

# McGill Engineering Services Pty Ltd

Engineering, Adjudication & Arbitration Services ABN 45 106 691 169

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## Blue Star Energy Pty Ltd

Electricity Retail Licence ERL 22  
Performance Audit

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# McGill Engineering Services Pty Ltd

Engineering, Adjudication & Arbitration Services ABN 45 106 691 169

Mr A Jenkins  
CEO  
Bluestar Energy Pty Ltd

Dear Mr Jenkins

## **Performance Audit Electricity Licences**

The fieldwork on the performance audit of Retail Licence ERL 22 for the audit period (1 March 2016 to 28 February 2020) is complete and I am pleased to submit the report to you. The report reflects my findings and opinions.

In my opinion, the Licensee has maintained a high level of compliance with the licence conditions. There were 5 non-compliances arising from 3 issues.

In my opinion, the Licensee maintained, in all material aspects, effective control procedures in relation to the Retail licence (ERL 22) for the audit period on the relevant clauses referred to within the scope section of this report.

Yours sincerely

Kevan McGill  
Director

Date 30 June 2020

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# 1 Electricity Retail Licence Audit

## 2 Executive Summary {5.1.1}<sup>1</sup>

### 2.1 Overall Conclusion

This performance audit was conducted in accordance with the guidelines issued by the Economic Regulation Authority (ERA) for the audit period (1 March 2016 to 28 February 2020).

In my opinion, the Licensee has maintained a high level of compliance with the licence conditions. There were 5 non-compliances requiring corrective actions. There are no issues with the integrity of reporting to the ERA or other statutory organisations.

In my opinion, the Licensee maintained, in all material aspects, effective control procedures in relation to the Retail Licence (ERL 22) for the audit period based on the relevant clauses referred to within the scope section (Page 10) of this report.

### 2.2 The Licensee

The licensee (ERL 22) is a small sized retailer (less than 80 customers). The business is as an electricity retailer and there have been no changes since an earlier audit. The licence authorises the supply to large use customers (as prescribed as large use). There are no small use customers.

### 2.3 Previous audit non-compliances and recommendations

Previous non-compliances or recommendations were:

The actions requiring corrective measures are:

Table of Current Audit Non-Compliances/Recommendations				
Resolved at end of current Audit period				
Recommendation reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's recommendation	Date resolved	Further action required (Yes/No/Not Applicable) Details of further action required (including current recommendation reference, if applicable)

<sup>1</sup> Audit Guidelines section number

<p>01/2016 54</p>	<p>B2 <i>Electricity Industry Customer Transfer Code 6.6</i> A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with Annex 6.  The use of the Western Power portal satisfies the requirements of Annexe 6. Fax are in accordance with the requirements. All transfers and data transactions are done electronically with the portal. Other communications are by email to the correct addresses. Emails did not have automated response but this has been rectified outside the audit period</p>	<p>Automated response to be implemented.</p>	<p>April 2016</p>	<p>Completed after 2016 audit period.  No further action required</p>
<p>02/2016 68</p>	<p>B2 <i>Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)</i> A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week. The communication systems meet this requirement. There are back up systems/power supplies. All transfers and data transactions are done electronically with the portal which provides the prescribed availability. Other communications are by email and are available at all times but an automated response was not implemented until after the audit period.</p>	<p>Automated response to be implemented</p>	<p>April 2016</p>	<p>Completed after 2016 audit period No further action required</p>
<p>03/2016 69</p>	<p>B2 <i>Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)</i> A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.</p>	<p>Automated response to be implemented</p>	<p>April 2016</p>	<p>Completed after 2016 audit period No further action required</p>

	<p>The communication system meets the requirements. All transfers and data transactions are done electronically with the portal which provides the prescribed automatic responses. Procedures implemented to send reply to all emails but not until after the end of the audit period</p>			
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## 2.4 Non-Compliances from current audit

There are 5 non compliances from current audit.

### 2.4.1 Compliance elements requiring corrective measures

The actions requiring corrective measures are:

Table of Current Audit Non-Compliances/Recommendations			
A. Resolved during current audit period			
Licence obligation reference no. / Recommendation reference from previous audit (if applicable)	Non-compliance / Controls improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Date resolved & action taken by the licensee	Auditor's comments
B. Unresolved at end of current audit period			
Recommendation reference (no/year)	Non-compliance / Controls improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's recommendation	Action taken by the licensee by end of audit period
01/2020 53 451 454	<p><b>B2</b></p> <p><b>(53) Electricity Industry Customer Transfer Code</b> Clause 6.4(2)</p> <p><b>(451) Electricity Industry Metering Code</b> Clause 7.2(1)</p> <p><b>(454) Electricity Industry Metering Code</b> Clause 7.2(5)</p> <p>Through discussion with the Retail Manager and Consultant procedure- Licence obligations -ERA, I determined that there have been changes to contact details.</p> <p>The Licensees postal address changed in the audit period and</p>	<p><b>Recommendation 1/2020</b></p> <p>The Licensee to include in corporate calendar a note to advise the network operator of a change of address. The corporate calendar has an item tagged to the current lease date to ensure that change of address information obligations is met. Also, the Licensee to amend the procedure- Licence obligations -ERA to require change of address information to be given to</p>	Completed after audit period, June 2020.

	<p>this was not notified to the network operator. No information was sent by post so no practical issues occurred.</p> <p>There is a general obligation in the customer transfer procedure to <i>comply with the customer transfer code</i>. This is a high-level control but is not sufficiently specific to address the change of address issue.</p> <p>From a risk management perspective, other than the mail, the other communication channels have an inherent control in that there is immediate feedback of an issue such as: cannot logon or emails rebound. This is an effective functional and regulatory compliance control. The Licensee only requires explicit controls where the process does not provide an effective control as the process has covered the risk, so an explicit control was not required for communication other than mail. Neither the Licensee nor Western Power have used the mail for some time and definitely not in this or previous audit period so it did not need a functional control but does require a regulatory compliance control. The communication channels that were used had effective controls but the unused channel did not. This meets the requirement: <i>Generally adequate controls – improvement needed or “B” rating.</i></p>	<p>Western Power (and ERA).</p>	
<p>02/2020 105</p>	<p><b>B2</b> <b>(105) Electricity Industry Act s17(1)</b></p> <p>Through discussion with the Retail Manager and Consultant and examination of documents -invoices and receipts from ERA, and ERA policy procedure, I determined that the Licensee paid the fees but not all on time.</p> <p>The 2017 licence fees were late and penalty interest applied. The 2018 licence fee was late as the licensee’s email address was not current with ERA. The 2019 and 2020 licence fees were paid within a month of the ERA invoice and before a month of licence issue date (due date).</p> <p>The action process was to pay licence fees and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period <i>required obligations for</i></p>	<p><b>Recommendation 2/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>	<p>Completed after audit period, June 2020.</p>

