



Grant Thornton

Synergy Performance Audit Report

Synergy

Electricity Retail Licence

Performance Audit Report

October 2008



GLOSSARY

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|--------------------------------------|---|
| AS 4360:2004 | Australian/New Zealand Standard 4360-2004 Risk Management |
| Authority /ERA | Economic Regulation Authority |
| BMG | Business Managers Group |
| Business Manager | Synergy's customer account relationship managers for contestable customers |
| CCKB | Contact Centre Knowledge Base. A repository of reference material for business processes, procedures and general knowledge used by Customer Service Representatives |
| CIS | Synergy's Customer Information System used to record customer interactions including billing |
| COC / Code of Conduct | Code of Conduct for the Supply of Electricity to Small Use Customers 2004 and Code of Conduct for the Supply of Electricity to Small Use Customers 2008 |
| CSR | Customer Service Representative |
| CTR | Customer Transfer Request used to transfer customers between retailers |
| Collection Letter Fee | Fee charged for interest on amounts greater than \$1000 that have not been paid by the due date |
| Collections Notice | Notice used to recover payments not made by the due date |
| Columbus | Synergy's Project to develop and implement a new customer relationship management system |
| Compliance Coordinators | Senior Departmental representatives on the respective Retail and Wholesale Compliance Teams |
| Compliance Register | Synergy's listing of Licence Conditions with reporting type, risk analysis and internal controls for each condition |
| Compliance Teams | Wholesale and Retail Compliance Teams established with the function to ensure energy compliance across the business |
| Contact Centre | Area within Synergy that accommodates the telephone response group of Customer Service Representatives |
| Contact Centre Bulletin | Weekly notification of reminders, process changes, updates on matters affecting customer interactions, issued to Customer Service Representatives |
| Contact Centre Knowledge Base | A repository of reference material for business processes, procedures and general knowledge used by Customer Service Representatives |
| Credit Management | A team of employees within Synergy specifically assigned to recover outstanding payments |
| Culture of Compliance | The promotion of a positive attitude to compliance within Synergy |
| Customer and Brand Equity | A team of Synergy employees specifically assigned to development of strategic products and programs to deliver customer service that align |



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| | with Synergy's brand |
| Customer Resolutions | A team of Synergy employees specifically assigned to work associated with resolving customer enquiries received via mail |
| Customer Transactions | A team of Synergy employees specifically assigned to work associated with customer transactions, particularly billing |
| Customer Transfer Code | Electricity Industry Customer Transfer Code 2004 |
| Customer Service Officer | Customer Service Representative |
| DMS | Synergy's document management system. Document numbers are prefixed with "DMS" |
| DNC | Do not contact. Indicates a customer who does not want to be contacted for marketing purposes |
| Dual fuel contract | Contract for the supply of electricity and gas |
| EIA 2004 | Electricity Industry Act 2004 |
| Field Credit Officers | Members of the credit management team assigned to contact customers at their premises with regard outstanding payments |
| IBAAN | Customer Relationship Management system |
| IT | Synergy's Information Technology department |
| Incident | A situation or event if not addressed which may result in a regulatory breach |
| Internal Control | Process or procedure that demonstrates a licence condition is met |
| LRA | Department of Legal Regulatory and Audit |
| LS | Life Support. Indicates a customer who operates life support equipment at the premise supplied with electricity |
| Late Payment Fee | Charged levied to recover the cost of sending a payment reminder |
| MBS | Network Operator's Metering Business System |
| Metering Code | Electricity Industry Metering Code 2005 |
| NR | Not reportable licence condition |
| NW | Network |
| Network Transaction | Transmittal of a request to the network operator |
| PWQ | Pending work queue in the Customer Information System used for authorising transactions |
| RBS | Retail Bridge Stabilisation project to determine solutions for transactions not occurring as required |
| REDS | Revenue Energy & Demand System |
| REBS | Renewable Energy By-back Scheme |
| ROCC | Register of Contestable Customers |
| Retail Bridge | The Retail Bridge is the system that facilitates customer data to be forwarded from Synergy's Customer Information System to Western Power's Metering Business System |



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| Retail Sales | A department within Synergy delivering retail services to customers |
| SLA | Service Level Agreement |
| SAP | Systems and Applications Products operating system currently being used to develop Synergy's future customer relationship management |
| SOII | Acronym for a Service Order used to Issue an Investigation |
| Standard Terms of Conditions | Terms of conditions contained in Synergy's Standard Form Contract for the supply of electricity |
| Type 1 | Electricity Retail Licence condition requiring immediate reporting to the Economic Regulation Authority when non compliance occurs |
| Type 2 | Electricity Retail Licence condition that requires annual reporting as part of the retailers annual Compliance Report when non compliance occurs |
| UER | Unbilled error report. Listing of accounts that require billing adjustments before being issued |
| WP | Western Power |



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1. Background

On 30 March 2006, Synergy was granted an electricity retail licence (“licence”) by the Economic Regulation Authority (the “Authority”). The licence provides Synergy with the legal ability to sell electricity to almost 1 million end use customers.

Synergy’s licence is subject to a number of obligations contained within the licence itself; the Electricity Industry Act 2004 (the “Act”), regulations and industry codes of practice.

Section 13 of the Act requires Synergy to provide the Authority with a performance audit conducted by an independent expert approved by the Authority not less than once every 24 months (or such later date approved by the ERA). The Authority approved Grant Thornton to conduct the performance audit.

Grant Thornton have conducted the performance audit in accordance with Australian Auditing Standard (AUS) 806 “Performance Auditing” and AUS 808 “Planning Performance Audits”. The audit objective is to evaluate the adequacy and effectiveness of controls implemented by Synergy to fulfill its obligations in complying with the performance and quality standards referred to in the licence.

An audit plan was developed and approved by the Authority using a risk based approach to focus on key risk areas in accordance with the risk evaluation model, Australian/New Zealand Standard 4360:2004. Grant Thornton have assessed the controls and performance against those standards by Synergy with the relevant licence obligations through a combination of interviews/enquiries, examination of documents and detailed testing.

Preliminary analysis was performed on the licensing framework for the electricity retail licence to ascertain the performance and compliance audit requirements of Synergy and to determine the nature and extent of audit activity. Grant Thornton have prioritised the audit coverage based on the risk profile with the emphasis on providing greater focus and depth of testing for higher risk areas.

2. Objective

The audit objective is to evaluate the adequacy and effectiveness of controls implemented by Synergy to fulfill its obligations in complying with the performance and quality standards referred to in the licence.

The audit focuses on the systems and processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

Link to Risk Assessment

Our approach to adopt the Australian/New Zealand Standard 4360:2004 risk assessment framework ensures a consistent approach to determining areas of higher risk with the view of providing a greater focus and depth of testing to provide sufficient assurance of compliance and effective control.

As part of the risk evaluation methodology to assess Synergy's ability to manage its risks, Grant Thornton have considered the following components:

- Control environment (corporate governance, organisation structure, assignment of authority and responsibility, documentation of policies and procedures, human resource practice, records management and compliance attitude.);
- Synergy's risk assessment process (as demonstrated through the compliance register and incident log);
- Information systems (Customer Information System database, IBAHN, Lorus Notes);
- Control activities (authorisation, segregation of duties, physical controls and security); and
- Monitoring of controls (management review, internal audit, external audit).

During the conduct of the audit, as evidence is gathered on the effectiveness of the controls and where risks have been determined to be high, extensive compliance and substantive testing is performed to provide adequate assurance that no major breaches of the relevant licence condition had occurred during the audit period.



3. Scope

The performance audit covered the period from 30 March 2006 to 31 March 2008.

The key legislation that governs the licensing of providers of retail electricity is the Electricity Industry Act 2004: Licence Conditions and Obligations. The licence obligations examined by the audit are described in Appendix 1 – Performance Audit Compliance Summary and Appendix 2 – Detailed Findings and Recommendations. Grant Thornton have used the Authority's 2007 Compliance Manual ("Compliance Manual") to perform the audit.

Where applicable, other regulatory requirements which supported the electricity retail licence conditions were examined. Specifically, the relevant sections of the following regulatory industry Codes were covered as part of this performance audit:

- Code of Conduct;
- Trade Practice Act;
- Metering Code; and
- Customer Transfer Code.

It should be noted there was a minor update to the Code of Conduct, effective from 8 January 2008. Where applicable, Grant Thornton have mapped the Code of Conduct 2004 to the Code of Conduct 2008 in relation to the Compliance Manual obligations. Accordingly, our audit has been conducted in the manner to recognise the changes in the Code from 8 January 2008 to 31 March 2008.

It is important to emphasise that not all licence conditions in the instrument are applicable to Synergy and accordingly the audit did not evaluate the performance of Synergy's compliance with those licence conditions.

In accordance with the Electricity Retail Licence Performance Audit Plan as approved by the Authority, approximately 40% of the Compliance Manual obligations classified NR (minor) were reviewed. The basis of sampling of the NR type conditions was formed on the assessment of the level of risk / impact that these compliance manual obligations may have on Synergy's overall performance in complying with the obligations imposed under the instrument.

Grant Thornton have used Synergy's inherent risk assessment (adopting the ERA's risk assessment guidelines), consulted Synergy's management and reviewed of the organisation's



internal compliance register to determine the Compliance Manual obligation for inclusion in the audit.

Furthermore, for the 40 Compliance Manual obligations that have been examined by internal audit undertaken by Ernst & Young, it was proposed, and the Authority had approved, random sampling of 21 of these compliance manual obligations.

To ensure efficiency and effectiveness of the conduct of the audit process, in consultation with Synergy's management, it was proposed, and approved by the Authority, that the following staged approach be undertaken:

- Stage 1: That 69% of the 210 Compliance Manual obligations to be examined. The basis for prioritising and selecting the compliance manual obligation for Stage 1 assessment are as follows:
 - Type 1 licence conditions;
 - Risk based:
 - Audit priority 1 – 4;
 - Items identified from Synergy's incident register;
 - Licence conditions with breach consequences of "Direction to remedy" and "Dissatisfied customer" as identified from Synergy's compliance register.

Should 10% of this sample yield compliance status rating of 1 and/or 2, then Stage 2 will proceed.

- Stage 2: That 28% of the 210 Compliance Manual obligations to be examined. The basis for prioritising and selecting the licence conditions for Stage 2 assessment are as follows:
 - Licence conditions with breach consequences of "Direction to remedy" identified from Synergy's compliance register; and
 - The remaining type NR licence conditions identified to be within the scope of audit.

Should 5% of this sample yield compliance status rating of 1, 2 and/or or 3, then Stage 3 will proceed.

- Stage 3: That the balance of 210 Compliance Manual obligations to be examined.

4. 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. Further, the internal control structure, within which the control procedures that we have audited operate, has not been audited and no opinion is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

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

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

5. Our Approach and Methodology

Grant Thornton have conducted the performance audit in a manner consistent with Australian Auditing Standard (AUS) 806 “Performance Auditing” and AUS 808 “Planning Performance Audits”.

An audit plan was developed and approved by the Authority using a risk based approach to focus on key risk areas in accordance with the risk evaluation model, Australian/New Zealand Standard 4360:2004. The audit focuses on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The Act and its provisions, as well as the Authority’s Compliance Manual, identify the compliance requirements for holders of a retail licence. As this is a statutory obligation, all items pertaining to retail licence requirements are deemed to be material. In assessing the extent of compliance, Grant Thornton considered the following:

1. Process compliance – an evaluation of the effectiveness of systems and procedures present throughout the audit period;
2. Outcome compliance – an assessment of the actual performance against the standards prescribed in the licence throughout the period;
3. Output compliance – an evaluation whether proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained; and
4. Compliance with any individual licence conditions – an assessment of compliance of any specific direction imposed by the Authority.

Our audit procedures comprise primarily substantive testing and gathering of sufficient audit evidence to provide assurance of compliance and effective control. In this regard, through a combination of interviews with relevant personnel, document examination and detailed testing, we assess the internal controls and performance against the relevant licence obligations.

During the course of our audit, where we became aware of certain factors that may have impacted on the assessment of Synergy’s performance in maintaining effective control to



manage compliance with the Compliance Manual obligation, additional examination and testing was conducted.

The compliance rating for each licence condition, using the 5-point rating scale, involved a degree of subjective judgment by the auditor. In assigning the appropriate compliance rating to each element, we have taken the approach described below.

| Compliance Status | Rating | Description of Compliance | Grant Thornton Application |
|-----------------------------|--------|---|---|
| Compliant | 5 | Compliant with no further action required to maintain compliance. | This rating is applied where the organisation complies in all material aspects of the requirement of the licence condition. There are adequate policies, procedures, protocols and systems in place, to meet the requirement of the performance standards referred to in the licence obligation. There is no further action required in order to maintain compliance. |
| Compliant | 4 | Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance. | This rating is applied where the organisation complies in most aspects of the requirement of the licence condition. Whilst there are adequate policies, procedures, protocols and systems in place to meet the requirement of the performance standards referred to in the licence obligation, there is scope to further enhance the internal controls. |
| Compliant | 3 | Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance. | This rating is applied where, in a minority of instances, the organisation has not met the minimum requirements of controls or requires some changes to maintain compliance. |
| Non-compliant | 2 | Does not meet minimum requirement. | This rating is applied where the organisation has not identified and maintained the basic controls to meet the requirements of the performance standards referred to in the licence condition. Some instances of regulatory breaches may have occurred. Substantial structural changes are necessary to implement the appropriate controls. |
| Significantly Non-compliant | 1 | Significant weaknesses and/or serious action required. | This rating is applied where the organisation has not identified and maintained the basic controls to meet the requirements of the performance standards referred to in the licence condition, there are systematic regulatory breaches, immediate management actions are required to address the regulatory breaches and to develop systems and processes. |

6. Executive Summary

The Economic Regulation Authority granted Synergy an Electricity Retail Licence which commenced on 30 March 2006 under the Electricity Industry Act 2004. Synergy is required to undertake a performance audit conducted by a suitably independent expert not less than once every 24 months. The Economic Regulation Authority had approved Grant Thornton to conduct the performance audit of Synergy for the period 30 March 2006 to 31 March 2008.

In assessing Synergy's compliance with the requirements of the licence, we have made findings and observations:

6.1 The Control Environment

Synergy operates in a highly regulated industry and has demonstrated a culture of compliance throughout the organisation. There are internal audits conducted on a regular basis into the different facets of Synergy's operations, both financial and non-financial.

A dedicated regulatory compliance team had been established to facilitate compliance with various legislative instruments. The regulatory compliance team reports to the Synergy Board on compliance matters through the Department of Legal, Regulatory and Audit, and has a mandate to operate independently from any operational area.

Each operational area nominates a senior representative to be a compliance coordinator whose role is to monitor compliance with the requirements of the licence pertaining to that business division. There are formal monthly meetings and informal daily interaction between the regulatory compliance team and the compliance coordinators to ensure a consistent organisational approach towards the measures taken to meet the obligations of the performance standards referred to in the licence.

Through the compliance register, Synergy clearly defines the responsibilities and assigns the business units accountable for each individual element of the licence instrument as well as internal controls. Our procedures revealed that Synergy management functions in a risk conscious manner. An incident log is maintained to capture any instances of "near misses" or potential breach of the regulatory obligations. It is our understanding that a new online system will be introduced in 2008/09 to upgrade the current information system, improve accessibility and to enable Synergy personnel to report on a timely basis any regulatory incident and request regulatory advice. Furthermore, we understand Synergy is also proposing to establish an on-line training facility in 2008/09 to enhance regulatory compliance training of its staff.



Our findings indicate that the Synergy personnel responsible for regulatory compliance are competent and diligent in the execution of their roles. They operate in a manner consistent with sound risk management practice.

6.2 Compliance Awareness and Attitude

Through our enquiries and interviews conducted with personnel at various levels of the organisation we observed a culture which advocates regulatory compliance. Personnel generally possessed a high awareness of personal responsibilities as well as the organisation's obligations under the licence instrument.

Instances of regulatory breach were detected and communicated to the Authority in a timely manner, with appropriate corrective actions. Any direction to remedy from the Authority in this regard is adopted expeditiously.

6.3 The Information System

Our findings indicate that Synergy's information systems meet the minimum requirements to comply with the licence conditions. We are satisfied that the present information system has the capability to record information accurately and maintain security over data.

During our testing, however, we identified certain reports could be generated in a more timely manner. This was attributed to resource constraints due to the pending implementation of the new operating system. Whilst this did not constitute a breach, however, it would be desirable to have a more timely reporting function for process improvement.

6.4 Control Procedures

As highlighted above, the compliance register assigns an element of the licence instrument to the different business units. For each licence element, there are policies, procedures, systems and protocols designed to assist the organisation to comply with the requirements. Access to the policies and procedures are managed through Synergy's document management system ("DMS").

As part of the annual reporting to the Authority on compliance, Synergy maintains a register to record any instances of regulatory breach or incidents to ensure timely management of the issues. If warranted, immediate action towards rectification is implemented to render full compliance.

During the course of our audit, we identified issues relating to key areas of:

- Verifiable consent;
- Disconnection; and
- Life support.

which present opportunities for process improvements.

There are several licence conditions and obligations in the instrument which relate to verifiable consent and customer authorisation. Our examination and review of the verifiable consents obtained by Synergy indicated a lack of consistency in their form and structure.

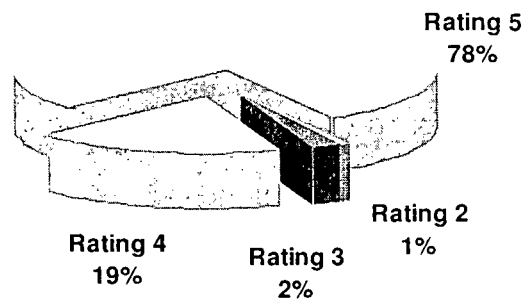


However, we also note there is some inconsistency between the definitions of verifiable consent in the Customer Service Code and the Customer Transfer Code.

Our findings indicated that Synergy personnel are not always equipped to identify who may provide a verifiable consent. Further training and education are essential to assist personnel to determine the validity of the consent and authorisation given, and to protect the privacy of customers.

The following is a graphic summary of the ratings and the percentage in relation to each compliance rating.

Summary of Compliance Rating



In summary, 97% of the Compliance Manual obligations subjected to testing, controls were determined to be compliant or compliant apart from the recommendations to improve and strengthen the internal controls to maintain compliance.

6.5 Previous Retail Licence Performance Audit Report Findings

Synergy was formed in 2006 and granted a retail licence under the Electricity Industry Act (the "Act"). The Act requires Synergy to conduct a performance audit by an independent expert every 24 months. As this is Synergy's first performance audit, therefore, there are no previous findings and recommendations to review. However, Synergy had undertaken internal audits of various electricity retail licence obligations which had been considered in the development of the audit plan and consequently, the conduct of the audit.



