

6 Recommendations

6.1 Performance Audit

Table 6-1 Table of Current Non Audit Compliances and Recommendations

A. Resolved during current audit period				
Electricity compliance reporting manual 2018 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
108/2018	<p>B2</p> <p>Electricity Industry Act, section 54(1) - A retail or integrated regional licensee must not supply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract that complies with the Act.</p> <p>ERM supplied electricity to a small use customer under a contestable customer contract.</p>	<ul style="list-style-type: none"> ▪ During the audit period, ERM contracted with a large customer with multiple sites, which was acceptable under the conditions of its retail licence. However, the ownership of one site changed. The contract was novated to the new owner. The new owner was a small use customer and outside of ERM's licence conditions. ▪ After usage data was analysed it was identified that the customer was a small use customer and was transferred to an appropriate retailer. ▪ Although the contract was novated to the new customer on 1 May 2018, the issue was not identified until 7 August 2019. The customer was transferred to a different retailer on 16 September 2019. ▪ ERM has implemented new controls to ensure that when a NMI has a transfer of customer, the customer's future usage is understood in order to ensure that they will not become a small use customer. 	10 September 2019	No further action required
111/2018	<p>B2</p> <p>Electricity Industry Act, section 101 - A retail, distribution or integrated regional licensee must not supply electricity to small use customers unless the licensee is a member of an approved scheme and is bound by, and compliant, with any decision or direction of the electricity</p>	<ul style="list-style-type: none"> ▪ ERM no longer supplies to a small use customer and has undertaken the actions to prevent it from supplying small use customers in the future. ▪ ERM does not need to become a member of an approved scheme under its current license conditions. 	10 September 2019	No further action required

A. Resolved during current audit period				
Electricity compliance reporting manual 2018 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
	ombudsman under the approved scheme. ERM supplied a small use customer while not being a member of an approved scheme.			
124/2019	<p>B2 Electricity Industry Act, section 11 - A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.</p> <p>ERM submitted its standing charge data on 14 October 2019 after the required date of 30 September 2019. This breach will be included in the next compliance report.</p>	<ul style="list-style-type: none"> ERM has updated internal procedures that include improved reminders around submitting standing charge data. 	24 October 2019	No further action required

B. Unresolved at end of current Audit period				
(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable	

7 Confirmation of the Audit

I confirm that the audit carried out at ERM Power Retail Pty Ltd on 14 - 15 November 2019 and recorded in this report is an accurate presentation of our findings and opinions.

A handwritten signature in black ink that reads 'J Edwards'.

Justin Edwards PhD MEng
Cardno (QLD) Pty Ltd
515 St Paul's Terrace
Fortitude Valley QLD 4006

06 December 2019

APPENDIX

A

RISK MANAGEMENT FRAMEWORK

Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Audit and Review Guidelines: Electricity and Gas Licences, (Economic Regulation Authority), April 2014.

Consequence Rating

The consequence rating scale is outlined below.

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

Likelihood Ratings

The likelihood rating scale is described below.

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

Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

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

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3		Audit Priority 4
Low	Audit Priority 5		