	<p><i>licence fees to be proactively incorporated in the corporate calendar and subsequent licence fees were paid before the required date after 2018. The procedure dealt with the requirement but without sufficient specificity as to the date required. The fees were paid and after 2018 were paid in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally adequate controls – improvement needed</i> or “B” rating.</i></p>		
3/2020 124	<p><b>B2</b></p> <p><b>(124) Licence condition 4.5.1 (16.1)</b></p> <p>Through discussion with the Retail Manager and Consultant, and examination of compliance file, procedure - licence obligation ERA and annual compliance reports, I determined that the annual compliance reports were completed but not all on time (2016 report was late).</p> <p>The action process was to lodge the Annual Compliance report and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period required <i>obligations for lodgement of the annual compliance report to be programmed into the corporate calendar</i> and subsequent reports were lodged before the required date after 2016. The procedure dealt with the requirement but without sufficient specificity as to the date required. The reports were lodged and after 2016 were lodged in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally adequate controls – improvement needed</i> or “B” rating.</p>	<p><b>Recommendation 3/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>	Completed after audit period, June 2020.

### 3 Performance Audit

#### 3.1 Performance Audit Objectives [5.1.2]

Under section 13 of the *Electricity Industry Act 2004* (the Act), it is a requirement that every Licensee provide the Economic Regulation Authority (ERA) not less than once in



every period of 2 years with a performance audit conducted by an independent expert acceptable to the ERA.

The primary objective of the audit is to assess the effectiveness of measures taken by the Licensee to maintain quality and compliance standards. The Act states a performance audit is an audit of the effectiveness of measures taken by the Licensee to meet the criteria specified in the licence. The licence states that compliance standards are contained in *applicable legislation*. Compliance criteria are defined in the licence as:

- (a) the terms and conditions of the *licence*; and
- (b) any other relevant matter in connection with the *applicable legislation* that the ERA determines should form part of the *performance audit*.

The licence also provides for individual licence conditions namely - the ERA may prescribe *individual performance standards* in relation to the Licensee of its obligations under this *licence* or the *applicable legislation* (the Act and subordinate legislation).

The audit was done in compliance with prevailing ERA documents “Audit and Review Guidelines: Electricity and Gas Licences (hereinafter “Guidelines”)<sup>2</sup> and the Electricity Compliance Reporting Manual (hereinafter “Manual”)<sup>3</sup>.

The Licensee appointed McGill Engineering Services Pty Ltd to conduct the audit of its Retail Licence with approval from the ERA. A preliminary assessment was conducted with the Licensee’s management to determine the inherent risk and the state of control for each compliance element of the Licence obligation. McGill Engineering Services Pty Ltd then prioritised the audit coverage based on the risk profile of the Licensee with an emphasis on providing greater focus and depth of testing for areas of higher risk to provide reasonable assurance that the Licensee had complied with the standards, outputs and outcomes under the Licence obligations.

The audit was conducted in a manner consistent with Australian Auditing Standards (AUS) 808 “Planning Performance Audits” and AUS 806 “Performance Auditing”. McGill Engineering Services Pty Ltd evaluated the adequacy and effectiveness of the controls and performance by the Licensee relative to the standards referred in the Retail Licence through a combination of enquiries, examination of documents and detailed testing for Electricity Retail Licence ERL 22 for the Licensee.

This is the second audit of Blue Star Energy Pty Ltd.

### **3.2 Scope of work [5.1.3]**

#### ***Audit Period***

The Audit period was 1 March 2016 to 28 February 2020. The previous audit period was 5 March 2014 to 29 February 2016.

#### ***Type of assurance engagement***

The type of assurance engagement the auditor has performed is a reasonable assurance engagement.

#### ***Site Visits***

The review visited the licensee’s office in Perth.

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<sup>2</sup> Economic Regulation Authority: 2019 Audit and Review Guidelines: Electricity and Gas Licences March 2019

<sup>3</sup> Economic Regulation Authority: Electricity Compliance Reporting Manual July 2018 (and September 2014)

*Personnel and documentation – the key contacts were:*

- Iulian Sirbu (Retail Manager) Bluestar Energy Retail Pty Ltd
- Steve Gould (consultant) Bluestar Energy Retail Pty Ltd

The documentation inspected is detailed under the specific items and audit evidence summary (section 3.8).

*Work schedule*

- The key milestones for the audit were;
  - The draft audit plan was approved on 17 March 2020.
  - Site visits started on 25 May 2020 (delayed by pandemic)
  - The draft report was submitted on 9 June 2020 (delayed by pandemic)
  - The final report was submitted on 30 June 2020.

*Scope Limitation*

The review was undertaken by examination of documents, interviews with key persons and observations and is not a detailed inspection of physical items.

*Inherent Limitations*

Because of the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

An audit is not designed to detect all weaknesses in compliance measures as an audit is not performed continuously throughout the period and the audit procedures performed on the compliance measures are undertaken on a test basis.

Any projection of the evaluation of the operating licences to future periods is subject to the risk that the compliance measures in the plans may become inadequate because of changes in conditions or circumstances, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

*Statement of Independence*

To the best of my knowledge and belief, there is no basis for contraventions of any professional code of conduct in respect of the audit.

I have not done or contemplate undertaking any other work with the Licensee.

There are no independence threats due to:

- self-interest – as the audit company or a member of the audit team have no financial or non-financial interests in the Licensee or a related entity;
- self-review – no circumstance has occurred:
  - where the audit company or a member of the audit team has undertaken other non-audit work for the Licensee that is being evaluated in relation to the audit/review; or
  - when a member of the audit team was previously an officer or director of the Licensee; or
  - where a member of the audit team was previously an employee of the Licensee who was in a position to exert direct influence over material that will be subject to audit during an audit/review.

There is no risk of a self-review threat as:

- no work has been undertaken by the auditor, or a member of the audit/review team, for the Licensee within the previous 24 months; or
- the auditor is currently undertaking for the Licensee; or
- the auditor has submitted an offer, or intends to submit an offer, to undertake for the Licensee within the next 6 months; and
- there is no close family relationship with a Licensee, its directors, officers or employees, and
- the auditor is not, nor is perceived to be too sympathetic to the Licensee's interests.

### 3.3 Deviations from Audit Plan [5.1.4]

There was a deviation from audit plan as Mr C Jenkins (one of the Licensee's key people in the audit plan) was not available for interview as intended due to the pandemic. He provided information by email.