Table 1.1 identifies the Compliance Manual obligations which require corrective measures.

| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|---|-------------------|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 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. | | | ✓ | | | Synergy does not have in place a methodology, procedure or process to communicate a contestable customer's request for their historical consumption data not to be aggregated for the purpose of internal business development. | <p>That Synergy designs and implements a relevant process and procedure to ensure a contestable customer's historical consumption data is not aggregated as per the contestable customer's request.</p> <p>That Synergy implements an indicator flag which would alert the business unit that the contestable customer's data is not to be aggregated and used for the purposes of the internal business development.</p> |
| 170 | A marketer and a marketing representative must comply with the National Privacy Principles. | | | | ✓ | | Information pertaining to the status of accounts should be confidential and not divulged to unauthorised third parties. | That Synergy strengthens its protocols for disclosing personal information and account details to third parties. |
| 173 | A retailer must issue a bill no more than once a month and at least once every three months unless the circumstances specified exist. | | | ✓ | | | During the audit period, there were inadequate continuous controls to manage compliance with the requirement of the licence condition and Code of Conduct. Breaches were systematic. Enquiries indicated the cause of the problem originated with the network operator's MBS system failing to automatically raise a special request for their metering staff to visit the premise to obtain an actual reading and in other instances, not fulfilling their obligation under the meter SLA to provide actual meter reads on meters that have been connected in the field but are not connected in the CIS billing system. | That Synergy continues to monitor and review the process to ensure compliance with requirement of the licence condition and Code of Conduct. |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|---|-------------------|---|---|---|---|--|--|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 202 | A retailer must use its best endeavours to inform the customer and repay or credit any amount overcharged as a result of an act or omission by a retailer or distributor, in the manner and period specified. | | | ✓ | | | During the audit period, there were inadequate continuous controls to manage compliance with the requirement of the licence condition and Code of Conduct. Breaches were systematic. Enquiries indicated the cause for the problem originated with the network operator's MBS system failing to automatically raise a special request for their metering staff to visit the premise to obtain an actual reading and in other instances, not fulfilling their obligation under the model SLA to provide actual meter reads on meters that have been connected in the field but are not connected in the GIS billing system. | That Synergy continues to monitor and review the process to ensure compliance with requirement of the licence condition and Code of Conduct. |
| 240 | In relation to dual fuel contracts, a retailer must not arrange for disconnection of the customer's supply address for failure to pay a bill within 15 business days from arranging for disconnection of the customer's gas supply. | | ✓ | | | | A potential disconnection may occur of a dual fuel customer's gas supply within the 15 business days for failure to pay a bill from the arrangement of disconnection. | That Synergy establishes and maintains within the credit management process the requirement not to disconnect a dual fuel customer within 15 days of a disconnection notice of the customers gas supply. |



Table 1.2 Suggestions for process and business improvement opportunities.

| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|---|--|---|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 9 | A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data. | | | | ✓ | | <p>The descriptions of the service line in the Western Power annexure to the invoice do not appear to align with the schedule of rates in the SLA.</p> <p>Some of the invoices we examined did not have evidence of a review or analysis performed (such as the details of the reviewer).</p> <p>There does not appear to be a reporting mechanism in place to capture the withdrawn request for historical consumption data with the view of analysing the reasons or trends.</p> | <p>Essential to Synergy's ability to determine what reasonable cost has been incurred by Western Power, it is appropriate to request Western Power to render its invoice in terms of the service charge descriptions and rates outlined in the SLA.</p> <p>That Synergy considers an analysis mechanism over the withdrawn request for historical consumption data with the view of identifying the reasons or trends, to minimise the occurrence of unnecessary costs.</p> <p>That reconciliation of Western Power's invoice to the SLA be evidenced with the reviewer's initial and department or payroll number.</p> |
| 19 | A retailer must keep a copy of the verifiable consent received from a contestable customer for two years. | | | | ✓ | | <p>Verifiable consent is provided to Synergy in a number of formats and structures.</p> <p>There is a lack of awareness to identify who is able to provide verifiable consent in different legal operating structures.</p> | <p>Synergy currently uses a uniform pro-forma template for its dealings with gas, the electricity retail business does not.</p> <p>Personnel who are required to obtain the verifiable consent from a contestable customer should be provided with training to identify who has the authority to provide the verifiable consent for a range of entity structures.</p> |
| 156 | A marketer must not attempt to contact the customer for the purposes of marketing for 30 days after the customer indicates that the customer does not wish to | | | | ✓ | | <p>Synergy does not perform the 'wash' process against both 'do not contact' lists and therefore a customer who has indicated they do not want to be contacted for the purposes of marketing may be contacted within 30 days.</p> | <p>The 'do not contact' lists are antiquated to ensure the 'wash' process is performed on the full 'do not contact' to ensure those customers who have requested not to be contacted for the purposes of marketing are not contacted.</p> |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|---|-------------------|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | | |
| | proceed, unless the customer agrees otherwise. | | | | | | | |
| 158 | Where the customer requests not to be contacted for the purposes of marketing a marketer must use reasonable endeavors to ensure that a customer is not contacted on its behalf in relation to the supply of electricity for a period of two years. | | | | ✓ | | A separate DNC list is maintained within IBAAN for non-contestable customers that is not utilised during the "wash" marketing process. There is scope that non-contestable customers on the DNC may be contacted by Synergy. | That Synergy combines the DNC lists of small use customers and non-contestable customers. |
| 159 | A marketer must keep a record of each customer who has requested not to be contacted, that includes the specified information. | | | | | | | |
| 161 | A marketer must provide the customer on request with written confirmation that the customer will not be contacted for the next two years. | | | | | | | |
| 174 | A retailer may only place a customer on a shortened billing cycle, without the customer's verifiable consent, in the circumstances specified. | | | | ✓ | | There is a lack of timely reporting mechanism to confirm that no customers have been placed on shortened billing cycles. The current information system requires complex programming instruction to extract the specific information. | As part of the output compliance process and to strengthen the monitoring controls Synergy should consider a more timely reporting mechanism in relation to customers who may have been placed on shortened billing cycles. That Synergy establishes procedures and systems to |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|--|---|--|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 175 | A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision. | | | | | | Synergy does have a policy of placing customers who have a poor credit history on shortened billing cycles. Therefore, policies, procedures and systems are necessary to enable Synergy to effectively manage compliance with the operating licence requirements. | monitor and manage customers who may have been placed on shortened billing cycles. |
| 176 | A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days. | | | | | | | |
| 177 | A retailer must return a customer, who is subject to a shortened billing cycle and has paid three consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer. | | | | | | | |
| 178 | A retailer must inform a customer, who is subject to a shortened billing cycle, at least once every three months, of the conditions upon which a customer can be returned to its previous billing cycle. | | | | | | | |
| 180 | A retailer must include minimum prescribed information on the customer's bill, unless the | | | | ✓ | | | |
| | | | | | | The bill does not contain part (a) of the minimum prescribed information, i.e. the date of estimation or normal reading is identified. | The date of the estimation or the reading should be included on the customer's bill. | |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|---|--|---|
| | | 1 | 2 | 3 | 4 | 5 | | |
| | customer agrees or as otherwise provided for in the Code of Conduct. | | | | | | | |
| 184 | A retailer must use its best endeavors to ensure that metering reading data is obtained in accordance with clause 4.5 of the COC, as frequently as is required to prepare a bill and, at least once every twelve months. | | | ✓ | | | Although Synergy contacts Western Power to facilitate a meter reading as required under clause 4.6 of the Code, in some instances a meter reading cannot occur because a customer has prevented access to a meter. | Synergy should consider contacting the customer requesting meter access be provided. |
| 188 | A retailer must tell a customer, on request, the basis and reason for the estimation. | | | | ✓ | | Through our enquiry, we noted an incident recorded in 2007 where an incorrect estimation code had been advised on the customer's bill due to Western Power providing the incorrect code. | That Synergy implemented the appropriate data validation mechanism to ensure that only certain estimation code can be used for a class of customers, for example H34 is not to be used for self read customer readings. |
| 196 | A retailer must use reasonable endeavors to arrange for a final bill if a customer requests the retailer to issue a final bill at the customer's supply address. | | | | ✓ | | The Small Use Code does not disallow the final bill to be based on a customer's reading. An incident was noted where the Contract Centre was offered a meter reading as part of the process for final reading the CSR did not record the information in CIS. | That the Code requirements be communicated to the CSRs as part of the training process. That the CSRs record the information in the appropriate area in CIS where the customer offers a meter read. |
| 220 | A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship within three business days from | | | | ✓ | | If the escalation for further assessment is not conducted through SOII work order system there is a potential opportunity that the assessment may not be completed within the 3 day timeframe as required by the Code. In this respect | That all escalations for assessment from the call centre to the Credit Management Group be performed through the SOII system. |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|---|---|--|
| | | 1 | 2 | 3 | 4 | 5 | | |
| | when the residential customer informs a retailer that they are experiencing payment problems. | | | | | | unless the escalation is performed through the work order system, SOI, there is no effective monitoring control to ensure compliance with the licence requirement and Code of Conduct. | |
| 237 | A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties. | | | | ✓ | | There is no separate framework to assess business customers. Non-residential/business customers have a different dimension to their financial circumstances with a diversity of complex indicators requiring separate financial assessment guidelines. Thus, it is not appropriate to adopt the same approach for business customers as residential customers. | That a policy framework be established in connection with assessing business customers who are experiencing payment difficulties. |
| 238 | A retailer must give the customer a reminder notice, use its best endeavours to contact the customer and give the customer a disconnection warning, in the manner and timeframes specified, prior to arranging for disconnection of a customer's supply. | | | | ✓ | | Audit enquiry noted a breach in relation to customers receiving disconnection warning that did not include reference to the Energy Ombudsman's contact details. Rectification of the breach involved immediate suspension of physical disconnection activities and cessation of issuance of disconnection warning letters. Correspondences issued to customers in relation to disconnection warning are periodically reviewed for compliance with the Small Use Code. | That Synergy continues to review correspondences issued to customers in the payment arrears process, particularly disconnection warning letters, for compliance with the Small Use Code. |
| 239 | A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances | | | | | | | |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 243 | specified. A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified. | | | ✓ | | | Testing revealed several instances of disconnection occurring after 15:00. Further enquiries indicated disconnection of these properties had been performed on the basis of the field officer's assessment of the status of use of the property. In this regard, disconnection will only occur if the field officer determines the property is vacant based on his "experience" and limited observations during the site visit. | That Synergy refrains from disconnection activities after 15:00 and adopts the timeframe for disconnection of supply address as prescribed in the Code of Conduct and its own Standard Terms and Conditions. That Synergy introduces additional monitoring controls to ensure that disconnection activities do not occur after the prescribed timeframe. |
| 244 | A retailer must undertake the actions specified in circumstances where the customer provides the retailer with confirmation that a person residing at the customer's supply address requires life support equipment. | | | | ✓ | | The removal of the "LS" indicator flag on an account can be actioned unilaterally by Synergy personnel without secondary authorisation for verification purposes. Secondly, the account of a customer on life support system can be "forced" to finalise and thus closure through the request of a (unauthorised/unrelated) third party if that party requests a new account to be established at the supply address. There are no further validation protocols to verify that the life support equipment is no longer required at the supply address. | That Synergy considers the requirement to have a secondary authorisation (such as pending items in 'PWQ' for managerial approval) prior to removing the "LS" indicator flag from a life support customer's account. That Synergy considers validation protocols to ensure that life support equipment is no longer required at the supply address prior to establishing a new account. |
| 357 | A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level | | | ✓ | | | The descriptions of the service line in the Western Power annexure to the invoice do not appear to align with the schedule of rates in the SLA. Some of the invoices we examined did not have evidence of a review or analysis | Essential to Synergy's ability to determine that the network operator has only imposed the correct charge, it is appropriate to request Western Power to render its invoice in terms of the service charge descriptions and rates outlined in the SLA. That Synergy considers an analysis mechanism over |



| Compliance Manual Reference | Description | Compliance Rating | | | | | Issues | Recommendations |
|-----------------------------|--|-------------------|---|---|---|---|---|--|
| | | 1 | 2 | 3 | 4 | 5 | | |
| 413 | A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment. | | | | ✓ | | <p>performed (such as the details of the reviewer).</p> <p>Our enquiry revealed that Synergy personnel have an operational awareness in respect of the requirement of the Code, however, there is no written policy mapping the interaction of this clause (in the Metering Code) with other enactments such as the Code of Conduct and the Customer Transfer Code.</p> | <p>the withdrawn request for historical consumption data with the view of identifying the reasons or trends, to minimise the occurrence of unnecessary costs.</p> <p>That reconciliation of Western Power's invoice to the SLA be evidenced with the reviewer's initial and department or payroll number.</p> <p>That Synergy develops a policy in respect of the requirement of Clause 5.5(3) of the Metering Code, mapping the interaction of this clause with other enactments such as the Code of Conduct and the Customer Transfer Code where applicable to identify the circumstances that Synergy may charge for the provision of the data.</p> |

Except for the matters identified, which require further attention to ensure effective control procedures, we are satisfied that Synergy has policies, procedures, protocols and systems in place, in relation to the Electricity Retail Licence for the period 30 March 2006 to 31 March 2008, based on the relevant licence conditions referred to within the scope section of this report.



7. Audit Opinion

In our opinion, except for the matters identified in Appendix 2.1 – Compliance Manual Obligations which Require Corrective Measures, we are satisfied that Synergy has policies, procedures, protocols and systems in place in relation to the Electricity Retail Licence for the period 30 March 2006 to 31 March 2008, based on the relevant Compliance Manual obligations referred to within the scope section of this report.

Grant Thornton Australia Ltd

Campbell George Ansell

Director

Perth

3 November 2008



Appendix 1 – Performance Audit Compliance Summary

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|--|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Customer Transfer Code Reasonable Costs | 9 | Minor | Probable | Low | Strong | | | | | ✓ |
| Customer Transfer Code – Use of Metering Data | 16 | Minor | Probable | Low | Strong | | | | | ✓ |
| Customer Transfer Code – Use of Metering Data | 17 | Minor | Probable | Low | Strong | | | ✓ | | |
| Customer Transfer Code – Use of Metering Data | 18 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Customer Transfer Code – Use of Metering Data | 19 | Minor | Unlikely | Low | Strong | | | ✓ | | |
| Customer Transfer Code Customer Transfer Request | 29 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Customer Transfer Code – Customer Transfer Request | 34 | Major | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|--|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Customer Transfer Code - Customer Transfer Request | 39 | Minor | Probable | Low | Strong | | | | | ✓ |
| Customer Transfer Code - Customer Transfer Request | 45 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Customer Transfer Code - Customer Transfer Request | 48 | Minor | Probable | Low | Strong | | | | | ✓ |
| Customer Transfer Code - Communication Systems & Process | 69 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Electricity Industry Act 2004 | 78 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Electricity Industry Act 2004 | 88 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Electricity Industry Act 2004 | 93 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Electricity Industry Act 2004 | 94 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Electricity Retail Licence Conditions | 98 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Electricity Retail Licence Conditions | 101 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Obligations Particular to Workforce | 110 | Minor | Likely | Medium | Moderate | | | | | ✓ |
| Code of Conduct - Obligations Particular to Directors | 114 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Obligations Particular to | 115 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 | |
| Marketers Code of Conduct - Obligations Particular to Marketers | 116 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct - Obligations Particular to Marketers | 117 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct - Contracts | 120 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct - Information to Be Given to Customers | 121 | Minor | Probable | Low | Strong | | | | | | ✓ |
| Code of Conduct - Information to Be Given to Customers | 122 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Information to Be Given to Customers | 124 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 131 | Minor | Probable | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 133 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 134 | Minor | Probable | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 135 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 136 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 137 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 138 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of | 139 | Minor | Unlikely | Low | Strong | | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|-------------------------------------|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Conduct - Marketing Conduct | | | | | | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 140 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 142 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 144 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 145 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 146 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 147 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 150 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 151 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 152 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 153 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 156 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 158 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 159 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 161 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Marketing Conduct | 162 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|--------------------------------------|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Marketing Conduct | | | | | | | | | | ✓ |
| Code of Conduct - Miscellaneous | 165 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Miscellaneous | 167 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Miscellaneous | 168 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Miscellaneous | 170 | Minor | Probable | Low | Strong | | | | | ✓ |
| Code of Conduct - Connection | 171 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Connection | 172 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 173 | Moderate | Likely | High | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 174 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 175 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 176 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 177 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 178 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Billing Cycles | 179 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Contents of a Bill | 180 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - | 182 | Moderate | Probable | Medium | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|---------------------------------------|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Basis of a Bill | | | | | | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 183 | Minor | Unlikely | Low | Strong | | | | ✓ | |
| Code of Conduct – Basis of a Bill | 184 | Moderate | Probable | Medium | Moderate | | | | ✓ | |
| Code of Conduct – Basis of a Bill | 185 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 186 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 187 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 188 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 189 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct – Major Testing | 191 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Alternative Tariffs | 192 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Alternative Tariffs | 193 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct – Alternative Tariffs | 195 | Minor | Probable | Low | Strong | | | | | ✓ |
| Code of Conduct – Final Bill | 196 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Final Bill | 197 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Final Bill | 198 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|-------------|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |

| | | | | | | | | | | | |
|------------------------------|-----|-------|----------|-----|----------|--|--|--|--|---|---|
| Code of Conduct – Final Bill | 200 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct – Final Bill | 201 | Minor | Probable | Low | Strong | | | | | | ✓ |
| Code of Conduct – Final Bill | 202 | Minor | Unlikely | Low | Strong | | | | | ✓ | |
| Code of Conduct – Final Bill | 203 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct – Final Bill | 204 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 205 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 206 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 208 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct – Payment | 209 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 210 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 212 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Payment | 213 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – | 217 | Minor | Unlikely | Low | Strong | | | | | | |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 | |
| Payment | | | | | | | | | | | ✓ |
| Code of Conduct – Payment | 218 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assessment of Financial Situation | 220 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assessment of Financial Situation | 224 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assessment of Financial Situation | 226 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 231 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 232 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 233 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 234 | Minor | Unlikely | Low | Strong | | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| g Financial Hardship | | | | | | | | | | |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 235 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Assistance Available to Residential Customers Experiencing Financial Hardship | 236 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Business Customers Experiencing Payment Difficulties | 237 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Disconnection For Failure to Pay Bill | 238 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Disconnection For Failure to Pay Bill | 239 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Disconnection For Failure to Pay Bill | 240 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Limitations on Disconnection | 243 | High | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Limitations on Disconnection | 244 | High | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Reconnection | 246 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Code of Conduct - Reconnection | 247 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Information and Communication | 261 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Information and Communication | 262 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Information and Communication | 263 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Information and Communication | 264 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Information and Communication | 265 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Information and Communication | 266 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Information and Communication | 267 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct - Information and Communication | 268 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Information and Communication | 269 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct - Information and Communication | 270 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 | |
| Code of Conduct – Information and Communication | 271 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct – Information and Communication | 280 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Information and Communication | 281 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Information and Communication | 282 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Information and Communication | 283 | Minor | Unlikely | Low | Moderate | | | | | | ✓ |
| Code of Conduct – Information and Communication | 287 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Customer Service Charter | 290 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Customer Service Charter | 291 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Customer Service Charter | 292 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 293 | Minor | Unlikely | Low | Strong | | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 294 | Minor | Unlikely | Low | Strong | | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|---|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Code of Conduct – Obligations Particular to Retailers | 297 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 299 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 300 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 301 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Obligations Particular to Retailers | 302 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Recordkeeping | 303 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Recordkeeping | 304 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Recordkeeping | 307 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 315 | Minor | Unlikely | Low | Moderate | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 315 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 316 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 317 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Code of Conduct – Basis of a Bill | 322 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Metering Code – Metering Installations | 357 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Metering Code – Metering Installations | 367 | Minor | Unlikely | Low | Strong | | | | | ✓ |



Synergy Performance Audit Report

| Obligations | Compliance Manual Reference | Consequence (1=Minor, 2=Moderate, 3=Major) | Likelihood (A=Likely, B=Probable, C=Unlikely) | Inherent Risk (Low, Medium, High) | Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak) | Compliance Rating | | | | |
|--|-----------------------------|---|--|--------------------------------------|---|-------------------|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 |
| Meter Installations Metering Code - Data Provision | 413 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Metering Code - Data Management | 424 | Minor | Unlikely | Low | Strong | | | | | ✓ |
| Metering Code - Data Management | 425 | Minor | Probable | Low | Strong | | | | | ✓ |



Appendix 2 – Detailed Findings and Recommendations



Appendix 2.1 – Compliance Manual Obligations which Require Corrective Measures

| Obligation | Use of Metering Data |
|---|--|
| Compliance Rating | 3 |
| 2007 Compliance Manual Reference | Requirement |
| 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. |
| Customer Transfer Code 3.9 | (2) Despite clause 3.9(1), unless otherwise requested by the <i>contestable customer</i> a retailer may aggregate a <i>contestable customer’s historical consumption data</i> with other <i>contestable customers’ historical consumption data</i> , and may use the aggregated data for internal business development purposes. |
| Observations | Interviews with relevant personnel confirmed that historical consumption data is used for the purposes of internal business development. |
| | Internal business development is undertaken by another business unit. |
| | Based on our enquiries, to date a contestable customer has not requested for their historical consumption data not to be aggregated for the purposes internal business development. |
| | In these circumstances, a contestable customer may communicate to Synergy the request, the Business Managers/Account Managers would record the request against the customers account. |



The request of the contestable customer may not be communicated to the business unit responsible for internal business development.

Issue

Synergy does not have in place a methodology, procedure or process to communicate a contestable customer's request for their historical consumption data not to be aggregated for the purpose of internal business development.

Recommendation

Design and implement a relevant process and procedure to ensure a contestable customer's historical consumption data is not aggregated as per the contestable customer's request.

That Synergy implements an indicator flag which would alert the business unit that the contestable customer's data is not to be aggregated and used for the purposes of the internal business development.

Management Response

Although no licence breach has occurred, Synergy agrees with this recommendation.

Management Actions

Implement recommendations.

Implementation Date

By March 2009.



Obligation

Privacy

Compliance Rating 4

2007 Compliance Requirement

Manual Reference

170

A marketer and a marketing representative must comply with the National Privacy Principles.

Observations

Synergy has protocols for safeguarding and maintaining customer's privacy and confidentiality. Our interviews with the Customer Service Representatives (CSR) indicated a high level of practical understanding of the protocols to verify customer's identity prior to responding to customer's request.

Through testing, we noted on some occasions the CSR provided "general" information about the account to an unauthorised party and inappropriately accepted certain information requests (such as a request to send out life support application).

The type of "general information" Synergy prepares to divulge includes confirmation whether there is an outstanding amount on a customer account to a third party not named in the account to have authority to enquire.

We note a breach reported in March 2007, where a CSR confirmed an amount on a Reminder Notice with a third party (neighbour of a customer).

Issue

Information pertaining to the status of accounts should be confidential and not divulged to unauthorised third parties.

Recommendation

That Synergy strengthens its protocols for disclosing personal information and account details to third parties.

Management Response

The provision of generic product or service (Life Support) information to any person who request such information remains appropriate.

Synergy will review the provision of "general" information of the nature described.

Management Actions

Contact Centre and Credit Management procedures to be updated. Specific communications to be issued to all staff with direct customer contact, reinforcing the need to obtain the customer's consent prior to providing any information to a third party.

Implementation Date

End September 2008.



Obligation Billing Cycles

Compliance Rating 3

2007 Compliance Requirement Manual Reference

173 A retailer must issue a bill no more than once a month and at least once every three months unless the circumstances specified exist.

Code of Conduct 4.1 A *retailer* must issue a bill—
(a) no more than once a month, unless the *retailer* has—
(i) obtained a *customer's verifiable consent* to issue bills more frequently; or
(ii) given the *customer*—
A. a *reminder notice* in respect of three consecutive bills; and
B. notice as contemplated under clause 4.2; and
(b) no less than once every three months, unless the *retailer* has obtained a *customer's verifiable consent* to issue bills less frequently.

202 A retailer must use its best endeavours to inform the customer and repay or credit any amount overcharged as a result of an act or omission by a retailer or distributor, in the manner and period specified.

Observations

During the audit period, there were inadequate continuous controls to manage compliance with the requirement of the licence condition and Code of Conduct. Enquiries indicated the drivers for the problem originated with the network operator's MBS system failing to automatically raise a special request for their metering staff to visit the premise to obtain an actual reading and in other instances, not fulfilling their obligation under the model SLA to provide actual meter reads on meters that have been connected in the field but are not connected in CIS billing system.

It is acknowledged Synergy has been proactive to attempt to rectify the problem and remedy the breach. Initiatives include the formulation of the Retail Bridge Stabilisation Project taskforce in December 2007 to identify the source of the problem and ongoing workshops scheduled with Western Power to resolve emerging issues.

We have reviewed the current policies, procedures, protocols and systems as well as holding discussions with relevant personnel, we are satisfied the present controls – both system and manual based – are adequate to manage compliance with the requirement of the licence condition and Code of Conduct.

Issue As presented above.

Recommendation That Synergy continues to monitor and review the process to ensure compliance with requirement of the licence condition and



Code of Conduct.

That Synergy continues scheduling workshops with Western Power to resolve emerging issues to manage compliance requirement of the licence condition and Code of Conduct.

**Management
Response**

Significant organisational effort and resources have been expended in attempting to reach full compliance as notified to the ERA in our 2007/08 compliance report.

**Management
Actions**

New processes and systems will seek to ensure Synergy continues to maintain the current "not billed" position. The formal Western Power/Synergy Working Group will continue to look for opportunities to improve the level of compliance.

**Implementation
Date**

Ongoing. Evaluation of options to strengthen existing processes will be ongoing until the implementation of the new SAP system when it is expected that such issues will be addressed through greater automation and functionality. Currently the expected implementation of SAP is 1st July 2009.



Obligation Disconnections

Compliance Rating 2

2007 Compliance Manual Reference

240

In relation to dual fuel contracts, a retailer must not arrange for disconnection of the customer's supply address for failure to pay a bill within 15 business days from arranging for disconnection of the customer's gas supply.

Code of Conduct
7.3

If a *retailer* and a *customer* have entered into—

- (a) a *dual fuel contract*, or
- (b) separate *contracts* for the supply of electricity and the supply of gas, under which—

- (i) a single bill for energy is; or
- (ii) separate, simultaneous bills for electricity and gas are, issued to the *customer*, the *retailer* must not arrange for disconnection of the *customer's supply address* for failure to pay a bill within 15 *business days* from arranging for disconnection of the *customer's* gas supply.

Observations

Synergy does not have a written policy or a process in place to manage disconnections relating to the combination of a dual fuel contract. Our enquiries confirmed that, Synergy's has dual fuel use customers outside the Small Use Code.

Business divisions within Synergy were not fully conversant with this requirement.

Interviews were conducted with relevant personnel across the business and this licence condition had not been dealt with during the audit period.

Business units interviewed included Small Use Customers, Business Managers for electricity usage above 160 MWH and Credit Management.

Credit Management were familiar with this licence condition through the new Business Transformation project; however there is no process or procedures in place to manage this disconnection arrangement.

Issue

A potential disconnection may occur of a dual fuel customer's gas supply within the 15 business days for failure to pay a bill from the arrangement of disconnection.

Recommendation

That Synergy establishes and maintains within the credit management process the requirement not to disconnect a dual fuel customer within 15 days of a disconnection notice of the customers gas supply.

Management Response

Whilst there are dual fuel customers Synergy does not have dual fuel contracts. Currently the number of gas customers with electricity contracts is very low.



**Management
Actions**

An instruction has been placed into the Disconnection procedure stating: 'no dual-fuel customer is to have their meter disconnected within 15 days of each other.'

The process for SAP (new customer database) has been designed to automatically block a disconnection request for either gas or electric where the other meter has been disconnected for a period < 15 days.

**Implementation
Date**

Completed: September 2008. See DMS # 3087362.



Appendix 2.2 – Process and Business – Suggestions for Improvement

Obligation

Reasonable Costs

Compliance Rating 4

2007 Compliance Requirement Manual Reference

9

Customer Transfer Code

A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data.

(1) Unless otherwise agreed with the *network operator*, a retailer may electronically notify a *network operator* that it withdraws a request for historical consumption data submitted by it to the *network operator* at any time before the *network operator* provides the historical consumption data.

(2) The retailer must pay any reasonable costs incurred by the *network operator* for work performed in relation to the request for historical consumption data until the earlier of:

(a) the time the *network operator* receives and is reasonably able to act upon the notification under clause 3.6(1); and

(b) the end of the business day that the *network operator* receives the notification under clause 3.6(1).

Observations

Synergy has entered into a Service Level Agreement (SLA) with Western Power in relation to the provision of various metering services, such as meter installations, connection, provision of meter data, installation of communications infrastructure, meter testing, meter programming etc. The SLA outlines the terms of the service, performance standards and charges for the supply of the services.

Western Power invoices Synergy on a regular basis for the different types of services performed. Annexed to the Western Power invoice is a schedule detailing the type and quantum of services requested by Synergy during the period. A contract analyst then



peruses the invoice and annexure to advise the relevant Manager on payment.

Through our examination and enquiry, we are satisfied that there are appropriate policies, procedures and systems in place, to ensure the network operator is paid the reasonable costs incurred for work performed in relation to a withdrawn request for historical consumption data.

The issues identified herein are business improvement opportunities to enhance the controls in managing compliance with the requirement of the licence conditions and the Customer Transfer Code.

Issue

The descriptions of the service line in the Western Power annexure to the invoice do not appear to align with the schedule of rates (section 1.5) in the SLA. In this respect, it would be difficult to reconcile the costs charged by Western Power to the SLA and therefore determine their appropriateness. For instance, the SLA outlines two set of rates for the "Metro Area" and "Country Area" whereas an annexure rendered by Western Power contains three different rates, "Rural", "Town" and "Urban".

Some of the invoices we examined did not have evidence of a review or analysis performed (such as the details of the reviewer).

There does not appear to be a reporting mechanism in place to capture the withdrawn request for historical consumption data with the view of analysing the reasons or trends, to minimise the occurrence of unnecessary costs.

Recommendation

Essential to Synergy's ability to determine what reasonable cost has been incurred by Western Power, it is appropriate to request Western Power to render its invoice in terms of the service charge descriptions and rates outlined in the SLA.

That Synergy considers an analysis mechanism over the withdrawn request for historical consumption data with the view of identifying the reasons or trends, to minimise the occurrence of unnecessary costs.

That reconciliation of Western Power's invoice to the SLA be evidenced with the reviewer's initial and department or payroll number.

Management Response

Synergy agrees with the suggestion for improvement, however ownership of the affected process and surrounding responsibilities are currently in dispute as it's not clear who receives and reconciles these charges from the Market provider (or what supporting processes are available or required). Additionally, the responsibility for managing the supporting processes (eg. requests for consumption data) are still being addressed post re-structure and are affecting Customer Transactions, Customer Resolutions and other area's of the business.



**Management
Actions**

Synergy's Customer Transactions undertakes to review this issue in conjunction with other Network Transaction activities as part of the overall review of processes and procedures for this area. A recommendation of affected processes and remedial actions, including responsible parties related to this issue can then be made to address and rectify the problem going forward.

**Implementation
Date**

Implementation date to solve the issue will be subject to further investigations and review of the NW transactions area expected to be completed by December 2009.



Obligation

Use of Metering Data

Compliance Rating 4

2007 Compliance Requirement Manual Reference

19

A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.

Customer Transfer Code
3.9

(4) A retailer must keep a copy of a *verifiable consent* given to it by a *contestable customer* in relation to—
(a) a *request for historical consumption data* made by it in relation to the *contestable customer*; and
(b) a disclosure made by it to another party under clause 3.9(3) in relation to the *contestable customer*, for 2 years after the date the *verifiable consent* was given.

Observations

Interviews with Synergy personnel revealed that verifiable consent is recorded and maintained within the Synergy database. Verifiable consents are given a separate and unique reference number for identification and reference purposes.

The reason for the verifiable consent and the reference number is recorded within the contestable customer's account details.

Any dealings relating to historical consumption data or disclosure is also recorded in the data base against the contestable customer's account details.

Synergy has in place adequate data retention policy and process which govern data management.

Interview with IT reveals the data within the current databases are not archived and are presently available. Data is backed up on a daily basis off site to ensure records are kept to meet business and compliance requirements.

There are reviews undertaken by Area managers and compliance coordinators of the information retained against the contestable customer accounts in accordance with Synergy's dealings with the contestable customer to monitor both business and compliance requirements.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence condition and the Customer Transfer Code. There are effective systems and manual based controls to ensure the contestable customer is not billed past the transfer time and the customer transfer request date complies with the time period set out in the Customer Transfer Code.

The issues identified herein are business improvement



opportunities to enhance the controls in managing compliance with the requirement of the licence conditions and the Customer Transfer Code

Issue

1. Verifiable consent is provided to Synergy in a number of formats and structures.

2. Lack of awareness to identify who is able to provide verifiable consent in different legal operating structures. For example, holding company, subsidiary company, family trust with an individual trustee, family trust with a corporate trustee, all have a different matrix of personnel whom can provide authorisation. In the instance of a family trust with a natural person acting as Trustee, it is the Trustee that has authorisation. Where the Trustee is a corporate entity, it is the Office Holder (Director, Company Secretary) that has authorisation to delegate or execute a contract. In this respect, we noted in several instances a "decision maker" has been identified to have the ability to provide verifiable consent. Further enquiries indicated evidence that there are no further validation procedures to verify the authorisation capacity of the person providing the verifiable consent.

Recommendation

1. Synergy currently uses a uniform pro-forma template for its dealings with gas, the electricity retail business does not. A uniform pro-forma template should be utilised throughout the business to capture the verifiable consent, identifying clearly the purpose of obtaining the verifiable consent, customer details, premise details, metering details as an example.

2. Personnel who are required to obtain the verifiable consent from a contestable customer should be provided with training to identify who has the authority to provide the verifiable consent for a range of entity structures.

Management Response

Synergy agrees with the suggestion for improvement.

Management Actions

1. Create a uniform pro-forma to capture verifiable consent to obtain and use customer's historical consumption data for purposes of internal business development. Retail Sales to discuss with Customer and Brand Equity.

2. Review training and information requirements in accordance with recommendations.

Implementation Date

1. October 2008
2. November 2008



Obligation Marketing

Compliance Rating 4

2007 Compliance Requirement

Manual Reference

156

A marketer must not attempt to contact the customer for the purposes of marketing for 30 days after the customer indicates that the customer does not wish to proceed, unless the customer agrees otherwise.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

(2) If a *customer* indicates that the *customer* does not wish to proceed, then the *marketer* must not attempt to *contact* the *customer* for the purpose of *marketing* for the next 30 days, unless the *customer* agrees otherwise.

Observations

Synergy has in place a “do not contact” process and procedure.

Synergy has two data bases which record the “wishes” of the customer.

Synergy has in place a “wash” process which vets the “do not contact” list with the marketing program in an effort to ensure those who do not wish to be contacted are not.

Synergy does not perform the “wash” process against one of the two data bases.

Based on our interviews and enquiries, Synergy has not contacted a customer on the “do not contact” list during the audit period.

The issues identified herein are business improvement opportunities to enhance the controls in managing compliance with the requirement of the licence conditions and the Code of Conduct.

Issue

Synergy does not perform the “wash” process against both “do not contact” lists and therefore a customer who has indicated they do not want to be contacted for the purposes of marketing may be contacted within 30 days.

Recommendation

The “do not contact” lists are amalgamated to ensure the “wash” process is performed on the full “do not contact” in an effort to ensure those customers who have requested not to be contacted for the purposes of marketing, respectively are not contacted.

Management Response

Until Synergy moves to a consolidated system (Columbus) it is necessary to continue to operate with two separate systems: one



system for account managed customers (IBAN); and a second system for non-account managed customers. In the meantime the data brief document has been updated to state that the do not contact "wash" must be made against the relevant databases.

**Management
Actions**

Amend the data brief document (DMS#3148797) to capture all databases that need to be washed as part of the data extraction process.

**Implementation
Date**

Completed 1 September 2008.



Obligation Marketing Conduct

Compliance Rating 4

2007 Compliance Requirement Manual Reference

| | |
|----------------------|---|
| 158 | Where the customer requests not to be contacted for the purposes of marketing a marketer must use reasonable endeavors to ensure that a customer is not contacted on its behalf in relation to the supply of electricity for a period of two years. |
| 159 | A marketer must keep a record of each customer who has requested not to be contacted, that includes the specified information. |
| 161 | A marketer must provide the customer on request with written confirmation that the customer will not be contacted for the next two years. |
| Code of Conduct 2.13 | <p>(1) If a <i>customer</i> who has been <i>contacted</i> by a <i>marketing representative</i> for the purposes of <i>marketing</i> requests not to be <i>contacted</i> again on behalf of the <i>marketer</i>, the <i>marketer</i> must use reasonable endeavours to ensure that the <i>customer</i> is not <i>contacted</i> on behalf of the <i>marketer</i> in relation to the supply of electricity by the <i>retailer</i> for whom the <i>marketing</i> was carried out for the next 2 years.</p> <p>(2) A <i>marketer</i> must keep a record of each <i>customer</i> who has requested not to be <i>contacted</i> (as described in subclause (1)) that includes the name, address and telephone number of the <i>customer</i> at the time the <i>customer</i> made that request.</p> <p>(3) A <i>marketer</i> must give a copy of the record to the <i>electricity ombudsman</i> or the <i>Authority</i> on request.</p> <p>(4) A <i>marketer</i> must provide the <i>customer</i> on request with written confirmation that the <i>customer</i> will not be <i>contacted</i> by or on behalf of the <i>marketer</i> in relation to the supply of electricity by the <i>retailer</i> for whom the <i>marketing</i> was carried out for the next 2 years.</p> <p>(5) When engaging in <i>door to door marketing</i>, a <i>marketing representative</i> must, to the extent practicable, comply with a notice on or near a <i>premises</i> indicating that the <i>customer</i> does not wish to receive unsolicited mail or other <i>marketing</i> information.</p> |

Observations

Synergy has systems and processes to record customers who do not wish to be contacted. Synergy has processes and procedures which identify the methodology utilised to capture those who do not wish to be contacted (DNC) and the specified information relating to the reason why they do not wish to be contacted.



Interview conducted with Customer and Brand Equity Manager identified the “wash” process was undertaken to ensure those who appeared on the DNC list were not contacted for marketing purposes. The wash process entails a vetting of the DNC list during marketing campaign to ensure customers who have specifically requested not to be contacted do not receive marketing materials.

Further enquiry identified a DNC list is also maintained within IBAAN for middle to high end customers. This list does not participate with the wash marketing process.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure those customers who do not wish to be contacted is recorded and complies with the Code of Conduct clause 2.13 (2).

Issue

A separate DNC list is maintained within IBAAN for non-contestable customers that is not utilised during the “wash” marketing process. There is scope that non-contestable customers on the DNC may be contacted by Synergy.

Recommendation

That Synergy combines the DNC lists of small use customers and non-contestable customers.

That Synergy utilises the comprehensive list to “wash” customers who do not want to be contacted.

Management Response

Until Synergy moves to a consolidated system (Columbus) it is necessary to operate with two separate systems: one system for account managed customers (IBAAN); and a second system for non-account managed customers. The data brief document has been updated to state that the do not contact “wash” must be made against the relevant databases.

Management Actions

Amend the data brief document (DMS#3148797) to capture the all databases that need to be washed as part of the data extraction process.

Implementation Date

Completed 1 September 2008.



Obligation Billing Cycle

Compliance Rating 4

2007 Compliance Requirement Manual Reference

| | |
|---------------------|--|
| 174 | A retailer may only place a customer on a shortened billing cycle, without the customer's verifiable consent, in the circumstances specified. |
| 175 | A retailer must give the customer written notice of a decision to shorten the customer's billing cycle within 10 business days of making the decision. |
| 176 | A retailer must ensure that a shortened billing cycle is for a period of at least 10 business days. |
| 177 | A retailer must return a customer, who is subject to a shortened billing cycle and has paid three consecutive bills by the due date, on request, to the billing cycle that previously applied to the customer. |
| 178 | A retailer must inform a customer, who is subject to a shortened billing cycle, at least once every three months, of the conditions upon which a customer can be returned to its previous billing cycle. |
| Code of Conduct 4.2 | <p>[Note 1: This clause 4.2 may be varied in a non-standard contract.] [Note 2: Clause 4.1(a)(ii) allows a retailer to place a customer on a shortened billing cycle if the customer has been given a reminder notice for three consecutive bills. Clause 4.2 regulates a retailer's conduct when placing a customer on a shortened billing cycle under clause 4.1(a)(ii).]</p> <p>(1) For the purposes of clause 4.1(a)(ii)(B), a retailer has given a customer notice if the retailer has advised the customer, prior to placing the customer on a shortened billing cycle, that— (a) receipt of a third reminder notice may result in the customer being placed on a shortened billing cycle; (b) if the customer is a residential customer, assistance is available for residential customers experiencing payment difficulties or financial hardship; (c) the customer may obtain further information from the retailer on a specified telephone number; and (d) once on a shortened billing cycle, the customer must pay three consecutive bills by the due date to return to the customer's previous billing cycle.</p> <p>(2) Notwithstanding clause 4.1(a)(ii), a retailer must not place a residential customer on a shortened billing cycle without the customer's verifiable consent if— (a) the residential customer informs the retailer that the residential customer is experiencing payment difficulties or financial hardship;</p> |



and

(b) the assessment carried out by the retailer under clause 6.1 indicates to the retailer that the customer is experiencing payment difficulties or financial hardship.

[Note: In those circumstances, the retailer must follow the procedures set out in Part 6.]

(3) If, after giving notice as required under clause 4.1(a)(ii)(B), a **retailer** decides to shorten the **billing cycle** in respect of a **customer**, the **retailer** must give the **customer** written notice of that decision within 10 **business days** of making that decision.