### 3.4 Recommendations from previous audit [5.1.5]

The recommendations from previous audit were:

A. Resolved during current audit period				
Recommendation reference (no./year)	Non-compliance / Controls improvement  (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's recommendation	Date resolved	Further action required (Yes/No/Not Applicable)  Details of further action required (including current recommendation reference, if applicable)
01/2016 54	<p>B2</p> <p><i>Electricity Industry Customer Transfer Code 6.6</i></p> <p>A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with Annex 6.</p> <p>The use of the Western Power portal satisfies the requirements of Annexe 6. Fax are in accordance with the requirements. All transfers and data transactions are done electronically with the portal. Other communications are by email to the correct addresses. Emails did not have automated response but this has been rectified outside the audit period</p>	Automated response to be implemented.	April 2016	No

<p>02/2016 68</p>	<p>B2 <i>Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)</i> A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week. The communication systems meet this requirement. There are back up systems/power supplies. All transfers and data transactions are done electronically with the portal which provides the prescribed availability. Other communications are by email and are available at all times but an automated response was not implemented until after the audit period.</p>	<p>Automated response to be implemented.</p>	<p>April 2016</p>	<p>No</p>
<p>03/2016 69</p>	<p><i>Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)</i> A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address. The communication system meets the requirements. All transfers and data transactions are done electronically with the portal which provides the prescribed automatic responses. Procedures implemented to send reply to all emails but not until after the end of the audit period</p>	<p>Automated response to be implemented.</p>	<p>April 2016</p>	<p>No</p>
<b>B. Unresolved at end of current audit period</b>				
<p><b>Recommendation reference</b> (no./year)</p>	<p><b>Non-compliance / Controls improvement</b>  (Rating / Licence obligation reference number<sup>74</sup> and licence obligation / Details of non-compliance or inadequacy of controls)</p>	<p><b>Auditor's recommendation</b></p>	<p><b>Further action required</b> (Yes/No/Not Applicable)  <b>Details of further action required</b> (including current recommendation reference, if applicable)</p>	
<p>N/A</p>				

### 3.5 Performance summary [5.1.6]

#### Compliance and controls rating scales

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 effect on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate effect on customers or third parties
D	No controls evident	4	Non-compliant – major effect 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

The following gives the performance summary.

#### Performance summary table

Item	Licence Conditions Electricity Industry Customer Transfer Code Clause	Priority	Adequacy of controls rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	NR	
6.	3.2(2)	4	✓					✓					
7.	3.4(1)	4	✓					✓					
8.	3.5(3)	4						✓					✓
9.	3.6(2)	4						✓					✓
16.	3.9(1)	4	✓					✓					
17.	3.9(2)	4						✓					✓
18.	3.9(3)	4	✓					✓					
19.	3.9(4)	4	✓					✓					
23.	4.2(2)	4	✓					✓					
24.	4.3	4	✓					✓					
25.	4.4(1)	4	✓					✓					
26.	4.4(2)	4						✓					✓
27.	4.5(1)	4	✓					✓					
28.	4.6(3)	4						✓					✓
29.	4.7	4	✓					✓					
30.	4.8(2)	4						✓					✓
34.	4.9(6)	4						✓					✓
39.	4.11(3)	4						✓					✓
40.	4.12(3)	5						✓					✓
43.	4.15	5						✓					✓
44.	4.16	4	✓					✓					
45.	4.17	4	✓					✓					
48.	5.2	4	✓					✓					
48A.	6.1	4	✓					✓					

Item	Licence Conditions Electricity Industry Customer Transfer Code Clause	Priority	Adequacy of controls rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	NR	
49.	6.2	4	✓					✓					
52.	6.4(1)	4					✓						✓
53.	6.4(2)	4		✓					✓				
54.	6.6	3	✓					✓					
55.	7.1(1)	5					✓						✓
56.	7.1(2)	5					✓						✓
57.	7.1(3)	4					✓						✓
58.	7.2(4)	5					✓						✓
59.	7.3(2)	5					✓						✓

Item	Licence Conditions Electricity Industry Act Section	Priority	Adequacy of controls rating					Compliance Rating							
			A	B	C	D	NP	NA	1	2	3	4	NR	NA	
101.	s <sup>4</sup> 13(1)	5	✓						✓						
105.	s17(1)	4		✓						✓					
106.	s31(3)	5						✓							✓
107.	s41(6)	4					✓							✓	

Item	Licence Conditions Licence Clause – Retail	Priority	Adequacy of controls rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	NR	
119.	4.3.1 (12.1) <sup>5</sup>	4	✓					✓					
121.	5.3.2 (14.2)	4	✓					✓					
123.	4.4.1 (15.1)	4					✓						✓
124.	4.5.1 (16.1)	4		✓					✓				
125.	3.8.1 & 3.8.2 (17.1 & 17.2)	4					✓						✓
126.	3.7.1 (18.1)	4					✓						✓

Item	Licence Conditions Electricity Industry Metering Code Clause	Priority	Adequacy of controls rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	NR	
324.	3.3B	4	✓					✓					
339.	3.11(3)	4					✓						✓
371.	4.4(1)	5					✓						✓
372.	4.5(1)	5	✓					✓					
373.	4.5(2)	4	✓					✓					
388.	5.4(2)	4					✓						✓
401.	5.16	4					✓						✓
402.	5.17(1)	4					✓						✓
405.	5.18	4					✓						✓
406.	5.19(1)	5					✓						✓
407.	5.19(2)	5					✓						✓
408.	5.19(3)	4					✓						✓
410.	5.19(6)	4	✓					✓					
416.	5.21(5)	5					✓						✓
417.	5.21(6)	4					✓						✓

<sup>4</sup> s = Section of Act

<sup>5</sup> Licence Version 2

Item	Licence Conditions Electricity Industry Metering Code Clause	Priority	Adequacy of controls rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	NR	
435.	5.27	4					✓						✓
448.	6.1(2)	4	✓					✓					
451.	7.2(1)	4		✓					✓				
453.	7.2(4)	5					✓						✓
454	7.2(5)	4		✓					✓				
455	7.5	4	✓					✓					
456	7.6(1)	4					✓						✓
457	8.1(1)	5					✓						✓
458	8.1(2)	5					✓						✓
459	8.1(3)	5					✓						✓
460	8.1(4)	4					✓						✓
461	8.3(2)	5					✓						✓