(4) A shortened **billing cycle** must be at least 10 **business days**.

(5) A **retailer** must return a **customer**, who is subject to a shortened **billing cycle** and has paid three consecutive bills by the due date, on request, to the **billing cycle** that applied to the **customer** before the shortened **billing cycle** commenced.

(6) A **retailer** must inform a **customer**, who is subject to a shortened **billing cycle**, at least once every three months that, if the **customer** pays three consecutive bills by the due date of each bill, the **customer** will be returned, on request, to the **billing cycle** that applied to the **customer** before the shortened **billing cycle** commenced.

Observations

Synergy has a stated policy of not placing customers on shortened billing cycle. There are fortnightly meetings and training sessions with the Credit Management Officers to discuss credit management related issues.

Issue

There is a lack of timely reporting mechanism to confirm that no customers have been placed on shortened billing cycles. The current information system requires complex programming instruction to extract the specific information. Given the current organisation demand for Information Technology resources, the estimated time for production of such report is approximately 2 to 4 weeks.

In this respect, the monitoring control is inadequate to ensure timely identification of customers who may have been placed on shortened billing cycles. As highlighted in the following paragraph, it appears that Synergy does have a policy of placing customers who have a poor credit history on shortened billing cycles. Therefore, policies, procedures and systems are necessary to enable Synergy to effectively manage compliance with the operating licence requirements.

Audit note in the document, "Assessment of Customer's Financial Situation – Factors for Consideration", with the DMS#2122874v1, bankrupt customers (second time and more) are placed on 14-day billing cycle. Thus support from the reporting function (as discussed above) is essential to effectively monitor the



management of customers who have been placed on shortened billing cycles.

Recommendation

As part of the output compliance process and to strengthen the monitoring control, Synergy should consider a more timely reporting mechanism in relation to customers who may have been placed on shortened billing cycles.

That Synergy considers establishing procedures and systems to monitor and manage customers who may have been placed on shortened billing cycles.

Management Response

There is no process to place a customer on a shortened billing cycle. Reference to shortened billing cycle in credit management documents should have been removed when the manual process of billing customers for shorter periods discontinued in accordance with compliance manual reference 173.

Please also refer to DMS 3087374 regarding the work instruction which states no person is to be billed on a shortened billing cycle. Synergy confirms no customer is billed on a regular shortened billing cycle.

Management Actions

The statement referring to shortened billing cycles had been removed from the document.

Implementation Date

Action completed.

**Obligation** **Billing****Compliance Rating** **4****2007 Compliance Requirement****Manual Reference**

180

A retailer must include minimum prescribed information on the customer's bill, unless the customer agrees or as otherwise provided for in the COC.

Code of Conduct clause 4.4 Particulars on each bill
4.4(1)

Observations

Examination of customer's bill identified the bill comprised of majority of the minimum information as required by the Code.

The design of the bill was reviewed by both Synergy and the Authority.

The printing of the bill is an automated process and the information contained on the bill is reviewed for accuracy, currency and relevance.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place, to ensure that Synergy includes the prescribed information as required by the Code.

The issue identified herein is a business improvement opportunity to enhance the controls in managing compliance with the requirement of the licence conditions and the Code of Conduct.

Issue

The bill does not contain part (a) of the minimum prescribed information i.e. the date of estimation or normal reading is identified.

Recommendation

The date of the estimation or the reading is included on the customer's bill.

Management Response

The reading date is the end date of the billing period as stated on the bill. This also applies to estimated readings.

Current approach meets the needs of our customers with no enquiries recorded regarding need to verify the date of the estimation / reading – current approach therefore considered appropriate and no changes required

Management Actions

No action required.



Grant Thornton

Synergy Performance Audit Report

Implementation N/A
Date



Obligation **Basis of a Bill**

Compliance Rating **3**

2007 Compliance Requirement

Manual Reference

184

A retailer must use its best endeavors to ensure that metering reading data is obtained in accordance with clause 4.5 of the COC, as frequently as is required to prepare a bill and, at least once every twelve months.

Code of Conduct 4.6

A *retailer* must use its best endeavors to ensure that metering data is obtained in accordance with clause 4.5, as frequently as is required to prepare a bill and, in any event, at least once every twelve months.

Observations

An Unbilled Error Report (UER) is generated for analysis daily. Billing receives notification of instances where Western Power could not obtain reading or have not received customer's self read cards on 6 successive occasions. Synergy will then adopt actions to obtain the actual reading either through Western Power metering services or attempting to contact customers or both. Where contact attempt has failed to yield a meter reading, Synergy will estimate the 6th reading in CIS. Compliance is achieved through documentation of each process to demonstrate best endeavors have been made to obtain a meter read within 12 months.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls present to detect on a timely basis of accounts requiring a meter read at least once in every twelve months.

Issue

Although Synergy contacts Western Power to facilitate a meter reading as required under clause 4.6 of the Code, in some instances a meter reading cannot occur because a customer has prevented access to a meter.

Recommendation

Synergy should consider contacting the customer requesting meter access be provided.

Management Response

Synergy agrees to consider with the recommendation.

Management Actions

A process to be investigated and costed that ensures customer contact is made with a request for them to provide access. (Note the customer is in breach of their contract by not providing access.) However, our process is typically not to disconnect but



estimate the customer's bill.

**Implementation
Date**

Detailed evaluation of options to introduce a more robust process will commence in September 2009, an implementation timeframe for the approved solution will be determined following analysis and costing, but it is expected to be no later than 31 December 2008.



Obligation **Basis of a Bill**

Compliance Rating **4**

2007 Compliance Requirement

Manual Reference

188

A retailer must tell a customer, on request, the basis and reason for the estimation.

Code of Conduct clause
4.7

(4) A *retailer* must tell a *customer* on request the—
(a) basis for the estimation; and
(b) reason for the estimation.

Observations

Synergy has 5 basis of estimation where an actual reading cannot be obtained (for a variety of reasons).

The “Substitution Method 61: Previous Year Method” involves an estimation based on the average daily consumption from the same or similar reading period last year multiplied by number of days required to be substituted.

The “Substitution Method 62: Previous Meter Reading Method” involves an estimation based on average daily consumption from the previous meter reading period multiplied by the number of days required to be substituted or estimated.

The “Substitution Method 63: Customer Class Method” involves an estimation based on average daily consumption for the customer class with the same type of usage multiplied by the number of days required to be substituted or estimated. Customer classes are Residential, Non-residential, Farm and Public Lighting. Types of usage are peak and off-peak.

The “Substitution Method 64: Agreed Method” involves a globally applied method or a site-specific method.

The “Substitution Method 65: Estimation by average daily consumption” involves an estimation based on the average daily consumption multiplied by the number of days required to be estimated. This method is only used when all the other methods are not available.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and the Customer Transfer Code. There are effective systems and manual based controls to ensure that on request, customers are advised of the basis for estimation of their bill by Synergy.

Issue

Through our enquiry, we noted an incident recorded in 2007 where an incorrect estimation code had been advised on the customer’s



bill due to Western Power providing the incorrect code.

Recommendation

That Synergy implemented the appropriate data validation mechanism to ensure that only certain estimation code can be used for a class of customers, for example H34 is not to be used for 'self read' customer readings.

Management Response

We are reliant on Western Power providing Synergy with the correct validation codes. The Retail Bridge Stabilisation project developed a number of reports and mechanisms to monitor the quality of data received from the Market Provider and to minimise estimation exception errors. The project ended 30 June 2008 with monitoring of billing issues now incorporated in the Customer Transactions team. Currently there is no budget or resource available to develop additional mechanisms to provide for exceptional events (as has been described in this issue).

Management Actions

No action will be taken as the ongoing work of designing a more robust billing system in SAP is expected to minimise and automate meter reading exception as a result of market error in the future. The need for Western Power to provide Synergy with accurate validation codes has been brought to their attention.

Implementation Date

Current implementation date for SAP system is 1 July 2009.



Obligation Final Bill

Compliance Rating 4

2007 Compliance Requirement

Manual Reference

196

A retailer must use reasonable endeavors to arrange for a final bill if a customer requests the retailer to issue a final bill at the customer's supply address.

Code of Conduct clause 4.14(1)

(1) If a *customer* requests the *retailer* to issue a final bill at the *customer's supply address*, the *retailer* must use reasonable endeavours to arrange for that bill in accordance with the *customer's* request.

Observations

We identified an incident recorded in the incident register in 2007 where a small business customer requested a final bill and provided the Contact Centre with the final reading. On that occasion, the Contact Centre advised the customer the reading could not be accepted as only the distributor could read the meter. Due to Western Power not carrying out a meter reading, the new business owners moved into the premises and an actual reading was taken approximately three weeks later, the customer was provided with an estimated final bill.

The customer made a complaint with the Energy Ombudsman. Synergy manually calculated the bill based on historical consumption and provided compensation for the inconvenience.

Issue

The Small Use Code does not disallow the final bill to be based on a customer's reading. The Contract Centre was offered a meter reading as part of the process for final reading, the CSR did not record the information in CIS.

Recommendation

That the Code requirements be communicated to the CSRs as part of the training process.

That the CSRs record the information in the appropriate area in CIS where the customer offers a meter read.

Management Response

CSR's to record customer readings in the customer's conversation records in the Customer Information System (CIS).

Management Actions

Process change to be communicated in Contact Centre Bulletin. Update will be added to the Contact Centre Knowledge Base.

Implementation Date

End of September 2008 - complete.



Obligation Assessment of Financial Situation

Compliance Rating 4

2007 Compliance Requirement

Manual Reference

220

A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within three business days from when the residential customer informs a retailer that they are experiencing payment problems.

Code of Conduct 6.2

(1) If, for the purposes of clause 6.1, a *residential customer*—
(a) requests a temporary suspension of actions; and
(b) demonstrates to a retailer that the residential customer has made an appointment with a relevant consumer representative organisation to assess the residential customer's capacity to pay, the *retailer* must not unreasonably deny the *residential customer's* request.

Observations

Synergy has developed several policies and procedures surrounding the assessment of financial hardship. Typically, the assessment is performed instantly over the phone by the Customer Service Representative who intercepted the call. Phone calls are recorded as part of Synergy's quality assurance process to evaluate the performance of the customer service representatives.

Only "special situations or requests" are escalated to the Credit Management Group for further consideration. The escalation can be performed either through an email or a service order "SOII" which gets tracked in the system.

Issue

If the escalation is not conducted through SOII system, there is potential opportunity that the assessment may not be completed within the 3 day timeframe as required by the Code. In this respect, unless the escalation is performed through the work order system, SOII, there is no effective monitoring control to ensure compliance with the licence requirement and Code of Conduct.

Recommendation

That all escalations for assessment from the call centre to the Credit Management Group be performed through the SOII system.

Management Response

A customer's financial status is assessed by the Contact Centre over the phone. Where a customer falls outside of the guidelines, the call is transferred through to Credit Management, if Credit Management is unavailable the Customer Service Representative will then do a SOII. Emails are sent by the Contact Centre to Credit management for general communication. SOII, and not emails, are used for the purposes of referring an account to Credit Management for customer assessment of payment difficulties or financial hardship. Current process is effective.



**Management
Actions**

Issue bulletin to responsible staff to clearly communicate that emails are not to be used for referring customer accounts to Credit Management for assessment of payment difficulties or financial hardship.

**Implementation
Date**

October 2008 – complete.



Obligation **Business Customers Experiencing Payment Difficulties**

Compliance Rating **4**

2007 Compliance Requirement Manual Reference

237

A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.

Code of Conduct 6.11

A *retailer* must consider any reasonable request for alternative payment arrangements from a *business customer* who is experiencing *payment difficulties*.

Observations

At present Synergy utilised the same framework for residential customers to assess business customers who are experiencing payment difficulties.

Issue

Currently, there is no separate framework to assess business customers. Non-residential/business customers have a different dimension to their financial circumstances with a diversity of complex indicators requiring separate financial assessment guidelines. Thus, it is not appropriate to adopt the same approach for business customers as residential customers.

It is also important to ensure the request for alternative payment arrangements is bona fide and to safeguard against the potential loss of revenue, Synergy should develop policies addressing business customers through appropriate assessment guidelines.

Recommendation

That a policy framework be established in connection with assessing business customers who is experiencing payment difficulties.

Management Response

The policy framework for business customers experiencing payment difficulties is a combined policy for both residential and business customers. Within that framework, timeframes for extending the due date for payment have been determined and are extended to business customers experiencing financial difficulties. Additionally, within that framework, there is a need to address the complexities associated with business customers facing financial difficulties when a receiver or administrator is appointed. In such cases a more commercial decision process is applied compared to that used for residential customers.

Management Actions

None is required.



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Implementation N/A
Date



Obligation **Disconnection for Failure to Pay Bill**

Compliance Rating **4**

2007 Compliance Requirement

Manual Reference

238

A retailer must give the customer a reminder notice, use its best endeavors to contact the customer and give the customer a disconnection warning, in the manner and timeframes specified, prior to arranging for disconnection of a customer's supply address for failure to pay a bill.

Code of Conduct 7.1

(1) Prior to arranging for disconnection of the *customer's supply address* for failure to pay a bill, a *retailer* must—

- (a) give the *customer* a *reminder notice*, not less than 13 *business days* from the date of dispatch of the bill, including—
 - (i) the *retailer's* telephone number for billing and payment enquiries; and
 - (ii) advice on how the *retailer* may assist in the event the *customer* is experiencing *payment difficulties* or *financial hardship*,
- (b) use its best endeavours to *contact* the *customer*,
- (c) give the *customer* a *disconnection warning*, not less than 18 *business days* from the date of dispatch of the bill, advising the *customer*—
 - (i) that the *retailer* may disconnect the *customer* on a day no sooner than 5 *business days* after the *date of receipt* of the *disconnection warning*, and
 - (ii) of the existence and operation of complaint handling processes including the existence and operation of the *electricity ombudsman*.

[Therefore, a customer cannot be disconnected for at least 24 business days from the date of dispatch of a bill. This period may be extended if the retailer determines, in accordance with Part 6, that a customer is experiencing payment difficulties or financial hardship.]

(2) For the purposes of sub clause (1), a *customer* has failed to pay a *retailer's* bill if the *customer* has not—

- (a) paid the *retailer's* bill by the due date;
- (b) agreed with the *retailer* to an offer of an installment plan or other payment arrangement to pay the *retailer's* bill; or
- (c) adhered to the *customer's* obligations to make payments in accordance with an agreed installment plan or other payment arrangement relating to the payment of the *retailer's* bill.

239

A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances specified.



Code of Conduct 7.2

(1) Notwithstanding clause 7.1, a **retailer** must not arrange for the disconnection of a **customer's supply address** for failure to pay a bill—

(a) within 1 **business day** after the expiry of the period referred to in the **disconnection warning**;

[Note: This paragraph aims to prevent disconnection where a customer has paid the bill before the expiry of the period referred to in the disconnection warning, but the retailer has not received the payment in time for administrative reasons.]

(b) if the **retailer** has made the **residential customer** an offer in accordance with clause 6.4(1) and the **residential customer** has—

(i) accepted the offer before the expiry of the period specified by the **retailer** in the **disconnection warning**; and

(ii) has used reasonable endeavors to settle the debt before the expiry of the time frame specified by the **retailer** in the **disconnection warning**;

(c) if the amount outstanding is less than an amount approved and published by the **Authority** in accordance with subclause (2) and the **customer** has agreed with the **retailer** to repay the amount outstanding;

(d) if the **customer** has made an application for a **concession** and a decision on the application has not yet been made;

(e) if the **customer** has failed to pay an amount which does not relate to the supply of electricity;

or

(f) if the **supply address** does not relate to the bill (unless the **customer** has failed to make payments relating to an outstanding debt for a **supply address** previously occupied by the **customer**).

[Note: If a customer has several accounts (for example, a residential and a business account) and fails to pay one account, a retailer may not disconnect a customer's residential supply address which relates to another account. There is, however, one exception. If the customer has an outstanding debt relating to a **previous** supply address, the retailer may disconnect the customer's **current** supply address if the customer fails to repay the outstanding debt.]

(2) For the purposes of sub clause (1)(c), the **Authority** may approve and publish, in relation to failure to pay a bill, an amount outstanding below which a **retailer** must not arrange for the disconnection of a **customer's supply address**.

Observations

Disconnection procedures involved the issuance of several warning letters and physical delivery of a disconnection warning card to the supply address by a field officer. The Collections notices/actions are programmed into Synergy's Customer Information System (CIS) database. Testings did not reveal any exception or instances of non-compliance with the licence conditions.

Audit enquiry revealed a breach in respect of licence condition 238 in April-December 2006 as reported to the Authority. Full compliance with licence obligation was achieved in January 2007. The breach was in relation to customers receiving disconnection



warning that did not include reference to the Energy Ombudsman's contact details. Rectification of the breach involved immediate suspension of physical disconnection activities and cessation of issuance of disconnection warning letters. Correspondences issued to customers in relation to disconnection warning are periodically reviewed for compliance with the Small Use Code.

Except for the matters highlighted in respect to licence condition 238 for the period April-December 2006, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence conditions and Code of Conduct.

Issue

As presented above.

Recommendation

That Synergy continues to review correspondences issued to customers in the payment arrears process, particularly disconnection warning letters, for compliance with the Small Use Code.

Management Response

All collection letters were further reviewed by Synergy and the ERA in October 2007. The ERA requested minor modifications to some customer notices which were either clarified or implemented. All prescribed disconnection notices and warnings are considered to be Code compliant. Any changes to collection letters are required to be reviewed by Legal Regulatory and Audit prior to any changes occurring.

Management Actions

A further review will be performed on all of Synergy's collections letters prior to the launch of the new customer database (SAP) in Q3 2009.

Implementation Date

September 2009.



Obligation Limitations on Disconnection

Compliance Rating 3

2007 Compliance Requirement

Manual Reference

243 A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified.

Code of Conduct 7.6 Except if disconnection—
(a) was requested by the *customer*, or
(b) occurred for *emergency* reasons, a *retailer* or a *distributor* must not arrange for disconnection or disconnect a *customer's supply address*—
(i) where the *customer* has made a *complaint*, directly related to the reason for the proposed disconnection, to the *retailer*, *distributor*, *electricity ombudsman* or another external dispute resolution body and the *complaint* remains unresolved;
(ii) after 3.00 pm Monday to Thursday;
(iii) after 12.00 noon on a Friday; and
(iv) on a Saturday, Sunday, public holiday or on the *business day* before a public holiday, except in the case of a planned *interruption*.

Observations

Synergy's Standard Electricity Terms and Conditions pertaining to disconnection are consistent with Clause 7.6 of the Code of Conduct. In addition, it is the organisation business practice not to perform disconnection on a Friday (the Code permits disconnection up to 12:00 noon).

Disconnection involves a field officer attending the customer's supply address and physically removing the fuse to disconnect the property.

An interview conducted with the Manager of Credit Management confirms the standing policy of no disconnection after 15:00 on Monday to Thursday with no disconnection on a Friday. As a measure of good business practice to ensure compliance with the requirements of the Code, disconnections will normally transpire "well in advance" of 15:00.

Testing revealed several instances of disconnection occurring after 15:00. Further enquiries indicated disconnection of these properties had been performed on the basis of the field officer's assessment of the status of use of the property. In this regard, disconnection will only occur if the field officer determines the property is vacant based on his "experience" and limited observations during the site visit.

Issue

In consideration of the parameters for disconnection in Clause 7.6 of the Code of Conduct, Audit is of the opinion Synergy's approach in this regard is unsafe to ensure effective compliance



with the requirements therein.

There may be scope for subjectivity in the field officer's assessment of the status of the property based on observation during the site visit. Notwithstanding this, the requirements of the Code in so far as the timeframe when disconnection may occur are concise.

There does not appear to be any contemplation in the Code for disconnection to take place after the defined time based on any consideration of property utilisation.

Recommendation

That Synergy refrains from disconnection activities after 15:00 and adopts the timeframe for disconnection of supply address as prescribed in the Code of Conduct and its own Standard Terms and Conditions.

That Synergy introduces additional monitoring controls to ensure that disconnection activities do not occur after the prescribed timeframe.

Management Response

The disconnections referred to above were for non-application. Non-application relates to a situation of unauthorised electricity use whereby a customer has not established an account (i.e. unauthorised use of electricity is occurring). If following a final reading (i.e. by a prior occupant), electricity continues to be consumed a letter is sent to the current occupier of the premise requesting contact with Synergy to open an account (enter into a contract) and that if no contact is made the supply will be disconnected. When there is no response to this letter and no contract is entered into, disconnection is arranged. This is deemed to be disconnection for unauthorised use of electricity. No premises are disconnected after 1500hrs for non-payment.

Management Actions

Field Credit officers will be instructed to not complete a de-energisation for non-application situations after 1500hrs.

Implementation Date

September 2008 - complete



Obligation Limitations on Disconnection

Compliance Rating 4

2007 Compliance Requirement Manual Reference

244

A retailer must undertake the actions specified in circumstances where the customer provides the retailer with confirmation that a person residing at the customer's supply address requires life support equipment.

Code of Conduct 7.7

- (1) If a *customer* provides a *retailer* with confirmation from an appropriately qualified medical practitioner that a person residing at the *customer's supply address* requires *life support equipment*, the *retailer* must—
- (a) register the *customer's supply address* as a *life support equipment* address;
 - (b) give the *customer's distributor* relevant information about the *customer's supply address* for the purpose of updating the *distributor's* records and registers; and
 - (c) not arrange for disconnection of that *customer's supply address* for failure to pay a bill while the person continues to reside at that address and require the use of *life support equipment*.

Observations

We have reviewed Synergy's life support policy and processes in the different areas of operation: contact centre, customer service centre, customer resolutions and credit management. Synergy has clearly defined guidelines and procedures governing the different business operations pertaining to customers depending on life support equipment.

One of the primary system based controls that prevents life support customers from disconnection is the "LS" indicator flag in Synergy's Customer Support Information (CIS) database. To prevent wrongful disconnection or disconnection for credit management reasons, the "LS" indicator flag ensures that customers who are dependent on life support equipment are not subject to disconnection. Activation of the "LS" indicator flag and sustaining the indicator flag in the customer's account are essential to ensure that customers who are dependent on life support equipment are not disconnected for any reason and that they are prioritised to be advised of any planned outage within the specified timeframe.

Audit testings did not reveal any instance of exception, in particular disconnection of customers on life support.

The matters raised in the "Issue" section are business improvement opportunities with the view of enhancing and strengthening the internal controls over the life support process.



Issue

Analysis of Synergy's processes for customers who are dependent on life support revealed some elements of deficiency which require modification to further improve the internal controls within the system. Whilst efforts have been directed at procedures identifying customers who require life support equipment and activation of the "LS" indicator flag where appropriate, there appears to be inadequate validation mechanism to ensure the "LS" indicator flag is not removed. In this regard, we have identified the following issues.

Firstly, the removal of the "LS" indicator flag on an account can be actioned unilaterally by Synergy personnel without secondary authorisation for verification purposes. As discussed in details below, there are no validation procedures or approval from management level (or at least supervisory level) to authorise the removal of the "LS" indicator flag on an account.

Secondly, the account of a customer on life support system can be "forced" to finalise and thus closure through the request of a (unauthorised/unrelated) third party if that party requests a new account to be established at the supply address. There are no further validation protocols to verify that the life support equipment is no longer required at the supply address. At present Synergy relies on customers to act in "good faith" advising on the requirement of the life support equipment at the supply address. The primary issue in this regard is the ability for an unauthorised third party to cause a life support customer's account into "forced" finalisation. It is acknowledged that Synergy cannot refuse customers electricity and in this context establishing a new account (therefore finalising the existing account at the supply address).

However, given the potentially far reaching consequence of disconnection to a customer on a life support system, it would be appropriate to have validation protocols which verify that life support system equipment is no longer required at the supply address prior to establishing the new account.

Recommendation

That Synergy considers the requirement to have a secondary authorisation (such as pending items in "PWQ" for managerial approval) prior to removing the "LS" indicator flag from a life support customer's account.

That Synergy considers validation protocols to ensure that life support equipment is no longer required at the supply address prior to establishing a new account. In this respect, a field officer can visit the supply address to establish the facts or alternatively request the new account holder completing a statutory declaration confirming that life support equipment is no longer presence at the supply address.

Management Response

Due the limitation in the current customer mainframe there are issues with making these change types. To guard against potential risk, requirements for a second authorisation to remove a life support flag to meet the recommendations have been provided to



the business transformation team for inclusion in the new system that is being developed.

**Management
Actions**

Investigate the current process for removal of life support from customer address, by limiting access to this function and issuing an instruction that life support flags are not to be removed without managerial approval.

Investigate options in current process related to customers moving out of a premise and not advising Synergy resulting in the account being finalised by Synergy when a new occupant moves in.

**Implementation
Date**

Issue instruction and review current processes end September 2008. Action complete.
Consider business transformation solution March 2009.



Obligation

Meter Installations

Compliance Rating 4

2007 Compliance Requirement Manual Reference

357

A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level agreement between it and the user.

Metering Code 3.5

(6) A *network operator* may only impose a *charge* for providing, installing, operating or *maintaining a metering installation* in accordance with the applicable *service level agreement* between it and the *user*.

Observations

Synergy has entered into a Service Level Agreement (SLA) with Western Power in relation to the provision of various metering services, such as meter installations, connection, disconnection, meter investigation/testing etc. The SLA outlines the terms of the service, performance standards and the charges for the supply of services.

Western Power invoices Synergy on a regular basis for the different types of services performed. Annexed to the Western Power invoice is a schedule detailing the type and quantum of services requested by Synergy. A contract analyst then peruses the invoice and annexure to advise the relevant Manager on payment.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place, to ensure the network operator only impose a charge for providing, installing in accordance with the applicable service level agreement.

Issue

The descriptions of the service line in the Western Power annexure to the invoice do not appear to align with the schedule of rates in the SLA. In this respect, it would be difficult to reconcile the costs charged by Western Power to the SLA and therefore determine their appropriateness. For instance, the SLA outlines two set of rates for the "Metro Area" and "Country Area" whereas an annexure rendered by Western Power that we examined contains three different rates, "Rural", "Town" and "Urban".

Recommendation

Essential to Synergy's ability to determine what reasonable cost has been incurred by Western Power, it is appropriate to request Western Power to render its invoice in terms of the service charge descriptions and rates outlined in the SLA.

That reconciliation of Western Power's invoice to the SLA be evidenced with the reviewer's initial and department or payroll number.



Management Response

The suggestion for change is accepted and Synergy will make the request to WP to provide greater clarity with service charge invoices to enable reconciliation.

Management Actions

Raise with the Synergy contractor consultant working on the current SLA to make the request to WP that all service charge invoices related to the SLA only be raised with direct reference to the same language and reference points within the SLA agreement. The approved budget holder will authorise WP invoices only in accordance with transparency of SLA information being available on the invoice.

Implementation Date

The implementation date will be dependant on the finalisation of the current SLA agreement with WP. This is expected to be completed by the end of November 2008.



Obligation

Charges for Provision of Data

Compliance Rating 4

**2007 Compliance Requirement
Manual Reference**

413

A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment.

Metering Code 5.5

(3) A *user* must not impose any *charge* for the provision of the *data* under this *Code* unless it is permitted to do so under another enactment.

Observations

Our enquiry revealed Synergy personnel have an operational awareness in respect of the requirement of the Code, however, there is no written policy mapping the interaction of this clause (in the Metering Code) with other enactments such as the Code of Conduct and the Customer Transfer Code.

Issue

As highlighted above.

Recommendation

That Synergy develops a policy in respect of the requirement of Clause 5.5(3) of the Metering Code, mapping the interaction of this clause with other enactments such as the Code of Conduct and the Customer Transfer Code where applicable to identify the circumstances that Synergy may charge for the provision of the data.

**Management
Response**

The suggestion for improvement is accepted

**Management
Actions**

Resource has been allocated to the Customer Transactions team to review current processes and procedures in relation to code requirements. The outcomes from this work will include high level process mapping and links to relative codes and requirements. This will provide all staff with the opportunity to review requirements and will reinforce operational requirements on an ongoing basis.

**Implementation
Date**

The scope of the review work is likely to take between 6 and 12 months and will be dependant on recommendations made simultaneously in relation to the SAP system. It is expected that this work will be completed by 1 July 2009.



Appendix 2.3 – Detailed Findings – No Action Required

Obligation

Use of Metering Data

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

16

A retailer may only use data relating to a contestable customer to provide a contestable customer with a quotation for the supply of electricity by the retailer to the contestable customer or to initiate a transfer in relation to the contestable customer.

Customer Transfer Code 3.9

- (1) A retailer may use data relating to a contestable customer only for either or both of the following purposes—
 - (a) providing the contestable customer with a quotation for the supply of electricity by the retailer to the contestable customer, and
 - (b) initiating a transfer in relation to the contestable customer.

Observations

The procedures and processes surrounding the use of data relating to a contestable customer are described within Synergy’s “Pricing Process” for customers and subsequent processes.

Data requests are subject to reviews from business units external to the requesting body, identifying the basis of the request.

Analysts only provide contestable customer’s historical consumption details for the purpose identified.

Historical consumption data is not provided without the verifiable consent of the contestable customer.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence



condition and the Customer Transfer Code. There are effective systems and manual based controls to ensure the contestable customers historical consumption data complies purposes described with the Customer Transfer Code.

Issue

None is identified.



Obligation

Use of Metering Data

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

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.

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 if—
(a) the disclosure is made—
(i) to a employee, officer, agent, contractor, consultant or technical advisor of the retailer who agrees to be bound by the undertakings under this clause 3.8(3); and
(ii) for a purpose permitted by this clause 3.8(3); or
(b) the disclosure is required or allowed under an enactment, or a court or tribunal constituted under an enactment which has jurisdiction over the retailer; or
(c) the data has entered the public domain other than by breach of this clause 3.8(3).

Observations

Interviews with relevant personnel revealed adequate processes and procedures in place to requests for a contestable customer's data.

Business units / Analysts will not provide contestable data without sighting the verifiable consent of the contestable customer. In the circumstances where an Energy Consultant requests historical consumption data, information will not be supplied without the consultant verifying that they have current authority to act and the authorised consent for the data to be disclosed.

Where the requests is made by an employee of Synergy, the request must have the verifiable consent and that verifiable consent is to be sighted for relevance pertaining to request prior to disclosure of consumption data.

Mechanism's have been put into place to identify the proposed use of the historical consumption data and there is a current / relevant verifiable consent attached.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Customer Transfer Code. There are effective systems and manual based controls to ensure the contestable customer data is not disclosed to other persons unless the conditions comply with the requirements set out in the Customer Transfer Code.



Issue

None is identified.



Obligation Customer Transfer Request

Compliance Rating 5

2007 Compliance Requirement Manual Reference

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.

Electricity Industry
Customer Transfer Code
clause 4.7

Unless the *CTR* is to reverse an *erroneous transfer*, an *incoming retailer* must nominate a *transfer date* ("**nominated transfer date**"), which must be—
(a) if the *exit point* is in a *metropolitan area*—at least 3 *business days* after the date the *CTR* is submitted; and
(b) if the *exit point* is not in a *metropolitan area*—at least 5 *business days* after the date the *CTR* is submitted; and
(c) in either case—no more than 50 *business days* after the date the *CTR* is submitted.

Observations

Synergy has systems and processes in place to record the nominated transfer date in the specified timeframes.

Interviews with Synergy personnel demonstrated a thorough understanding of this requirement and the processes surrounding this licence condition are in place and reviewed.

The IT has established a process to capture and communicate the customer transfer request to the appropriate areas of responsibility. Review of the requirement is performed at both the business level, IT.

Through enquiry and examination, we are satisfied that Synergy has policies, procedures, systems and protocols to effectively record a nominated transfer date in accordance with the specified time frames.

Issue

None is identified.



Obligation

Customer Transfer Request

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

34

A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.

Observation

The procedures for customer transfer are prescribed in Synergy's Network Process and Procedure. Review of the process and procedure is conducted on regular basis to monitor regulatory change and where required the document is updated accordingly.

The IT system has adequate systems and processes in place to govern the protocol relating to communication of customer transfer request. The automated processes execute commands upon all relevant data having been provided. The automated process is reviewed by appropriately skilled personnel to ensure validity of data and the execution of the script/command. The data is communicated within the communication protocols.

In addition to the system based controls, Synergy maintained a manual spreadsheet which monitors the date of request and nominated transfer date.

Our testing did not reveal any instances of exception or non-compliance with the requirement of the Customer Transfer Code.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence condition and the Customer Transfer Code. There are effective systems and manual based controls to ensure the nominated transfer date and the customer transfer request date complies with the time period set out in the Customer Transfer Code.

Issue

None is identified.



Obligation Transfer Request

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

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.

Electricity Industry
Customer Transfer Code
clause 4.11

(3) If the *contestable customer's meter* is not read on the *nominated transfer date* then—
(a) the *network operator* and the *incoming retailer* must work together to set a new *nominated transfer date* which (unless, subject to clause 4.7(c), the *incoming retailer* requests a later day) must be as close as practicable to the original *nominated transfer date*; and
(b) the *network operator* must within 1 *business day* after the *nominated transfer date* electronically notify the *current retailer*—
(i) that the *meter* was not read on the *nominated transfer date*; and
(ii) of the new *nominated transfer date* agreed between the *network operator* and *incoming retailer* under clause 4.11(3)(a); and
(c) this clause 4.11 applies afresh in respect of the new *nominated transfer date* agreed between the *network operator* and *incoming retailer* under clause 4.11(3)(a).

Observations

IT provides the infrastructure to communicate the requirements for meter reads and customer transfer requests to Western Power.

The IT software and hardware is currently leased from Western Power.

The automated batch reports run twice daily which is communicated to the network operator. Electronic information transfer is performed through the nominated formats within the agreed communication policy.

Transfer processes engage both the network operator and Synergy to ensure dialogue is maintained where a nominated transfer date is acceptable by parties involved with the transfer request.

IT maintains and performs system health checks to ensure the CIS system availability from the Synergy end.

IT department roles and responsibilities are defined and the skills and training of employees are said to match the current requirements.

IT has recovery procedures and processes in place to mitigate circumstances where a data connection may fail.

Through our enquiry and examination, we are satisfied that



Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Customer Transfer Code. There are effective systems and manual based controls to ensure the nominated transfer date protocols are adhered to.

Issue

None is identified.



Obligation

Billing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

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.

Electricity Industry
Customer Transfer Code
clause 4.17

Except in the case of an *erroneous transfer*, a *previous retailer* must not bill a *contestable customer* for *charges* incurred after the *transfer time*.

Observations

Based on our discussions with Synergy personnel it was identified that IT maintain the CIS system.

CIS communicates through the Retail Bridge to the network operator.

Retail Bridge Stabilisation (RBS) activities are performed as mandatory requirements.

RBS activities are performed frequently dependent upon the priority of the RBS exercise.

Skilled staff is identified for each respective processes.

Interviews with Synergy personnel revealed the automation of the billing process and transfer protocols. A high level of awareness of this requirement was demonstrated. Mechanisms have been put into place within the Billing software to identify a transfer request had been initiated and an execution script has been designed to ensure finalisation of accounts where transfer requests had been communicated.

IT has an automated process in place to capture the transfer date and trigger close off billing details.

In addition to the IT automated process, a review is conducted by the account managers to monitor the compliance with the transfer request.

Based on our analysis IT system has adequate processes in place to govern the protocol relating to communication of customer transfer request. The IT automated processes execute commands upon all relevant data having been provided. The automated process is reviewed by appropriately skilled personnel to ensure validity of data and the execution of the script/command. The data is communicated within the communication protocols.

Through our enquiry and examination, we are satisfied that



Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition to ensure that a contestable customer is not billed for charges post transfer time. There are effective systems and manual based controls to ensure the contestable customer is not billed past the transfer time and the customer transfer request date complies with the time period set out in the Customer Transfer Code.

Issue

None is identified.



Obligation Customer Transfer Request

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

48

A network operator and a retailer must comply with approved communication rules.

Customer Transfer Code 5.1

(4) If the *Authority* has approved *communication rules* under clause 5.1(1), *retailers* and *network operators* must comply with the *communication rules* in the communication of information, data or both information and data required under this *Code*.

Observations

We have obtained evidence of approval for the communication protocols between Synergy and Western Power from the Authority. The approved communications rules are outlined in Synergy's Network Process and Procedure manual.

Synergy communicates with the network provider and the Authority through the formats identified within the communication rules.

Synergy utilises the established portal to provide data exchange with the network provider.

The communication protocols are used and validated through the build pack as required.

Synergy as a business exchanges data from its CIS to the network provider currently without issue.

Interviews conducted with Synergy personnel revealed a high level of awareness of the requirements of the communication rules. Staff are appropriately trained to utilise the correct communication methodology. Protocols are defined at different levels of the organisation on how to interface with the network operator under various circumstances and performing requests.

The process is adequately supported through the IT department, which has implemented the necessary software and hardware infrastructure to manage compliance with the requirement of the licence condition and the Customer Transfer Code.

Issue

None is identified.

**Obligation** **Communication Systems & Process****Compliance Rating** **4****2007 Compliance Requirement****Manual Reference**

69

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.

Customer Transfer Code
Annexure 6 Clause A6.2

Each *network operator* and *retailer* must—
(b) 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.

Observations

Synergy's Energy Sales Mailbox communicates with the Western Power through the Network ROCC Mailbox. An automated response is required by the Energy Sales Mailbox to satisfy the requirement of the Code.

It was identified that Synergy did not have an automated response message process in place. The key issue is the requirement for the automated response to be generated upon receipt of the electronic mail by the nominated electronic mail address and not upon the receiver opening the electronic mail and a "read receipt" having been generated as an outcome.

It was identified that the IT infrastructure and functionality is owned by Western Power and the script request had not been made subsequently, the issue was not addressed during the relevant audit period.

Issue

The response needs to be generated when the email reaches the mailbox rather than when it is opened by a user. Synergy's Energy Sales Mailbox should not reply to the auto responses.

It is acknowledged the breach has been remedied and the current system is in compliance with the requirement of the Customer Transfer Code.

Recommendation

N/A



Obligation

Products

Compliance Rating 5

2007 Compliance Requirement Manual Reference

78

The electricity corporation must offer to purchase renewable source electricity, under an approved contract, from an eligible customer who wishes to sell such electricity to the corporation.

Observations

Interviews with relevant Synergy identified a renewable energy buy back scheme was in place.

Synergy offers to purchase renewable energy from parties wishing to sell to Synergy renewable energy and the equipment which provides energy to the network grid has been approved by the network provider.

Synergy renewable energy buy back scheme can be located on the Synergy website, including the rebate values.

Synergy has in place several customers who participate with the renewable energy buy back scheme.

Examination of contracts for the purchase of renewable energy was performed. Contracts contained conditions of energy purchase and equipment approvals from the network operator.

Renewable energy buy back contracts are reviewed by the relevant business manager.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Act. There are effective systems and manual based controls to ensure renewable energy is purchased and the purchase complies with the Act.

Issue

None is identified.



Obligation **Electricity Industry Act**

Compliance Rating **5**

Licence Condition **Requirement**

93 If a designation under section 71(1) of the Electricity Industry Act is in force a licensee must perform the functions of a supplier of last resort plan if it comes into operation under section 70 of the Electricity Industry Act.

Observations Interviews with relevant personnel confirmed that this designation by the Authority under section 71(1) has not been made.

Synergy has in place an implementation action plan to enable Synergy to perform the functions as defined within the Act.

The designation provides the selected licensee a period of three months for preparation to perform the nominated function.

Synergy has demonstrated a proactive approach in managing this licence condition.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Act. Synergy has in place an implementation plan to prepare for the function as identified with the Act.

Issue None is identified.



Obligation **Electricity Industry Act**

Compliance Rating **5**

2007 Compliance Requirement
Manual Reference

94

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 Ombudsman under the approved scheme.

Observations

Synergy is a member of an approved scheme which is bound by and compliant with any decision or direction of the Ombudsman under the approved scheme.

An approved scheme is as deemed by the Minister of Energy

Interviews with relevant personnel confirmed that Synergy has a member on the board of the approved scheme.

Interviewees stated that Synergy has a letter of membership of the approved scheme. Synergy's Constitution is said to reflect the membership of an approved scheme.

Through examination and enquiry, we are satisfied Synergy is a member of an approved scheme and is bound by and compliant with any decision or direction of the Ombudsman under the approved scheme.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

98

The licensee must report a breach of the applicable code conditions by an electricity marketing agent to the Authority within the prescribed timeframe.