Compliance and controls rating summary table

		Compliance Rating						
		1	2	3	4	N/R	NA	Total
Controls Rating	A	25	-	-	-	-		25
	B	-	5	-	-	-		5
	C	-	-	-	-	-		-
	D	-	-	-	-	-		-
	N/P	-	-	-	-	39		39
	NA						1	1
	Total	25	5	-	-	39	1	70

### 3.6 Auditor's Observations [5.1.7]

Audit observations and recommendations table

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
6.	A retailer must submit a separate data request for each connection point unless otherwise agreed.	4	Through discussion with the Retail Manager and Consultant and examination of screen grabs and procedures licence obligation - customer data <sup>6</sup> , I determined that data requests in the audit period (about 13,707 in the audit period) took place using the Western Power portal which constrains data requests to exit points. The exclusive use of the portal which does not allow data requests for	A	1

<sup>6</sup> See audit evidence section 3.8

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			more than one connection point at a time satisfies the obligation. Western Power mandates use of the portal.		
7.	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.	4	Through discussion with the Retail Manager and Consultant and examination of screen grabs and procedures licence obligation – customer data, I determined that there have been about 13,707 data requests. All transfers are conducted electronically with the portal. The exclusive use of the portal which does not allow data requests for more than the prescribed number or the number agreed per day satisfies the obligation. The Licensee was limited to 20 requests per day in audit period. The code permits Western Power to agree to another number but did not agree to extend the limit to 100 in the audit period.	A	1
8.	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.	4	Through discussion with the Retail Manager and Consultant and examination of documents (verifiable consent forms), I determined that all customers have verifiable consent. There have been requests for historical consumption data on the Portal but all with current verifiable consents. There has been no need to withdraw a request because of no verifiable consent.	NP	NR
9.	A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a request for historical consumption data that has been subsequently withdrawn.	4	Through discussion with the Retail Manager and Consultant and examination of documents (client data base, client file and licence obligation procedures), I determined that there have been no withdrawn requests.	NP	NR
16.	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.	4	Through discussion with the Retail Manager and Consultant and examination of documents (client data base, client file and procedures - licence obligation – customer data), I determined that there have been quotes for supply. The data has not been used for other purposes. A written consent is maintained on file. Blue Star maintains a contestable customer's historical consumption data for its own internal purposes only. The licensee had also carried out its own internal audit of maintenance of consent which confirmed their	A	1



Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			licence obligations procedures deliver compliance.		
17.	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.	4	Through discussion with the Retail Manager and Consultant and examination of documents (client data base, client file and licence obligation procedures), I determined that there have been no requests not to aggregate data. All customer matters are ring fenced. The economics of supply proposals is stand-alone, so it is not necessary to aggregate the meter data of candidate customers. However, the data pertaining to customers being supplied must be aggregated in order to verify the AEMO invoices. This is also necessary for assessing energy quantities to be purchased by means of bilateral transaction.	NP	NR
18.	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.	4	Through discussion with the Retail Manager and Consultant and examination of documents (client file), I determined that no data has been disclosed which supports that their procedures licence obligations -customer data deliver the requirement. A written consent is maintained on file. Blue Star maintains a contestable customer's historical consumption data for its own internal purposes only.	A	1
19.	A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	4	Through discussion with the Retail Manager and Consultant and examination of documents (verifiable consent forms- VCF), I determined that all VCFs are maintained in electronic formats. Internal procedures licence obligations (customer data) require that an electronic copy of all documents be maintained perpetually. Retention was verified.	A	1
23.	A retailer must submit a separate customer transfer request for each connection point unless otherwise agreed.	4	Through discussion with the Retail Manager and Consultant and examination of screen grabs and procedures licence obligation -customer transfers, I determined that customer transfers were carried out exclusively with Western Power Portal which constrains customer transfer requests to single requests for exit points. The portal does not allow transfer requests for more than one NMI at a	A	1

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			time. Western Power is responsible for allocating NMIs to connection points. Western Power mandates use of portal.		
24.	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 which submitted the customer transfer request or to reverse an erroneous transfer.	4	Through discussion with the Retail Manager and Consultant and examination of screen grabs and procedures - licence obligation – customer transfers, I determined that all transfers are conducted electronically exclusively with the portal. The portal provides for transfer reasons of either "Erroneous Transfer" or "New Customer Transfer" and requires that one of them be checked as a condition of acceptance. Blue Star has not transferred a customer in error. it is possible for a retailer on advice from a candidate customer that they were not contracted to another retailer to attempt a transfer as a "new customer transfer" for the other retailer to use an erroneous transfer to correct the process. These are new customer transfers and not erroneous transfers by the licensee. There have been no erroneous transfers in the audit period. Western Power mandates use of portal.	A	1
25.	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.	4	Through discussion with the Retail Manager and Consultant and examination of documents Electricity Transfer Access Contract (ETAC), I determined that Blue Star has an ETAC with a term to 2029 and option to extend for a further 15 years. Western Power only issues authority to access the portal for Retail functions to those with an ETAC ensuring compliance with requirement. There were no erroneous transfers.	A	1
26.	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.	4	Through discussion with the Retail Manager and Consultant and screen grabs, I determined that there were no erroneous transfers to reverse. Retailers have the functionality to cause a customer to be transferred to them (normal) or away from them after having first caused a customer to be erroneously transferred to them. They do not have the functionality to direct Western Power to transfer a customer to a particular party.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			Consequently, a notice of Erroneous Transfer informs Western Power to restore the customer to its original retailer.		
27.	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.	4	Through discussion with the Retail Manager and Consultant and screen grabs and procedures - licence obligation – customer transfers, I determined that all transfers (approximately 170 for the audit period) were via the Western Power portal which is on the internet (TCP/IP) as per definition of electronic) and constrains the number of transfers to less than the prescribed number. The portal limits customer transfers to the prescribed limit or that agreed, which limit also applies to transfers with the same nominated transfer date. Western Power can agree to another number of requests as per the Code but did not agree to a limit of 100 in the audit period.	A	1
28.	A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.	4	Through discussion with the Retail Manager and Consultant and examination of documents (verifiable consent forms- VCF), I determined that No customer Verifiable Consents have ceased. Verifiable Consent to transfer is different from Verifiable Consent to access data. In practice, a customer would only be transferred after contractual terms have been agreed and the consent to transfer would be implicit in those terms in order for the retailer to fulfil its obligations. Equally, withdrawal of consent to transfer would constitute breach of contract.	NP	NR
29.	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.	4	Through discussion with the Retail Manager and Consultant and screen grabs and procedures - licence obligation – customer transfers, I determined that transfer requests have exclusively used the Western Power portal which requires a transfer date to be nominated. Transfers are entered into the portal shortly before they are due to take place, bearing in mind that Western Power requires 3 business days in the metro area to transfer customers to the new retailer, and 5 business days for	A	1