Retail Licence condition 6.2

The licensee must report the marketing breach within 3 business days of the breach.

Observations

Interview with relevant personnel identified strong compliance structures to ensure applicable Code conditions throughout the Synergy business.

It was established that Synergy does not currently engage external marketers and therefore the obligations to report breaches are monitored by internal compliance coordinators and Synergy personnel.

Synergy trains marketing representatives in relevant Code requirements to ensure its understanding and obligation requirements.

Synergy has in place a structured reporting process to enable breaches are reported to the Authority within the prescribed timeframes.

Synergy has in place a contractual clause identifying the compliance requirements in the instance that an external marketing agent may be engaged to market on behalf of Synergy.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls are present to ensure breaches are reported by an electricity marketing agent to the Authority within the prescribed timeframe.

Issue

None is identified.



Obligation **Products**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

101

A licensee may only amend the standard form contract with the Authority's approval.

Observations

Interviews with relevant Synergy personnel reveals that the amendment of the standard form contract process involves a number of business units.

If an amendment is required with the standard form contract, advice is obtained from legal, regulatory and audit business unit prior to the request being communicated to the Authority.

Business experience has demonstrated that the amendments have been initiated by the Authority.

Amendments of the standard form contract will not take place without Synergy sign off and, prior to this occurring, Authority approval must be obtained.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and Retail Licence Condition. There are effective systems and manual based controls to ensure Authority approved amendment are those elements which are stipulated within the standard form contract.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement Manual Reference

| | |
|------------------------|--|
| 113 | A marketer must ensure that its marketing representatives comply with Part 2 of the COC. |
| 114 | A marketer must ensure that each marketing representative acting on its behalf undertakes appropriate training and testing so that each marketing representative understands Part 2 of the COC and has the abilities, knowledge and understanding specified. |
| 115 | A marketer must ensure that each marketing representative acting on its behalf is given a copy of the COC. |
| Code of Conduct Part 2 | Refer to Code of Conduct |

Observations

Synergy does not engage external marketers. Synergy trains its internal marketers to ensure the marketing representatives are conversant with the obligations of part 2 of the COC.

Interviews established that Synergy personnel possessed a high level of knowledge and understanding of part 2 of the COC.

Training material identified content, date of delivery, currency of training. Assessment documents of participants were also retained of each participant.

Synergy's process in relation to marketing campaigns involves a review of COC obligations the requirement for all campaign participants to re-familiarise themselves with the obligations.

Marketing representatives are individually provided with a copy of the Code of Conduct and have access to an electronic copy of the Code of Conduct from "knowledge base".

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives comply with part 2 of the COC.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

116

A marketer must keep training manuals and records of training undertaken by its marketing representatives.

Retail Licence condition
6.1

2.2 Training marketing representatives

Observations

Interview with relevant personnel identified training manuals and material is retained.

Personnel responsible for the delivery of training pertaining to Code obligation were able to produce respective training material upon request.

Records of training and participants were able to be produced upon request.

Interview with marketing representatives confirmed that they participated in training. The training records were able to be matched the training participant.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the training material and records of training undertaken by marketing representatives are retained in accordance with the Code of Conduct.

Issue

None is identified.



Obligation **Marketing**

Compliance Rating **5**

2007 Compliance Requirement
Manual Reference

117

A marketer must give the stated contact details to the Authority and ensure that those contact details are kept up to date.

Observations

Synergy as the marketer has informed the Authority of its contact details and the contact details provided to the Authority are current.

Synergy's compliance team ensures this licence condition is adhered to and communications of contact details is accurate and timely.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.



Obligation **Contracts & Information to be Given to Customers**

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

- 88 A retail or integrated regional licensee must not apply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract.
- 120 A marketer must ensure that standard and non-standard contracts are entered into in the manner and satisfying the conditions specified.
- 121 A marketing representative must ensure that the information specified is provided to the customer before arranging a contract.
- Code of Conduct 2.5 (1) A **marketer** must, in the course of arranging a **standard form contract** that is entered into as a result of **door to door marketing** or a **non-standard contract**, ensure that the **contract** is signed by the **customer**.
(2) A **standard form contract** that is not entered into as a result of **door to door marketing** need not be signed by the **customer** but the date of the **customer** entering into the **standard form contract** must be recorded by the **marketing representative**.
(3) The terms and conditions of a **standard form contract** that is not entered into as a result of **door to door marketing** must be made available to the **customer** on request at no charge.

Observations

Our enquiry indicated that Synergy established a standard form contract over the phone with customers who request a new connection. Voice recordings are retained as proof of verifiable consent provided by customers. As part of Synergy's procedures, the customer services representatives (CSR) must summarise the call at the end and inform customers that they have entered into a standard form agreement with Synergy. A copy of the standard agreement is then offered to be sent out to the customer.

Interviews conducted with the CSRs revealed a high level of awareness of procedures to respond to customers in various facets of Synergy's operations. Voice recordings are monitored and reviewed on a regular basis by the Team Leader or Manager to appraise the CSRs' performance. Where deficiency is identified, appropriate training and counselling is provided to the relevant CSR.

As part of our testing procedures we reviewed a sample of voice recordings between Synergy's customer services representatives and customers who request new connection.



We noted one instance where a CSR did not advise the customer that he/she had entered into a standard form contract with Synergy. However, in consideration of the requirement of the Code of Conduct, we did not regard this oversight a regulatory breach.

Based on our testing, we are satisfied that the terms and conditions are sent out to customers in accordance with the requirement of the licence condition and Code of Conduct.

Overall, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure the customer is duly informed of their obligations under the contract with Synergy.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

122

Where a standard form contract is not entered into as a result of door to door marketing, a marketing representative must obtain and make a record of the customer's verifiable consent that the specified information has been given.

Retail Licence condition
6.1

Refer to Code of Conduct (COC)

Code of Conduct
Part 2

Refer to Code of Conduct

Observations

Interviews conducted with relevant personnel confirmed that the marketing representative obtains and keeps a record of verifiable consent relating to all information provided.

Inspection of the database demonstrated the existence of verifiable consent and the reason for which it was obtained, in this circumstance, the information specified has been provided.

The marketing representatives perform a peer review on customer accounts to ensure all relevant information has been provided and captured.

The area manager performs a further review of customer files to ensure all aspects of the customer interaction and records are maintained and current.

Customers are provided a follow up call by the marketing representatives within a specified timeframe to query the receipt of information specified.

Customers are requested to provide an acknowledgement relating to information provided to them.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives comply with part 2 of the COC.

**Issue
Management
comment**

None is identified.

Synergy logged an incident during the audit period where a faxed application did not provide verifiable consent for a third party to act on behalf of the customer. Although this was an isolated incident, Synergy undertook a review of the process for applications received via the web, fax or email to ensure third party consent has been given. The change to the process was communicated to responsible staff. Consequently, the auditor's



review of the current process did not identify any issues.



Obligation Products

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

124

Where the customer has entered into a new contractual relationship with a retailer, a retailer or marketing representative must give the information specified to the customer.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Division 3—Information to be provided to customers

Observations

Interviews with relevant Synergy personnel confirmed that information required to be supplied to the client under the Code is provided.

Customers are advised of the contract form and the differences of the contract and the applicability based on usage and tariffs.

Synergy marketing representatives advise the customers of their contact details in accordance with Code requirements.

Where a new contract is entered into the customer is provided with an information package which includes the contract, the Customer Service Charter, Code of Conduct and other information as specified within the Code.

In the case of Small Use Customers, the information is provided after the contract has been entered into. The information package is mailed as a result of an automated function which communicates the information package request to the mail house.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the Code of Conduct and Retail Licence Condition. There are effective systems and manual based controls to ensure the information required to be provided by the Code of Conduct is done so.

Issue

None is identified.



Obligation

Marketing Conduct

Compliance Rating 5

2007 Compliance Requirement Manual Reference

131

A marketing representative must give a customer on request the contact details of the marketer.

Observations

Synergy has procedural instruction in the "Knowledge Base" identifying circumstances where customer may requests the contact details of the CSR. There are clear guidelines on what contact information the CSR can provide if the customer specifically requests.

Voice recordings are periodically reviewed by the Team Leader and Manager to monitor the performance of the CSRs.

Through our enquiry and interviews conducted with the CSRs, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence condition and Code of Conduct.

Issue

None is identified.



Obligation

Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

133

A marketing representative must not represent that a non-standard contract is a standard form contract to a customer.

Retail Licence condition
6.1
Code of Conduct
Part 2

Refer to Code of Conduct

Refer to Code of Conduct

Observations

Synergy has divided its customer account interaction into three business areas. Segregation of accounts is based on customer usage this dictates the contract form.

The contract forms are clearly identifiable. Synergy marketing representatives are conversant in the nature of contracts and code requirement not to misrepresent the contract form.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition. There are effective systems and manual based controls to ensure the correct contract is represented to the customer.

Issue

None is identified.



Obligation

Marketing

Compliance Rating 5

2007 Compliance Requirement Manual Reference

134

A marketer must ensure that any comparisons and claims made by a retailer are timely, accurate and verifiable.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to Code of Conduct

Observations

Where marketing campaigns involve comparative claims, the data/information is sourced from external agencies.

The external agency selection is based on industry experience, research performed and product knowledge.

Information used from an external agency is referenced back to the agency.

The marketing campaign is then reviewed by the business divisions involved and the legal team to ensure correctness of information represented on the marketing material and compliance with COC requirement and other governing legislation.

In the circumstance where a quote is provided to a customer, the quote is based on an analysis of historical consumption data and the applicable tariff.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives comply with part 2 of the COC.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

135

A marketer must ensure that a customer is able to contact the marketer on the marketer's telephone number during normal business hours for the purposes of enquiries, verifications and complaints.

Retail Licence condition 6.1 Refer to Code of Conduct

Code of Conduct

2.3 Contact details of marketers

(1) A *marketer* must give its contact details to the *Authority* and ensure that those contact details are kept up to date.

(2) The contact details are—

(a) the name, business address and telephone number of the *marketer*, and

(b) the name, business address and telephone number of each *retailer* (if any) on whose behalf the *marketer* carries out *marketing*.

Observations

Our examination of marketing material identified the contact hours provided were during business times.

Marketing campaigns are reviewed for Code obligations and the accuracy of information contained within the marketing material and compliance with other legislation.

It was confirmed that marketing campaigns contained campaign specific phone numbers. The customers were able to utilise the specific campaign phone number or Synergy's default number to make contact with Synergy in relation to the marketing campaign.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the customer is able to contact the marketer by a telephone during normal business hours for the purposes specified within the Code of Conduct.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

136 A marketing representative must provide the information specified to the customer when marketing by telephone and after having identified the purpose of the call, the marketing representative must ask the customer whether they wish to proceed further.

Retail Licence condition Refer Code of Conduct
6.1

Code of Conduct Refer to Code of Conduct
Part 2

Observations Synergy does not currently engage in “cold calling” as a form of marketing to customers.

Synergy has in place an outbound sales script, which identify the parameters by which the call is to be engaged or disengaged.

Synergy marketing staff are aware of the Code obligations and this requirement.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketers are aware of the Code of Conduct and the requirement to ask the customer if they wish to proceed.

Issue None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

137

A marketing representative must, on request, provide the customer with the information specified.

Retail Licence condition 6.1 Refer Code of Conduct

Code of Conduct Part 2

(2) Notwithstanding sub clause (1), a *marketing representative* must provide a *customer* on request with—
(a) his or her marketing identification number; and
(b) the complaints telephone number of the marketer and, if different, of the retailer on whose behalf the call is being made.

Observations

Synergy marketing representatives provide the information specified upon request by the customer.

Synergy marketing representatives do not have a marketing identification number. The representatives use their payroll number as the form of numerical identification.

Synergy marketing staff are conversant in the requirement to disclose certain particulars when requested by a customer as required by the Code.

Synergy marketing staff communicates certain information on first point of contact.

Call coaching and reviews are performed by the relevant business unit managers and compliance coordinators.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives provide to the customer information specified upon request.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

138

If a customer indicates during a telephone call that they wish to end the conversation, a marketing representative must end the conversation as soon as practicable and not attempt to contact the customer for the purposes of marketing for the next 30 days unless the customer agrees otherwise.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to Code of Conduct

Observations

Based on our observation and enquiries, Synergy marketing staff are conversant with this code obligation.

Synergy has in place a “do not contact” process to capture and record the customer’s details who do not want to be contacted.

The “do not contact list” is monitored by the marketing business unit, the legal, regulatory and audit business unit.

The customer resolution business unit is involved with the monitoring of the “do not contact” process and the compliance aspects.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketers end conversations as soon as practicable and no attempts are made to contact the customer for the purposes for marketing for the next 30 days unless the customer agrees otherwise.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

139

A marketing representative must not make a telephone call outside the permitted call times, unless requested by a customer.

Retail Licence condition
6.1

Refer Code of Conduct

Code of Conduct
Part 2

Refer to legislation

Observations

Based on our interviews and enquiries, permitted call times are clearly outlined within the outbound marketing processes.

Synergy does not have marketing representatives rostered beyond the permitted call times.

It has been identified that Synergy does not engage in marketing related calls outside the permitted call times.

The call log is monitored by the area manager and the compliance coordinator.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the telephone calls are not made outside the permitted call times unless required by a customer.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

140

A marketing representative must ensure that a telephone call does not continue for more than 15 minutes past the end of the permitted call times without the customer's verifiable consent.

Retail Licence condition
6.1
Code of Conduct
Part 2

Refer Code of Conduct

Refer to Code of Conduct

Observations

Based on our interviews and enquiries, permitted call times are clearly outlined within the outbound marketing processes.

Synergy staff rosters demonstrate marketing staff are not engaged past the permitted call times.

Synergy staff are conversant with this obligation and its requirement to obtain the customer's verifiable consent.

The call log is monitored by the business unit manager and the business unit compliance coordinator.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the phone calls do not continue for more than 15 minutes past the permitted call times without the customers verifiable consent.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

142

A marketing representative must provide the information specified verbally to the customer when marketing at a customer's premises, as soon as practicable, and, having identified the purpose of the visit, must ask if the customer wishes to proceed further.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to legislation

Observations

It has been established Synergy does not engage in door to door marketing.

Where there is a requirement to meet a customer at the customer's premise. An appointment is made with the customer and the purpose of the meeting clearly identified.

The marketing representative provides the information specified upon introduction with the customer at the customer's premises.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representative provides the information specified verbally to the customer when marketing at a customer's premise as soon as practicable, after having identified the purpose of the visit and determining if the customer wishes to proceed further.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

| | |
|------------------------------|---|
| 144 | A marketing representative must wear a clearly visible and legible identity card showing the information specified when marketing at a customer's premises. |
| Retail Licence condition 6.1 | Refer to Code of Conduct |
| Code of Conduct Part 2 | Refer to Code of Conduct |

Observations

It has been established that Synergy marketing staff do not engage in door to door marketing.

Synergy marketing staff are provided with clearly visible and legible identity cards showing the information specified.

Synergy marketing staff are provided with business cards which align with their identity cards and Synergy profile. The business card is also provided to the customer.

Synergy marketing staff state they do wear their identity cards when marketing at a customer's premises.

Whilst undertaking the audit Synergy marketing staff did not have any customer appointments. They had in their immediate possession their respective identification cards.

Through enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing staff wear a clearly visible and legible identity card showing information specified when marketing at a customer's premises.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

145

Where a customer indicates that they wish to end the conversation or wishes the marketing representative to leave, the marketing representative must leave the premises and not attempt to contact the customer for the next 30 days.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to Code of Conduct

Observations

Based on our interview and enquiries, Synergy marketing staff were conversant with this requirement.

It has been established Synergy does not engage in door to door marketing and where marketing representatives are required to visit the customer's premises, an appointment is made.

Synergy has in place a "do not contact" process to capture and record the customer's details.

Synergy has in place a "do not contact" procedure to ensure the customer is not contacted within the specified time frame.

Synergy has a review process in place which is performed by the respective business unit manager, legal regulator and audit business unit and the complaints resolution business unit to ensure this requirement is adhered to.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

146

A marketing representative must not visit the customer outside the permitted call times, unless requested by a customer.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to Code of Conduct

Observations

Permitted call times have been clearly identified.

Synergy staff roster does not engage marketing staff outside the permitted call times.

It has been established Synergy does not perform door to door marketing.

Where there is a requirement to visit a customer's premises, marketing representatives make an appointment with the customer. There were no scheduled appointments outside the permitted call times.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives do not visit customers outside the permitted call times, unless requested by the customer.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

147 A marketing representative must not remain at a premises for the purposes of marketing for more than 15 minutes past the end of the permitted call times, without the customer's verifiable consent.

Retail Licence condition 6.1 Refer to Code of Conduct

Code of Conduct Part 2 Refer to Legislation

Observations

Based on our interviews and enquiries, permitted call times are clearly outlined within the outbound marketing processes.

Synergy staff roster does not engage marketing staff outside the permitted call times.

Where there is a requirement to visit a customer's premises, marketing representatives make an appointment with the customer.

The customer's premise is attended to at the consent of the customer.

Where the scheduled appointment is to proceed past the end of the permitted call times and the meeting has not finalised, verifiable consent is assumed.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives do not remain at a customers premises outside the permitted call times.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

150 A marketing representative must offer the information specified in writing when meeting a customer, as soon as practicable.

Retail Licence condition 6.1 Refer to Code of Conduct

Code of Conduct Part 2 Refer to Code of Conduct

Observations

Based on our enquiries and interviews, it was established that the key purpose for a marketing representative to visit a customer's premises is to discuss / negotiate contract terms.

Appointments made with a customer identify the purpose and nature of the visit. The marketing representative discusses with the customer the elements of the contract, the tariff, terms of the contract and associated items such as contract details of the marketing representative and of the company.

Once discussion are finalised and terms of agreement have been reached, the contract is communicated to the customer as soon as practicable. The information provided to the customer is inclusive of the Code of Conduct, Customer Service Charter and tariffs.

Synergy marketing representatives have a process in place to provide a follow-up to determine whether the customer received the information specified.

This process is reviewed by the business unit manager.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representative offers the information specified in writing when meeting a customer, as soon as practicable.

Issue None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

151

A marketing representative must wear a clearly visible and legible identity card showing the information specified when meeting a customer.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

(3) A *marketing representative* who *visits a customer* must, while at the *premises*, wear a clearly visible and legible identity card that shows—
(a) his or her first name;
(b) his or her photograph;
(c) his or her *marketing identification number*, and
(d) the name of the *marketer* and, if different, of the *retailer* on whose behalf the *visit* is being made.

Observations

Synergy marketing staff are provided with clearly visible and legible identity cards showing the information specified.

Examination of the identity cards conforms to the Code requirements.

Marketing staff state they wear their identity cards when meeting a customer.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives wear a clearly visible and legible identify card that show the information specified.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

152

A marketing representative must ensure that a meeting with a customer does not occur outside the permitted call times, unless requested by a customer.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to Legislations

Observations

Permitted call times have been clearly identified.

Synergy staff roster does not engage marketing staff outside the permitted call times.

Where this is a requirement to meet with a customer, an appointment is made with the customer, or the appointment is made by the customer.

There were no scheduled appointments outside the permitted call times.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the marketing representatives do not visit customers outside the permitted call times, unless requested by the customer.

Issue

None is identified.



Obligation Marketing

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

153

A marketing representative must ensure that the meeting does not continue for more than 15 minutes past the end of the permitted call times, without the customer's verifiable consent.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

Refer to legislation

Observations

Based on our interviews and enquiries, permitted call times are clearly outlined within the outbound marketing processes.

Synergy staff rosters demonstrate marketing staff are not engaged past the permitted call times.

Synergy staff are conversant with this obligation and its requirement to obtain the customer's verifiable consent.

Examination of the marketing representatives found no evidence of an appointment having been scheduled near the end of a permitted call time.

The appointment schedules are monitored by the business unit manager and the business unit compliance coordinator.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the phone calls do not continue for more than 15 minutes past the permitted call times without the customers verifiable consent.

Issue

None is identified.



Obligation

Marketing Conduct

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

162

A marketing representative must comply with a notice on or near premises indicating that the customer does not wish to receive unsolicited mail or other marketing information.

Retail Licence condition
6.1

Refer to Code of Conduct

Code of Conduct
Part 2

(5) When engaging in *door to door marketing*, a *marketing representative* must, to the extent practicable, comply with a notice on or near a *premises* indicating that the *customer* does not wish to receive unsolicited mail or other *marketing* information.

[Note: Such notices may include, "No junk mail" or "No canvassing" signs.]

Observations

Synergy states they do not perform door to door marketing.

Synergy does not engage external marketers to perform door to door marketing on behalf of Synergy.

Interviews conducted with relevant personnel established the marketing representatives make an appointment to attend a customer's premise.

Based on our enquiries, marketing representatives are conversant with the Code of Conduct and the obligation to comply with the wishes of the customer.

Through our enquiries, we are satisfied that Synergy has processes in place, to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct.

Issue

None is identified.



Obligation Marketing - Miscellaneous

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

165 A marketer or marketing representative must not disclose personal information collected for marketing purposes to another person unless the specified conditions are satisfied.

167 A marketer who holds personal information must give the customer the opportunity, on request, to review the information and correct any errors in it.

168 A marketer must give the customer reasons why the customer cannot review the personal information if prevented by law from giving the customer the opportunity to review the information.

Observations

Synergy has a procedural framework and a set of clear guidelines concerning the handling of customer's private information. Within this framework, are protocols for not to disclose personal information collected to an unauthorised person and allowing the customer the opportunity to review the information and correct any errors. Our enquiry indicated correction to client information involved misspelling of names or street addresses, normally performed over the phone with the CSR.

Through our review of Synergy's policy relating to the handling of privacy information, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.

**Obligation** **Connection****Compliance Rating** **5****2007 Compliance Requirement****Manual Reference**

171

If a retailer agrees to sell electricity to a customer or arrange for the connection of the customer's supply address, the retailer must forward the customer's request for the connection to the relevant distributor.

Code of Conduct 3.1

(1) If a *retailer* agrees to sell electricity to a *customer* or arrange for the connection of the *customer's supply address*, the *retailer* must forward the *customer's* request for connection to the relevant *distributor* for the purpose of arranging for the connection of the *customer's supply address* (if the *customer's supply address* is not already connected).

Observations

Once an account at the supply address has been arranged, the CSR triggers a SOII work order item to forward the customer's request for connection to Western Power. Process runs (Batch) are automated through job management. The automated job management runs every half hour.

The IT has in place a testing regime which checks the quality, accuracy and timeliness of process.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure the customer's request for connection is forwarded to the relevant retailer.

Issue

None is identified.



Obligation Connection

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

172

A retailer must forward the customer's request for the connection to the relevant distributor in the timeframe specified unless the customer agrees otherwise.

Code of Conduct clause 3.1

(2) connection to the relevant *distributor*—
(a) that same day, if the request is received before 3pm on a *business day*; or
(b) the next *business day*, if the request is received after 3pm or on a Saturday, Sunday or public holiday in Western Australia.

Observations

Discussion with relevant personnel identified IT provide the infrastructure to enable the communication to occur with the relevant distributor within the time frame specified.

IT has documented the communication protocols from front to back end to capture the communication process flows between Synergy and the distributor.

Process runs are automated through job management. The automated job management runs every half hour.

IT has in place a testing regime which checks the quality, accuracy and timeliness of process.

The automated batch reports run twice daily which is communicated to the network operator. Electronic information transfer is performed through the nominated formats within the agreed communication policy.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the communication of customer transfer request complies with the time period set out in the Code of Conduct.

Our testing did not reveal any instances of exceptions or non-compliance with the requirement of clause 3.1 of the Code of Conduct.

Issue

None is identified.



Obligation

Billing & Payment

Compliance Rating 5

2007 Compliance Requirement Manual Reference

179

A retailer must issue a bill to a customer at the customer's supply address, unless the customer has nominated another address.

Code of Conduct 4.3

A *retailer* must issue a bill to a *customer* at the *customer's supply address*, unless the *customer* has nominated another address.

210

A retailer must, at no charge, offer a residential customer a redirection of the customer's bill to a third person, if requested by a customer who is unable to pay by a minimum payment method, due to illness or absence.

Code of Conduct 5.5

If a *residential customer* is unable to pay by way of the methods described in clause 5.2, due to illness or absence, a *retailer* must offer the *residential customer* on request redirection of the *residential customer's* bill to a third person at no charge.
[Note: Redirection of the bill does not result in a change of liability for the bill.]

Observations

Synergy has system based controls to ensure the mailing address defaults to the supply address for billing purposes unless a different address is requested by the bill account holder.

Interviews conducted with the CSR and billing officer confirms the awareness for the requirement in respect to Clause 4.3 and Clause 5.5 of the Code of Conduct.

Our testings did not reveal any exception or instances of non-compliance.

We are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure the bill is issued to a customer at the supply address unless the customer has nominated an alternative address.

Issue

None is identified.



Obligation Basis of a Bill

Compliance Rating 5

2007 Compliance Requirement Manual Reference

182

A retailer must base the customer's bill on the distributor's or metering agent's reading of the meter, or the customer's reading of the meter in the circumstances specified.

Code of Conduct 4.5

(1) Subject to clause 4.7, a *retailer* must base a *customer's* bill on—
(a) the *distributor's* or *metering agent's* reading of the *meter* at the *customer's supply address*, or
(b) the *customer's* reading of the *meter* at the *customer's supply address*, provided the *customer* agreed with the *retailer* that the *customer* will read the *meter* for the purpose of determining the amount due.

[Note: To reduce the risk of a meter reading error, the Code requires all meters to be read by the distributor or a metering agent. However, a retailer may also request a customer to read their own meter (for example, if the customer is located in a remote area or if the customer refuses access to the meter). A customer is not obliged to read the meter on behalf of the retailer (sub clause (1)(b)) requires the customer's agreement.]

Observations

Synergy has systems and processes to base the customer's bill on either Western Power metering agent's reading of the meter or the customer's reading of the meter. There are protocols and procedures to assist the billing personnel on reading the metering data in CIS and generating a bill.

Interviews conducted with billing staff indicated a high level of familiarity with the systems in place. We are satisfied Synergy has adequately resourced and experienced staff to manage compliance with the requirement of the licence condition and Code of Conduct.

Through enquiry and examination, we are satisfied Synergy has policies, procedures, systems and protocols to effectively generating a bill based on either Western Power metering agent's reading of the meter or the customer's reading of the meter.

Issue

None is identified.



Obligation **Basis of a Bill**

Compliance Rating **3**

2007 Compliance Requirement
Manual Reference

183

A retailer must give the customer information that explains to that customer how to read a meter correctly (if applicable) in clear, simple and concise language.

Code of Conduct 4.6
(2004 Code of Conduct)

(2) Prior to a *customer* reading a *meter* under sub clause (1)(b), the *retailer* must give the *customer* information that explains in clear, simple and concise language how to read a *meter* correctly.

Observations

Our enquiry indicated that Synergy has brochure information on how to read meters. The information appears to be clear and simple to understand.

From time to time, customers contact Synergy regarding the estimation of their bill (due to lack of access or for other reasons an actual reading was not performed) and are requested to provide a meter reading over the phone. Often a CSR guides the customer through the process and obtains the meter reading from the customer.

The information brochure on how to read the meter is not sent out unless the customer requests one.

Issue

The information on how to read the meter is not normally sent to customer prior to the customer reading a meter as required under the Code of Conduct.

Recommendation

That prior to obtaining a meter reading from customer, the customer service representative confirms with the customer whether they have received a brochure on how to read the meter, if not, then a meter reading should not be obtained from the customer. The information brochure on how to read the meter should be sent out to the customer in advance.

Management Response

The Code does not say how the information is to be provided e.g. it does not state that the information to be given needs to be in written format and sent to a customer. Notwithstanding, we provide this, we also provide customers with self read packs; the Contact centre have processes for advising customers how to read the meter over the phone; and details on how to read a meter are published on Synergy's website. Our approach ensures that a customer can receive the necessary information channels which best meets their requirements.

Management Actions

None is required.



Implementation Date N/A



Obligation Basis of a Bill

Compliance Rating 4

2007 Compliance Requirement

Manual Reference

185

A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.

Code of Conduct 4.7

(1) If a **retailer** is unable to reasonably base a bill on a reading of the **meter** at a **customer's supply address**, the **retailer** must give the **customer** an estimated bill.

186

A retailer must base an estimated bill on the criteria specified.

Code of Conduct 4.7

(2) A **retailer** must base an estimated bill under sub clause (1) on—
(a) the amount of electricity used by the **customer** in the same period of the prior year;
(b) the average usage of electricity by a comparable class of **customers**, if the **customer** does not have a prior billing history;
(c) the **customer's** reading of the **meter**, or
(d) a test of the **meter**.

Observations

Through enquiry, Synergy's standard practice is to base a bill on the amount of electricity used by the customer in the same period of the prior year or if there is no billing history, then the average usage of electricity by a comparable class of customers. The approach appears to be consistent with the Code.

A breach in respect of the licence condition had been noted in 2007. The breach emanates from the provision of incorrect basis for estimation supplied by Western Power. Approximately 300 customers were affected. Rectification of the breach involved software correction by Western Power and an agreement reached with Western Power to notify Synergy of future incidents.

Through examination and enquiry, we are satisfied Synergy has protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective system based controls to ensure that where Synergy is unable to base a bill on a reading of the customer's meter at the supply address, Synergy provides the customer with an estimated bill based on the criteria for estimation as outlined in the Code of Conduct.

Issue

As presented above.

**Obligation****Billing****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

187

A retailer must specify the stated information in circumstances where the customer's bill is estimated.

Code of Conduct clause 4.7(3)

(3) If a *retailer* bases a bill upon an estimation, the *retailer* must—
(a) specify in a visible and legible manner on the *customer's* bill that it has done so;
(b) advise the *customer* that the—
(i) *retailer* will tell the *customer* on request—
A. the basis of the estimation; and
B. the reason for the estimation; and
(ii) *customer* may request a *meter* reading.

Observations

We examination a sample of customer bills identified bills which had been estimated as opposed to those which had not.

A customer's bill comprises of an enquiry phone number upon which a customer may call.

Where a customer contacts Synergy with a query relating to the estimation the customer is advised of the basis of estimation, the reason for estimation and the ability to have the meter read.

Call coaching monitors the information provided to the customer to ensure quality of information imparted and relevance in relation to customer query.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the customer is advised the bill is estimated and the respective requirements as defined within the Code of Conduct.

Issue

None is identified.



Obligation **Basis of a Bill**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

189

Where the retailer gives a customer an estimated bill and the meter is subsequently read the retailer must include an adjustment on the next bill to take account of the actual meter reading.

Code of Conduct 4.8

If a *retailer* gives a *customer* an estimated bill and the *meter* is subsequently read, the *retailer* must include an adjustment on the next bill to take account of the actual *meter* reading.

Observations

Our testings did not reveal any exception or instances of non-compliance with the requirement of the Code of Conduct.

Where customers have been provided with an estimated bill and an actual meter reading is obtained in the subsequent billing cycle, an adjustment is performed on the customers account in the next bill to reflect the actual meter reading.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.

**Obligation** **Meter Testing****Compliance Rating** **5****2007 Compliance Requirement Manual Reference**

191

A retailer must request the distributor or metering agent to test the meter if a customer requests the meter to be tested and pays any reasonable charge of the retailer for testing the meter.

Code of Conduct 4.10

If a *customer*—
(a) requests the *meter* to be tested; and
(b) pays the *retailer's* reasonable charge for testing the *meter* (if any), the *retailer* must request the *distributor* or *metering agent* to test the *meter*.

[Note: A retailer may require a customer to pay in advance the retailer's (and, where appropriate, the distributor's or metering agent's) reasonable charge for testing the meter. If the meter is found to be defective, the charge will be refunded to the customer.]

Observations

Meter testing is a process that determines the meter's accuracy and is used to ensure the meter is still within the tolerance of 2% as required under the Electricity Act. Meter testing can be carried out at the customer's premises or the meter is removed for testing at Western Power's Standards Laboratory, the old meter is replaced with a new one.

Testing is carried out by comparing the registration of the meter to a reference standard meter used for that purpose and whose accuracy is regularly checked in the Standards Laboratory. A number of tests are carried out at differing load conditions to give a true indication of the meter's accuracy. A report is generated indicating the errors of the meter at the load test points. The number of test points is dependent on the meter type and whether it is a single-phase or three-phase meter.

If the result indicates the meter operates outside the 2% tolerance limit, then the prescribed fee is refunded to customers and a rebate calculated based on the result of the test.

Synergy has procedural instruction for the CSRs when customers demand meter test. Interviews conducted with the CSRs indicated a high level of awareness and understanding with the protocols when customers request a meter test.

Once the meter test request is received in writing, the Customer Service Centre issues the meter test request to Western Power and sends a letter confirming that the test has been requested and a fee will be applied to the account if the meter is found to be within the tolerance limit. When the meter test results are returned the



Customer Service Centre issues a letter confirming the results.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure adequate handling of customer's demand for meter test and any resultant effect that applies.

Issue

None is identified.



Obligation

Alternative Tariffs

Compliance Rating 5

2007 Compliance Requirement Manual Reference

192

A retailer must change the customer to an alternate tariff within the period specified if the customer applies to receive an alternate tariff and demonstrates to the retailer that they satisfy the conditions of eligibility.

Code of Conduct 4.11

(1) If a **retailer** offers alternative tariffs and a **customer**—
(a) applies to receive an alternative tariff; and
(b) demonstrates to the **retailer** that the **customer** satisfies all of the conditions relating to eligibility for the alternative tariff, the **retailer** must change the **customer** to the alternative tariff within 10 **business days** of the **customer** satisfying those conditions.

193

A retailer must give the customer written notice prior to changing the customer to an alternative tariff if the customer's electricity use has changed and the customer is no longer eligible to continue to receive an existing, more beneficial tariff.

Code of Conduct 4.12

If—
(a) a **customer's** electricity use at the **customer's supply address** changes or has changed; and
(b) the **customer** is no longer eligible to continue to receive an existing, more beneficial tariff, the **retailer** must, prior to changing the **customer** to the tariff applicable to the **customer's** use of electricity at that **supply address**, give the **customer** written notice of the proposed change.

[Note: A retailer therefore does not have to notify a customer in writing if the change in tariff benefits the customer.]

Observations

There are both system and manual based controls to ensure customers are changed to the requested tariff in the appropriate timeframe and manner when they have demonstrated they are satisfied the conditions for eligibility. Interviews conducted with Synergy billing officer indicated that customers are normally changed over to the alternative tariff immediately when request over the phone. A work order item SOII is triggered to initiate the request and appends to a list of outstanding service order. The outstanding service order request list is printed each Monday and analysed for action.

Where the Customer Service Officer has doubts as to the eligibility of the customers to be under a type of tariff, a field officer will schedule a visit to the site to ascertain the facts.

Except for a minor issue identified below, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage



compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls, both manual and system based, to detect on a timely basis of accounts requiring a change to alternative tariff.

Issue

One issue identified relates to the description of the items pending on the work order list, in that it does not clearly identify the items relating to request for a change to alternative tariff. We understand as part of the implementation of the new system, items in the SOII work order list will be sub-classified as appropriate.

Recommendation

N/A



Obligation

Alternative Tariffs & Final Bill

Compliance Rating 5

2007 Compliance Requirement Manual Reference

195

A retailer must repay any amounts overcharged to a customer as a result of a change in the customer's electricity use.

Code of Conduct 4.13

(2) If a **retailer** has overcharged a **customer** as a result of a change in the **customer's** electricity use at the **customer's supply address**, the **retailer** must repay the **customer** the amount overcharged.

[Note: Also see clause 4.18 which sets out the general requirements in the event a customer has been overcharged.]

203

A retailer must use its best endeavours to inform the customer and repay or credit any amount overcharged as a result of an act or omission by a **retailer or distributor**, in the manner and period specified.

Code of Conduct 4.18

(3) If a **retailer** receives instructions under subclause (2), the **retailer** must pay the amount in accordance with the **customer's** instructions within 12 **business days** of receiving the instructions.

204

A retailer must use reasonable endeavours to credit the amount overcharged within 20 business days of the customer making the request, in circumstances where instructions as to payment are not received.

Code of Conduct clause 4.18

(4) If a **retailer** does not receive instructions under subclause (2) within 20 **business days** of making the request, the **retailer** must use reasonable endeavours to credit the amount overcharged to the **customer's** account.

Observations

Where a customer has been identified as being overcharged, we are satisfied Synergy executes the necessary action to recompense the overcharge amount and in the timeframe prescribed in accordance to the requirement of the Code of Conduct.

Our testing did not reveal any instances of exception or non-compliance with the requirement of the Code.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are protocols in place to correspond and communicate with the customers in this regard and system based controls to ensure the repayment over overcharged amount complies with the requirement of the Code.

Issue

None is identified.



Obligation **Final Bill**

Compliance Rating **5**

2007 Compliance Requirement
Manual Reference

197 A retailer must repay the customer any amount in credit at the time the customer requests a final bill.

Code of Conduct 4.14 (2) If the *customer's* account is in credit at the time the *customer* requests a final bill under sub clause (1), the *retailer* must repay the amount to the *customer*.

Observations Synergy has procedural instructions on how to repay the customer any amount in credit at the time the customer requests a final bill under the following instances: cheque refund, credit card refund, B-Payment refund, Centre-pay refund, salary sacrifice refund and payroll deduction.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure the repayment of any credit amount in the customer's account at the time the customer requests a final bill.

Issue None is identified.

**Obligation Billing****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

198

Code of Conduct clause
4.15

A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months, and paying any future bills that are properly due.

4.15 Review of billSubject to a *customer*—

(a) paying—

(i) that portion of the bill under review that the *customer* and a *retailer* agree is not in dispute; or(ii) an amount equal to the average amount of the *customer's* bills over the previous 12 months (excluding the bill in dispute), whichever is less; and(b) paying any future bills that are properly due, a *retailer* must review the *customer's* bill on request by the *customer*.**Observations**

Synergy has in place an account dispute process.

Where a bill is in question, Synergy allows the customer to pay the proportion which is not in dispute.

Synergy provides a review process on the customer bill, which examines issues such as customer usage and seasonal trends. Synergy undertakes special meter reading checks free of charge to validate the meter and its functionality.

The outcomes of the investigation are reviewed by Customer Resolution Coordinators, who in turn communicates the findings directly to the customer.

As an outcome is determined the customer is provided alternative arrangements to finalising the outstanding amount.

The customer's have the ability to escalate the issue to a higher authority if the findings are still in dispute.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the review of customer's bills complies with the Code of Conduct requirements.

Issue

None is identified.



Obligation **Billing Division**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

200

A retailer must inform the customer of the outcome of the review of a bill as soon as practicable, but, in any event, within 20 business days from the date of receipt of the request for review.

Code of Conduct clause
4.16

(2) The *retailer* must inform a *customer* of the outcome of the review as soon as practicable, but, in any event, within 20 *business days* from the *date of receipt* of the request for review under clause 4.15.

Observations

We have obtained evidence of reviews undertaken of customers complaint within the timeline specified. The complaints resolution process is outlined within the complaint policy.

Interviews with relevant personnel confirmed their knowledge of the requirement to respond to a customer's complaint within the specified time frame.

Synergy has in place an automated process which identifies the time and date of complaint received, actions undertaken and finalisation indicators.

The resolution process is reviewed by Customer Resolution Coordinators and their immediate area manager.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the outcome of a review occurs as soon as practicable or within 20 business days from the date of receipt for review.

Issue

None is identified.

**Obligation** **Final Bill****Compliance Rating** **5****2007 Compliance Requirement
Manual Reference**

201 A retailer must recover an amount undercharged as a result of an act or omission by a retailer or distributor in the manner specified.

Code of Conduct 4.17 (2) If a *retailer* proposes to recover an amount undercharged as a result of an act or omission by the *retailer* or *distributor* (including where a *meter* has been found to be defective), the *retailer* must—

- (a) limit the amount to be recovered to no more than the amount undercharged in the 12 months prior to the date on which the *retailer* notified the *customer* that undercharging had occurred;
- (b) list the amount to be recovered as a separate item in a special bill or in the next bill, together with an explanation of that amount;
- (c) not charge the *customer* interest on that amount or require the *customer* to pay a late payment fee; and
- (d) offer the *customer* time to pay that amount by means of an installment payment plan in accordance with clause 6.4(2) and covering a period at least equal to the period over which the recoverable undercharging occurred.