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			country areas. Western Power mandates use of portal.		
30.	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.	4	Through discussion with the Retail Manager and Consultant and screen grabs Western Power Invoices, I determined that no transfer requests have been withdrawn. So, no costs to pay. Western Power issues a monthly invoice detailing chargeable transactions.	NP	NR
34.	A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.	4	Through discussion with the Retail Manager and Consultant and client data base, client files, I determined that no objections were raised and so no revised dates were necessary. This pertains to customer transfers and occurs primarily when Western Power has negotiated with a customer a power outage necessary to upgrade a meter which will generally require amendment of the retailer's proposed transfer date.	NP	NR
39.	A network operator and the retailer must take certain action if the contestable customer's meter is not read on the nominated transfer date.	4	Through discussion with the Retail Manager and Consultant and sample transfers, I determined that it is not practicable for the meter to be not read as contestable meters store data for 35 days and are usually read remotely. All meters were read before transfers occurred. This provision relates to transfers between retailers. It entails the retailer accepting Western Power's reasonable endeavours to make a transfer on time.	NP	NR
40.	The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.	5	Through discussion with the Retail Manager and Consultant and ETAC, I determined that no changes were required to ETAC in audit period	NP	NR
43.	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. A verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request must be retained by the incoming	5	Through discussion with the Retail Manager and Consultant and sample transfers, I determined that There have been no erroneous transfers.  The occurrence of an erroneous transfer is detected by the absence of expected Meter Data or the delivery of unexpected Meter Data.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
	retailer for two years, except in the case of a customer transfer request to reverse an erroneous transfer.				
44.	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 request to reverse an erroneous transfer.	4	Through discussion with the Retail Manager and Consultant and sample transfers, client data base, client files, I determined that all VCFs are maintained in electronic formats. Internal procedures licence obligations customer data, customer transfers require that an electronic copy of all documents be maintained perpetually and therefore at least 2 years. There have been no erroneous transfers to reverse.	A	1
45.	A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.	4	Through discussion with the Retail Manager and Consultant and sample transfers, client files, procedures licence obligations, - customer transfers I determined that there were no charges billed to a contestable customer incurred after transfer time. The licensee uses the data provided by Western Power to create bills. There is no data available from Western Power for previous customers to create a bill. There have been no erroneous transfers.	A	1
48.	A network's communication rules apply in respect of data and information communication between the network operator and a retailer under this Code.	4	Through discussion with the Retail Manager and Consultant and sample transfers, screen grabs and procedures - licence obligation – customer data, I determined that all transfers and data transactions are done electronically exclusively with the portal which satisfies the requirement. Communication with Western Power's account manager is via email and standard formats. Email standards were addressed in previous audit and still comply.	A	1
48A.	All notices must be in writing and delivered as described in subclauses 6.1(a)-(c).	4	Through discussion with the Retail Manager and Consultant and client files, procedures licence obligation – customer data, customer transfers, I determined that all notices complied with the obligation. The notices are customer transfer requests or data requests and these are exclusively by the portal which deems compliance and by email to Western Power account	A	1

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			manager and email standards have been addressed. Post or Fax were not used.		
49.	A licensee's notice in relation to a data request or customer transfer request must identify the connection point to which it relates	4	Through discussion with the Retail Manager and Consultant and screen grabs and procedures - licence obligation – customer data, customer transfers, I determined that the Licensee's notice in relation to a data request or customer transfer request identifies the exit point. All transfers and data transactions are done electronically with the portal. Western Power uses the NMI as the unique identifier which satisfies the requirement. Western Power is responsible for allocating NMIs to connection points.	A	1
52.	A retailer must notify its contact details to a network operator within three business days of a request.	4	Through discussion with the Retail Manager and Consultant, I determined that the network operator has not made a request. The contact details were provided with the initial access contract.	NP	NR
53.	A retailer must notify any change in its contact details to a network operator at least three business days before the change takes effect.	4	<p>Through discussion with the Retail Manager and Consultant and procedures - licence obligation - ERA, customer transfer, I determined that there have been changes to contact details.</p> <p>The Licensees postal address changed in the audit period and this was not notified to the network operator. No information was sent by post so no practical issues occurred. There is a general obligation in the customer transfer procedure to <i>comply with the customer transfer code</i>. This is a high-level control but is not sufficiently specific to address the change of address issue.</p> <p>From a risk management perspective, other than the mail, the other communication channels have an inherent control in that there is immediate feedback of an issue such as: cannot logon or emails rebound. This is an effective functional and regulatory compliance control. The Licensee only requires explicit controls where the process does not provide an effective control as the process has covered the risk, so an explicit</p>	<b>B</b>	<b>2</b>

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
			<p>control was not required for communication other than mail. Neither the Licensee nor Western Power have used the mail for some time and definitely not in this or previous audit period so it did not need a functional control but does require a regulatory compliance control. The communication channels that were used had effective controls but the unused channel did not. This meets the requirement: <i>Generally adequate controls – improvement needed</i> or “B” rating.</p> <p><b>Recommendation 1/2020</b></p> <p>The Licensee to include in corporate calendar a note to advise the network operator of a change of address. The corporate calendar has an item tagged to the current lease date to ensure that change of address information obligations is met. Also, the Licensee to amend the procedure- Licence obligations -ERA to require change of address information to be given to Western Power (and ERA).</p>		
54.	A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with the communication rules.	3	Through discussion with the Retail Manager and Consultant and procedures - licence obligation – access contract, I determined that the use of the Western Power portal satisfies the communication requirements. All transfers and data transactions are done electronically with the portal. Fax are in accordance with the requirements. Other communications are by email to the correct addresses. The licence obligations procedures (contact details) cover the communication requirements. The network operator has the Licensee’s electronic address.	A	1
55.	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.	5	Through discussion with the Retail Manager and Consultant, I determined that there have been no disputes.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Customer Transfer Code</b>					
56.	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.	5	Through discussion with the Retail Manager and Consultant, I determined that there have been no disputes.	NP	NR
57.	If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	4	Through discussion with the Retail Manager and Consultant, I determined that there have been no disputes.	NP	NR
58.	A disputing party that refers a dispute to the arbitrator must provide the arbitrator with prescribed details of the nature of the dispute.	5	Through discussion with the Retail Manager and Consultant, I determined that there have been no disputes.	NP	NR
59.	A disputing party must at all times conduct itself in a manner which is directed towards achieving the objectives in clause 7.3(1) of the Electricity Industry Customer Transfer Code.	5	Through discussion with the Retail Manager and Consultant, I determined that there have been no disputes.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Act</b>					
101.	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.	5	Through discussion with the Retail Manager and Consultant and procedure licence obligation- ERA, I determined that the Licensee has contracted with the auditor in accordance with the requirements. The last audit also complied.	A	1
105.	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> .	5	Through discussion with the Retail Manager and Consultant and examination of documents -invoices and receipts from ERA, and procedure - licence obligation - ERA -, I determined that the Licensee paid the fees but not all on time. The 2017 licence fees were late and penalty interest applied. The 2018 licence fee was late as the licensee's email address was not	<b>B</b>	<b>2</b>



Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Act</b>					
			<p>current with ERA. The 2019 and 2020 licence fees were paid within a month of the ERA invoice and before a month of licence issue date (due date).</p> <p>The action process was to pay licence fees and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period required <i>obligations for licence fees to be proactively incorporated in the corporate calendar</i> and subsequent licence fees were paid before the required date after 2018. The procedure dealt with the requirement but without sufficient specificity as to the date required. The fees were paid and after 2018 were paid in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally adequate controls – improvement needed</i> or “B” rating.</p> <p><b>Recommendation 2/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>		
106	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, emergency, potential danger or other unavoidable cause.	4	Through discussion with the Retail Manager and Consultant, I determined that the onus on network availability lies with Western Power, not the electricity retailer. Blue Star has no capacity to minimize the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	NA	NA
107.	A licensee must pay the costs of taking an interest in land or an easement over land.	5	Through discussion with the Retail Manager and Consultant, I determined that no land was acquired under Land Administration Act 1997 Part 9 and therefore no costs involved.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Act Licence Obligations</b>					
119.	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.	4	Through discussion with the Retail Manager and Consultant, procedures - licence obligation -ERA and examination of the letter from Financial Manager on accounting standards, I determined that the Licensee complies with Australian Accounting Standards.	A	1
121.	A licensee must comply, and require its auditor to comply, with the Authority's standard audit Guidelines dealing with the performance audit.	4	Through discussion with the Retail Manager and Consultant, and examination of compliance file and correspondence with ERA and procedures - licence obligation ERA, I determined that the Licensee has contracted with the auditor in accordance with the requirements. The previous audit also complied.	A	1
123.	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.	4	Through discussion with the Retail Manager and Consultant, and examination of retail licence, I determined that the Licensee is not under external administration nor was there a significant change in the circumstances upon which the licence was granted.	NP	NR
124.	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.	4	<p>Through discussion with the Retail Manager and Consultant, and examination of compliance file, procedure licence obligation -ERA and annual compliance reports, I determined that the annual compliance reports were completed but not all on time (2016 report).</p> <p>The action process was to lodge the Annual Compliance report and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period required <i>obligations for lodgement of the annual compliance report to be programmed into the corporate calendar</i> and subsequent reports were lodged before the required date after 2016. The procedure dealt with the requirement but without sufficient specificity as to the date required. The reports were lodged and after 2016 were lodged in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally</i></p>	<b>B</b>	<b>2</b>

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Act Licence Obligations</b>					
			<p><i>adequate controls – improvement needed</i> or “B” rating.</p> <p><b>Recommendation 3/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>		
125.	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.	4	Through discussion with the Retail Manager and Consultant, I determined that there was no requirement to publish any information.	NP	NR
126.	All notices must be in writing, unless otherwise specified.	4	Through discussion with the Retail Manager and Consultant, and examination of sample communication with ERA and compliance file, I determined that the ERA did not require any notices. All other material communication with the ERA is in writing.	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
324.	A user who is aware of bi-directional flows at a metering point which was not previously subject to a bi-directional electricity flows or any changes in a customer's or user's circumstances in a metering point which will result in bi-directional electricity flows must notify the network operator within 2 business days.	4	<p>Through discussion with the Retail Manager and Consultant, I determined that Western Power owns and operates all the market-facing meters and the Licensee has none. Some customers have bi directional meters. The Licensee has a metering services procedure for identifying and converting meters to bi-directional where required. Western Power also controls compliance of solar installation. Western Power will not connect a solar system without a bi-directional meter. The circumstances relating to solar generation that can export and hence the need for a bi-directional meter are:</p> <ol style="list-style-type: none"> <li>1. The retailer Power purchase agreement (PPA) with a new customer specifies the existence of any existing solar PV installation (or any other generation). A routine meter data request will show if the meter is bi-directional. If it is not, that is a</li> </ol>	A	1

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
			<p>fault of others and would be a breach of electrical safety regulations to not provide a notice which in turn puts Western Power on notice of need of a bi-directional meter. There have been no instances of a new customer with PV but without a bi-directional meter; if there had been then Western Power would have been advised within 2 days as the Licensee's process indicates.</p> <p>2. If an existing customer gets solar while being supplied by this retailer the process is:</p> <ol style="list-style-type: none"> <li>a. The retailer when initially acquiring the customer would be focussed on consumption and may not notice the meter type (bi-directional or not) as there was no need because at that time it is not exporting power.</li> <li>b. The customer contracts with solar contractor for solar.</li> <li>c. Solar company seeks approval from Retailer for solar.</li> <li>d. Retailer gets Retailer Reference Number (RRN). This process also advises Western Power of need for need of a bi-directional meter. This is before installation and more than 2 days and satisfies the requirements of item 324.</li> <li>e. Solar contractor's installer (which must be an Electrical Contractor) gives a preliminary notice to Western Power before construction starts which gives an advance notice to Western Power of need for bidirectional meter. Please note: RRN forms part of the preliminary notice. Without it, Western Power will not accept the preliminary notice. It is breach of electrical safety regulations to not provide a notice.</li> <li>f. Installation is complete and Electrical Contractor gives notice of completion which certifies that it complies and is safe. It is breach of</li> </ol>		

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
			<p>electrical safety regulations to not provide a notice.</p> <p>g. The retailer makes an application for the meter to be programmed or replaced to register export channels before the solar can be switched on which is advice of need for a bi-directional meter and would satisfy item 324.</p> <p>A meter reconfiguration or replacement typically takes 5 business days for urban installations and 10 business days for rural installations. At this stage Western Power has had numerous advice of need for bi-directional meter and more than 2 days.</p> <p>h. There is no (permitted) circumstance where solar can be installed without a bi-directional meter.</p> <p>The licensee has notified the network operator of the need to change the meter through the installation process within 2 days, even if organically. There have been no instances where the Licensee is aware of a process failure that had a bi-directional flow without a bi-directional meter.</p>		
339.	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. The Licensee is not aware of any outages. The meter reading verification process showed no outages.	NP	NR
371.	If there is a discrepancy between energy data held in a metering installation and data held in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve a discrepancy.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There has been no advice of a meter discrepancy and no corrected data provided.	NP	NR
372.	A Code participant must not knowingly permit the registry to be materially inaccurate.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. The Licensee has no way of knowing about Western Power's registry other than their details which have not changed and information provided by Western Power. However, the Licensee	A	1

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
			became aware of an inaccuracy in an item of standing data in the registry. Western Power was advised of the item under the Licensee's procedure licence obligations customer data.		
373.	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or an 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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. Generally, the Licensee has no way of knowing about Western Power's registry other than their details which have not changed and information provided by Western Power. However, the Licensee became aware of an inaccuracy in an item of standing data in the registry. Western Power was advised of the item under the Licensee's procedure licence obligations customer data.	A	1
388.	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).	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. No requests were made of users or the Licensee.	NP	NR
401.	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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There are no meters to collect information or data from. (Meters are the Network Operators under the Meter Code). The retailer has no physical role in respect of metering.	NP	NR
402.	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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There are no meters to collect information or data from for billing. (Meters are the Network Operators under the Meter Code). The retailer is obligated to supply meter data to the customer on request and at no charge and would do so if there were any requests.	NP	NR
405.	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 attributes,	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There has been no change in energisation status. The network operator is the monopoly meter data agent. The retailer has	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
	within the timeframes prescribed.		no physical role in respect of metering.		
406.	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no requests. This relates to requiring the customer to grant access to the meter to Western Power. Otherwise, the network operator is the monopoly meter data agent. The retailer has no physical role in respect of metering.	NP	NR
407	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. The only connection points are with Western Power. There has been no request to collect and maintain a record of the address, site and customer attributes other than that provided at transfer. This information is collected by Western Power and the retailer takes it on trust unless there is a manifest error.	NP	NR
408.	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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. The only connection points are with Western Power and changes in attributes for customers' address/phone have been advised.	NP	NR
410.	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.	4	Through discussion with the Retail Manager and Consultant, Licensee's procedures licence obligations customer data, I determined that the Licensee has no meters. There has been no standing data provided by Western Power sent back to Western Power.	A	1
416.	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. A retailer may request a test only if at the time of the request it is the incumbent retailer. The Licensee has made no such requests.	NP	NR
417.	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
	any access arrangement or agreement.		meters. The Licensee has made no such requests.		
435.	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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. The Licensee has made no such requests. This information is collected by Western Power and the retailer takes it on trust unless there is a manifest error.	NP	NR
448.	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	4	Through discussion with the Retail Manager and Consultant and procedure licence obligations customer data, I determined that the Licensee has no meters. The Licensee only uses the Western Power portal to make all metering transactions and thus meet compliance with Western Power's rules, procedures, agreements and criteria and there have been no complaints.	A	1
451.	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.	4	<p>Through discussion with the Retail Manager and Consultant and procedure licence obligations ERA, customer transfer, I determined that the Licensee has no meters. Western Power has the Licensee's relevant addresses and telephones number. The Licensee's postal address changed in the audit period and this was not notified to the network operator. No information was sent by post so no practical issues occurred. There is a general obligation in the customer transfer procedure to <i>comply with the Customer Transfer Code</i> which has an identical obligation as in the Meter Code. This is a high-level control but is not sufficiently specific to address the change of address issue.</p> <p>From a risk management perspective, other than the mail, the other communication channels have an inherent control in that there is immediate feedback of an issue such as: cannot logon or emails rebound. This is an effective functional and regulatory compliance control. The Licensee only requires explicit controls where the process does not provide an effective control as the process has covered the risk, so an explicit</p>	<b>B</b>	<b>2</b>



Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
			<p>control was not required for communication other than mail. Neither the Licensee nor Western Power have used the mail for some time and definitely not in this or previous audit period so it did not need a functional control but does require a regulatory compliance control. The communication channels that were used had effective controls but the unused channel did not. This meets the requirement: <i>Generally adequate controls – improvement needed</i> or “B” rating.</p> <p><b>Recommendation 1/2020</b></p> <p>The Licensee to include in corporate calendar a note to advise the network operator of a change of address. The corporate calendar has an item tagged to the current lease date to ensure that change of address information obligations is met. Also, the Licensee to amend the procedure- Licence obligations -ERA to require change of address information to be given to Western Power (and ERA). (same issue as item 53)</p>		
453.	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. Western Power has the Licensee’s relevant addresses. There was no request in the audit period.	NP	NR
454	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.	4	Through discussion with the Retail Manager and Consultant, procedure licence obligations ERA, I determined that the Licensee has no meters. Western Power has the Licensee’s relevant addresses and telephones number. The Licensees postal address changed in the audit period and this was not notified to the network operator. No information was sent by post so no practical issues occurred. There is a general obligation in the customer transfer procedure to <i>comply with the Customer Transfer Code</i> which has an identical obligation as in the Meter Code. This is a high-level control but is not sufficiently specific to address the change of address issue.	B	2

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
			<p>From a risk management perspective, other than the mail, the other communication channels have an inherent control in that there is immediate feedback of an issue such as: cannot logon or emails rebound. This is an effective functional and regulatory compliance control. The Licensee only requires explicit controls where the process does not provide an effective control as the process has covered the risk, so an explicit control was not required for communication other than mail. Neither the Licensee nor Western Power have used the mail for some time and definitely not in this or previous audit period so it did not need a functional control but does require a regulatory compliance control. The communication channels that were used had effective controls but the unused channel did not. This meets the requirement: <i>Generally adequate controls – improvement needed</i> or “B” rating.</p> <p><b>Recommendation 1/2020</b></p> <p>The Licensee to include in corporate calendar a note to advise the network operator of a change of address. The corporate calendar has an item tagged to the current lease date to ensure that change of address information obligations is met. Also, the Licensee to amend the procedure- Licence obligations -ERA to require change of address information to be given to Western Power (and ERA). to Western Power (and ERA). (same issue as item 53)</p>		
455	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 purpose for which it was disclosed or another purpose contemplated by the Code.	4	Through discussion with the Retail Manager and Consultant and procedure licence obligations customer data, I determined that the Licensee has no meters. There has been no disclosure of confidential information.	A	1
456	A Code participant must disclose or permit the disclosure of	4	Through discussion with the Retail Manager and Consultant, I	NP	NR

Reference Number	Licence reference & summary of Licence obligation	Audit Priority	Observations and Recommendations	Controls rating	Compliance Rating
<b>Electricity Industry Metering Code</b>					
	confidential information that is required to be disclosed by the Code.		determined that the Licensee has no meters. There has been no confidential information to be disclosed. In practice, the only such information would be forecasts of future consumption.		
457	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no disputes (the Licensee has no disputes with Western Power).	NP	NR
458	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 resolve the dispute by negotiations in good faith.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no disputes (the Licensee has no disputes with Western Power).	NP	NR
459	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.	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no disputes (the Licensee has no disputes with Western Power).	NP	NR
460	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.	4	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no disputes (the Licensee has no disputes with Western Power).	NP	NR
461	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	5	Through discussion with the Retail Manager and Consultant, I determined that the Licensee has no meters. There have been no disputes (the Licensee has no disputes with Western Power).	NP	NR

### 3.7 Recommendations [5.1.8]

There are no compliance ratings 3 or 4 and there are no controls ratings of C or D.

Table of Current Audit Non-Compliances/Recommendations			
A. Resolved during current audit period			
Licence obligation reference no. / Recommendation reference from previous audit (if applicable)	Non-compliance / Controls improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Date resolved & action taken by the licensee	Auditor's comments
B. Unresolved at end of current audit period			
Recommendation reference (no/year)	Non-compliance / Controls improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's recommendation	Action taken by the licensee by end of audit period
01/2020 53 451 454	<p><b>A2</b></p> <p><b>(53) Electricity Industry Customer Transfer Code</b> Clause 6.4(2)</p> <p><b>(451) Electricity Industry Metering Code</b> Clause 7.2(1)</p> <p><b>(454) Electricity Industry Metering Code</b> Clause 7.2(5)</p> <p>Through discussion with the Retail Manager and Consultant procedure- Licence obligations -ERA, I determined that there have been changes to contact details.</p> <p>The Licensees postal address changed in the audit period and this was not notified to the network operator. No information was sent by post so no practical issues occurred.</p> <p>There is a general obligation in the customer transfer procedure to <i>comply with the customer transfer code</i>. This is a high-level control but is not sufficiently specific to address the change of address issue.</p> <p>From a risk management perspective, other than the mail, the other communication channels have an inherent control in that there is immediate feedback of an issue such as: cannot logon or emails rebound. This is an effective functional and regulatory compliance control. The Licensee only requires explicit controls where the process</p>	<p><b>Recommendation 1/2020</b></p> <p>The Licensee to include in corporate calendar a note to advise the network operator of a change of address. The corporate calendar has an item tagged to the current lease date to ensure that change of address information obligations is met. Also, the Licensee to amend the procedure- Licence obligations -ERA to require change of address information to be given to Western Power (and ERA).</p>	Completed after audit period, June 2020.

	<p>does not provide an effective control as the process has covered the risk, so an explicit control was not required for communication other than mail. Neither the Licensee nor Western Power have used the mail for some time and definitely not in this or previous audit period so it did not need a functional control but does require a regulatory compliance control. The communication channels that were used had effective controls but the unused channel did not. This meets the requirement: <i>Generally adequate controls – improvement needed</i> or “B” rating.</p>		
02/2020 105	<p><b>B2</b></p> <p><b>(105) Electricity Industry Act s17(1)</b></p> <p>Through discussion with the Retail Manager and Consultant and examination of documents -invoices and receipts from ERA, and ERA policy procedure, I determined that the Licensee paid the fees but not all on time.</p> <p>The 2017 licence fees were late and penalty interest applied. The 2018 licence fee was late as the licensee’s email address was not current with ERA. The 2019 and 2020 licence fees were paid within a month of the ERA invoice and before a month of licence issue date (due date).</p> <p>The action process was to pay licence fees and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period required <i>obligations for licence fees to be proactively incorporated in the corporate calendar</i> and subsequent licence fees were paid before the required date after 2018. The procedure dealt with the requirement but without sufficient specificity as to the date required. The fees were paid and after 2018 were paid in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally adequate controls – improvement needed</i> or “B” rating.</p>	<p><b>Recommendation 2/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>	Completed after audit period, June 2020.
3/2020 124	<p><b>B2</b></p> <p><b>(124) Licence condition 4.5.1 (16.1)</b></p>	<p><b>Recommendation 3/2020</b></p> <p>The Policy to be further strengthened by adding the specific date to the procedure.</p>	Completed after audit period, June 2020.

	<p>Through discussion with the Retail Manager and Consultant, and examination of compliance file, procedure - licence obligation ERA and annual compliance reports, I determined that the annual compliance reports were completed but not all on time (2016 report was late).</p> <p>The action process was to lodge the Annual Compliance report and on time. The control process was deficient to ensure that the time requirements were complied with as procedures - licence obligation – ERA at start of audit period required <i>obligations for lodgement of the annual compliance report to be programmed into the corporate calendar</i> and subsequent reports were lodged before the required date after 2016. The procedure dealt with the requirement but without sufficient specificity as to the date required. The reports were lodged and after 2016 were lodged in time with the correct date in the calendar. But it required someone to look up the correct date rather than it being in the policy, so there was <i>Generally adequate controls – improvement needed</i> or “B” rating.</p>		
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### 3.8 Audit evidence

- Retail Licences (V2 & V3)
- Financial managers letter
- Licence fee invoices, journal entries
- ERA annual compliance reports
- Compliance register
- Verifiable consent forms
- Sample client files
- Sample transfers
- Portal screen captures.
- Access Contract (ETAC)
- Licence obligations procedures and policies – Licence obligation:
  - Customer Data & Verifiable Consent Policy
  - Metering Services Portal Policy
  - ERA Policy
  - Electricity Transfer Access Contract Policy
  - Contact Details Policy
  - Customer Transfers Policy
  - Disputes & Good Faith Policy
  - Non-compliance register
  - Dispute Register
- ERA Approval of auditor –
- Letter from ERA Approving Audit Plan

### ***3.9 Approval of the report by auditor [5.1.9]***

See covering letter.

### ***3.10 Disagreement between auditor and the licensee [5.2]***

There has been no disagreement between auditor and the Licensee.

### ***3.11 Post Audit implementation plans. [5.3]***

The Licensee will attach his post audit recommendation plan to the report when submitting to ERA.

### ***3.12 Reporting to ERA [5.4]***

The Licensee will submit the draft and final reports to the ERA.

#### ***Confidential information [5.4.1]***

The Licensee will indicate any information they consider confidential or commercially sensitive before submitting the report to ERA. The Licensee has not advised of any confidential or commercially sensitive matter other than the specific number of customers.