Observations Where a customer has been identified to have been undercharged, we are satisfied Synergy executes the necessary action to recover the undercharge amount in accordance to the requirement of the Code of Conduct.

Our testing did not reveal any instances of exception or non-compliance with the requirement of the Code.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are protocols in place to correspond and communicate with the customers in this regard and system based controls to ensure the recoverable amount complies with the requirement of the Code.

Issue None is identified.



Obligation

Billing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

205

The due date on the bill must be at least 12 business days from the date of the bill, with the date of dispatch deemed to be the date of the bill, unless the retailer specifies a later date.

Code of Conduct clause 5.1

5.1 Due dates for payment*

[Note: This clause 5.1(1) may be varied in a non-standard contract.]

(1) The due date on a bill must be at least 12 **business days** from the date of that bill.

(2) Unless a **retailer** specifies a later date, the date of dispatch is the date of the bill.

Observations

Examination of customers' bills confirmed that the bill due date is 20 calendar days from the bill issue date.

The bill due date is initially, an automated process which has been set to exceed the minimum Code requirements

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place, to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective system based controls to ensure the due date is at least the minimum identified under the code.

Issue

None is identified.



Obligation Billing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

206 A retailer must offer the specified minimum payment methods.

Code of Conduct clause 5.2 (1) A *retailer* must offer a *customer* at least the following payment methods—
(a) in person at one or more payment outlets located within the Local Government District of the *customer's supply address*;
(b) by mail;
(c) by Centrepay;
(d) electronically by means of BPay or credit card; and
(e) by telephone by means of credit card.

Observations

Examination of Synergy bills identified the minimum payment methods have been stated on customer bills.

Examination of Synergy's web site identifies the minimum payment methods.

The automated bill printing process recognises a historical debt versus a "credit" position of a historical debt.

Payment methods are not identified where the customer's account displays a "credit" amount as no payment is required by the customer.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and Code of Conduct. There are effective system based controls to ensure the minimum payment methods are offered to the customer as per the Code of Conduct.

Issue

None is identified.



Obligation

Billing

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

208

A retailer must, prior to commencing a direct debit, obtain the customer's verifiable consent and agree to the specified conditions for the direct debit.

Code of Conduct clause 5.3

If a **retailer** offers the option of payment by direct debit to a **customer**, the **retailer** must, prior to the direct debit commencing, obtain the **customer's verifiable consent**, and agree with the **customer**—

- (a) wherever possible, the amount to be debited;
- (b) the date and frequency of the direct debit;
- (c) that the **customer** may at any time cancel the direct debit authority by notifying the relevant financial institution and the **retailer**, and
- (d) that, if the **customer** at any time cancels the direct debit authority by notifying the **retailer** and the relevant financial institution, the **retailer** acknowledges that the direct debit no longer applies.

Observations

Based on our examination of the direct debit process, Synergy has in place appropriate direct debit facilities and customer request forms to enable direct debits to be facilitated.

The direct debit is managed by an external agency, which has in place validation and quality processes to ensure the direct debits to be carried out in accordance with general banking, Synergy and Code requirements.

Direct debit occur once written verifiable consent (authorisation) has been provided by the customer in accordance with the terms and conditions identified on the direct debit application. The direct debit requests are scanned and electronically recorded on appropriate data bases. Synergy has in place direct debit reviews process.

Direct debit information covers the elements required by the Code and communicates the information to relevant financial institutions and its customers.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the direct debit process complies with the conditions outlined within the Code of Conduct.



Issue

None is identified.

**Obligation** **Payment****Compliance Rating** **5****2007 Compliance Requirement****Manual Reference**

209

A retailer must accept payment in advance from a customer on request, in the circumstances specified.

Code of Conduct 5.4

[Note: This clause 5.4 may be varied in a non-standard contract.]

(1) A *retailer* must accept payment in advance from a *customer* on request.

(2) Acceptance of an advance payment by a *retailer* will not require the *retailer* to credit any interest to the amounts paid in advance.

(3) Subject to clause 6.9, a *retailer* may, for the purposes of sub clause (1), determine a minimum amount for which the *retailer* will accept advance payments.

Observations

Synergy's "Budget Card" is designed to assist customers with payment difficulties to make small part payment towards their electricity bill. It is a budget management tool to enable customers to breakdown the full amount into smaller part payments to be paid in advance, rather than having to pay the full amount at once.

The Budget Card is available to customers if they specifically request one or offered to customers based an assessment of their eligibility.

Through our enquiry and examination, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective systems and manual based controls to ensure that Synergy must accept advance payment from customers on request.

Issue

None is identified.

**Obligation** **Payment****Compliance Rating** **4****2007 Compliance Requirement****Manual Reference**

| | |
|---------------------|---|
| 212 | A retailer must not charge an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice. |
| Code of Conduct 5.6 | (2) If a <i>retailer</i> has charged a <i>residential customer</i> a late payment fee, the <i>retailer</i> must not charge an additional late payment fee in relation to the same bill within 5 <i>business days</i> from the <i>date of receipt</i> of the previous late payment fee notice. |
| 213 | A retailer must not charge a residential customer more than two late payment fees in relation to the same bill. |
| Code of Conduct 5.6 | (3) A <i>retailer</i> must not charge a <i>residential customer</i> more than 2 late payment fees in relation to the same bill. |

Observations

During the relevant period, we noted through Synergy's regulatory incident register, an investigation was carried out to determine whether some customers received late payment fees on payment instalments in 2006/07 that were not paid by the due date, thus incurring more than 2 late payment fees in respect to one bill.

Current basic controls are implemented via manual processes. An exception report is produced daily that identifies all accounts where greater than 2 fees are to be applied. An analyst from credit management peruses the report and manually removes late fee items as appropriate.

The automated solution to this process is to be addressed as part of the "Columbus Project".

Issue

The current system satisfies the basic control requirements. Synergy's procedural document "Credit Of Late Payment Charges" (DMS # 3087141v1) states that each account can be charged 2 late payment fee and 1 collection letter fee per billing period.

Recommendation

That until the automated solution is introduced, Synergy should maintain appropriate monitoring control procedures to ensure no more than 2 late payment fees are imposed on one bill.

Management Response

A late payment fee is different to a collection letter fee. The report referred to above is generated to identify where a customer is incorrectly charged a third late payment opposed to a collection letter fee. A collection letter fee is an interest charge on amounts > \$1,000 which has not been paid after the due date. Where an account <\$1000 is overdue (it does not incur the interest charge)



the fee of \$4.10 is charged up to a maximum of two fees. The two different charges are recognised in law. Refer by-law 8(3) of the Energy Operators (Electricity Retail Corporation)(Charges) By-laws 2006 and schedule 4 fees.

Management Actions None is required.

Implementation Date N/A



Obligation **Payment**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

217

A retailer must comply with the Conduct Principles set out in the guideline on debt collection issued by the Australian Competition and Consumer Commission.

Code of Conduct 5.8

(1) A **retailer** must comply with the Conduct Principles set out in the guideline on debt collection issued by the Australian Competition and Consumer Commission concerning section 60 of the *Trade Practices Act 1974* of the Commonwealth.

218

A retailer must not commence proceedings for recovery of a debt in the circumstances specified.

Code of Conduct 5.8

(2) A **retailer** must not commence proceedings for recovery of a debt—
(a) from a **residential customer** who has informed the **retailer** in accordance with clause 6.1(1) that the **residential customer** is experiencing **payment difficulties** or **financial hardship**, unless and until the **retailer** has complied with all the requirements of clause 6.1 and (if applicable) clause 6.3; and
(b) while a **residential customer** continues to make payments under an alternative payment arrangement under Part 6;

Observations

Synergy has debt collection guidelines which clearly identifies appropriate practices for debt collection activities. Testing did not reveal any exception or instances of non-compliance.

Interviews conducted with the Team Leader in this regard indicate the Credit Management Group operate in a manner consistent with the relevant Code of Conduct and Trade Practices Act.

Where debt collection is outsourced externally, the contracted debt collecting agency is required to comply with the relevant Code of Conduct and Trade Practices Act.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence conditions and Code of Conduct. There are effective controls to monitor the credit services officers to update the CIS database accurately and completely with information pertaining to customer's credit management issues.

Training sessions are provided on a fortnightly basis to the Credit Management Officers in relation to a wide range of credit management matters including debt collection practices.



Issue

None is identified.



Obligation Assessment of Financial Situation

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

- 224 A retailer must allow a temporary suspension of actions for a period of at least 10 days.
- 226 A retailer must offer the alternative payment arrangements, and advise the residential customers that additional assistance may be available, in circumstances where a residential customer is assessed as experiencing payment difficulties or financial hardship.
- Code of Conduct 6.2
- (1) If, for the purposes of clause 6.1, a **residential customer**—
- (a) requests a temporary suspension of actions; and
- (b) demonstrates to a retailer that the residential customer has made an appointment with a relevant consumer representative organisation to assess the residential customer's capacity to pay, the **retailer** must not unreasonably deny the **residential customer's** request.
- (2) A **temporary suspension of actions** must be for at least 10 days.
- (3) If a **relevant consumer representative organisation** is unable to assess a **residential customer's** capacity to pay within the period referred to in sub clause (2) and requests additional time, a **retailer** must give reasonable consideration to the **relevant consumer representative organisation's** request.
- (4) In this clause—
"temporary suspension of actions" means a situation where a **retailer** temporarily suspends all disconnection and debt recovery procedures without entering into an alternative payment arrangement under clause 6.4(1).

Observations

Interviews conducted with the Team Leader of Credit Management confirm that alternative arrangements for payments are offered and additional assistance may be available through a welfare agency where a residential customer is assessed as experiencing payment difficulties or financial hardship.

Information pertaining to the availability of assistance for payment difficulty is also printed on Synergy's standard bill.

Testings did not reveal any exception to the obligation relating to temporary suspension of actions for at least 10 days during the assessment of the residential customer's capacity to pay or account dispute.

Through our testing and examination, we are satisfied that Synergy



has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the licence conditions and Code of Conduct. There are effective controls over credit management to ensure debt recovery procedures and disconnection activities do not occur during the temporary suspension period.

Issue

None is identified.



Obligation **Specific assistance available**

Compliance Rating **5**

2007 Compliance Requirement
Manual Reference

231 A retailer must advise the customer of the specified assistance information.

Code of Conduct 6.8 A *retailer* must advise a *customer* of the—
(a) *customer's* right to have the bill redirected at no charge to a third person;
[Note: Redirection of the bill does not result in a change of liability for the bill.]
(b) payment methods available to the *customer*,
[Note: For example, "Centrepay" and "payment in advance".]
(c) *concessions* available to the *customer*,
(d) different types of *meters* available to the *customer*,
(e) energy efficiency information available to the *customer*, including the option to arrange for an *energy efficiency audit*, and
[Note: If a retailer does not conduct audits itself, it may refer the customer to a third party (for example an accredited assessor or the Western Australian Sustainable Energy Development Office.)
(f) independent financial and other relevant counseling services available to the *customer*.

232 A retailer must determine the minimum payment in advance amount for customers in consultation with relevant consumer representative organisations.

Code of Conduct 6.9 A *retailer* must determine the minimum payment in advance amount, as referred to in clause 5.4(3), for *customers* in consultation with *relevant consumer representative organisations*.

Observations

Interviews with the Team Leader in Credit Management and our examination of documents indicate adequate procedures and information to advise customers on the specified assistance as required in the Code of Conduct. A substantial amount of the specified assistance information is contained on Synergy's standard bill. Additionally, assistance information is available on Synergy's website and in the Customer Charter.

There are social welfare agencies with which Synergy consults on a variety of matters including the minimum payment in advance amount.

Through our enquiries and examination, we are satisfied that Synergy has policies, procedures and system in place, to effectively monitor and manage compliance with the requirement of the



licence conditions and Code of Conduct.

Issue

None is identified.



Obligation Hardship Policy

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

| | |
|----------------------|---|
| 233 | A retailer must develop a hardship policy to assist customers in meeting their financial obligations and responsibilities to the retailer. |
| 234 | A retailer must ensure that the hardship policy complies with the specified criteria. |
| 235 | A retailer must give a customer, financial counselor or relevant consumer representative organisation, on request, details of the financial hardship policy, at no charge. |
| 236 | A retailer must keep a record of the specified information related to the hardship policy. |
| Code of Conduct 6.10 | <p>(1) A retailer must develop a hardship policy to assist customers in meeting their financial obligations and responsibilities to the retailer.</p> <p>(2) The hardship policy must—</p> <ul style="list-style-type: none">(a) be developed in consultation with relevant consumer representative organisations;(b) provide for the training of staff on a retailer's obligations to customers;(c) ensure that customers are treated sensitively and respectfully; and(d) include guidelines— <ul style="list-style-type: none">(i) that—A. ensure ongoing consultation with relevant consumer representative organisations (including the provision of a direct telephone number of the retailer's credit management staff, if applicable, to financial counselors and relevant consumer representative organisations); andB. provide for annual review of the hardship policy in consultation with relevant consumer representative organisations, <ul style="list-style-type: none">(ii) that assist the retailer in identifying residential customers who are experiencing financial hardship;(iii) for suspension of disconnection and debt recovery procedures;(iv) on the reduction and/or waiver of fees, charges and debt; and(v) on the recovery of debt. <p>(3) A retailer must give a customer, financial counselor or relevant consumer representative organisation on request details of the hardship policy at no charge.</p> <p>(4) A retailer must keep a record of—</p> <ul style="list-style-type: none">(a) the relevant consumer representative organisations consulted on the contents of the hardship policy; |



- (b) the date the hardship policy was established;
- (c) the dates the hardship policy was reviewed; and
- (d) the dates the hardship policy was amended.

Observations

We have reviewed Synergy's hardship policy and the controls surrounding the implementation of the hardship policy.

Synergy has developed its hardship policy in consultation with relevant consumer representative organisations such as WACOSS.

All credit management staff and contact centre staff are trained in both the Code requirements and Synergy's obligations.

Synergy has in place an annual review process for the hardship policy.

Synergy has in place approved list of financial counsellors and relevant consumer representative organisation where customers who are experiencing financial hardship can be referred onto.

Synergy's hardship policy addresses the elements required by the code.

Our testings did not reveal any exception in the application of the hardship policy. Our enquiry revealed adequate record retention to satisfy the requirement of Clause 6.10(4) of the Code.

We are satisfied that Synergy has procedures and systems in place to ensure the provision of the information relating to the hardship policy to customers or relevant customer representative organisations is at no charge.

Overall, based on our enquiries and examination we are satisfied that Synergy has policies, systems, and protocols to meet the requirement of the Code of Conduct pertaining to hardship policy.

Issue

None is identified.



Obligation Reconnection

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

246

A retailer must arrange for reconnection of the customer's supply address if the customer has remedied its breach, makes a request for reconnection, pays the retailer's reasonable charges (if any) or accepts an offer of an installment plan for the retailer's reasonable charges.

Code of Conduct 8.1

(1) If a **retailer** has arranged for disconnection of a **customer's supply address** due to—

- (a) failure to pay a bill, and the **customer** has paid or agreed to accept an offer of an installment plan, or other payment arrangement;
- (b) the **customer** denying access to the **meter**, and the **customer** has subsequently provided access to the **meter**; or
- (c) illegal use of electricity, and the **customer** has remedied that breach, and has paid, or made an arrangement to pay, for the electricity so obtained, the **retailer** must arrange for reconnection of the **customer's supply address**, subject to—
 - (i) the **customer** making a request for reconnection; and
 - (ii) the **customer**—
 - A. paying the **retailer's** reasonable charge for reconnection, if any; or
 - B. accepting an offer of an installment plan for the **retailer's** reasonable charges for reconnection, if any.

247

A retailer must forward the request for reconnection to the relevant distributor within the timeframe specified.

Code of Conduct 8.1

(2) For the purposes of sub clause (1), a **retailer** must forward the request for reconnection to the relevant **distributor**—

- (a) that same **business day**, if the request is received before 3pm on a **business day**; or
- (b) no later than the next **business day**, if the request is received—
 - (i) after 3pm on a **business day**, or
 - (ii) on a Saturday, Sunday or public holiday in Western Australia.

We are satisfied that Synergy has effectively demonstrated that it meets compliance requirements of the licence condition and Code of Conduct, in relation to reconnection of customers.

Issue

None is identified.



Obligation

Billing

Compliance Rating 5

2007 Compliance Requirement Manual Reference

261

A retailer must give notice to a customer of its tariffs and any variations in its tariffs in the Government Gazette, in a local newspaper and by notice to each customer.

Code of Conduct clause 10.1(1)

(1) A **retailer** must give notice to a **customer** of its tariffs and any variation in its tariffs, without limitation,—
(a) in the *Government Gazette*;
(b) in a **local newspaper**, or
(c) by notice to each **customer**.

Observations

Interviews with Synergy staff revealed the communication of a tariff change undergoes a stringent process and validation.

Tariff changes are dictated by the State Government and the communication process involves Synergy to advise its customers of such variations.

Synergy engages in an implementation and communication strategy, involving the engagement of business units including legal, regulatory and audit to ensure accuracy and compliance with Code requirements and full review prior to communication to the affected customers.

Synergy has in place adequate strategies to ensure notification has been made without limitation to the media outlets identified within the Code.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the communication of tariff change complies with the conditions set out in the Code of Conduct.

Issue

None is identified.

**Obligation** **Billing / Tariff****Compliance Rating** **5****2007 Compliance Requirement
Manual Reference**

262

A retailer must give notice of any variations in its tariffs to each of its customers affected by a variation, in the timeframes specified.

Code of Conduct clause
10.1(2)

(2) Notwithstanding sub clause (1), a *retailer* must give notice to each of its *customers* affected by a variation in its tariffs as soon as practicable after the variation is published and, in any event, no later than the next bill in a *customer's billing cycle*.

Observations

Interviews conducted with relevant Synergy Staff identified notification strategies to enable variation information to be communicated to its customers as soon as practicable.

Synergy has on its billing document a facility for customer information, which is utilised to publish tariff variation information.

Synergy's project implementation team ensures the quality of process, information and compliance with code requirements, including the management and communication of tariff information

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the variation of tariff information is communicated within the timeframe specified as set out in the Code of Conduct.

Issue

None is identified.



Obligation Information and Communication

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

| | |
|--------------------------------|--|
| 263 | A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including alternative tariffs. |
| Code of Conduct clause 10.1(3) | (3) A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including any alternative tariffs that may be available to that customer . |
| 264 | A retailer must give a customer the information requested on tariffs in the manner and within the timeframes specified. |
| Code of Conduct clause 10.1(4) | (4) A retailer must give a customer the information referred to under sub clause (3) within 8 business days of the date of receipt . If requested by a customer , the retailer must give the information in writing. |
| 265 | A retailer must, on request, give a non-contestable customer its billing data. |
| Code of Conduct clause 10.2(1) | (1) A retailer must give a non-contestable customer on request the non-contestable customer's billing data. |
| 266 | A retailer must give the requested billing data at no charge in the circumstances specified. |
| Code of Conduct clause 10.2(2) | (2) If a non-contestable customer requests billing data under sub clause (1)— (a) for a period less than the previous two years and no more than twice a year; or (b) in relation to a dispute with the retailer , the retailer must give the billing data at no charge. |
| 267 | A retailer must give the requested billing data within 10 business days of the receipt of the request or payment of the retailer's reasonable charge for providing the billing data. |
| Code of Conduct clause 10.2(3) | (3) A retailer must give a non-contestable customer the billing data requested under sub clause (1) within 10 business days of the date of receipt of— (a) the request; or (b) payment for the retailer's reasonable charge for providing the billing data (if requested by the retailer). [Note: Under sub clause (2), a retailer only has to provide the data at no charge under certain conditions. If these conditions are not satisfied, the retailer could opt to charge the customer a reasonable charge for providing the data. Paragraph (b) has been included to |



recognise this situation.]

Observations

Synergy has clearly defined guidelines and procedures governing the provisions of information and communication with customers. The provision of information pertaining to tariffs is normally discussed with customers over the phone by the CSRs. Where customer requests written brochure, the internal policy of 5 business days to complete the request. There are no charges for the provision of tariff information.

Synergy offers an online access for customers billing data through "My Account" at:

https://www.Synergy.net.au/Service_centre/Registered_Accounts.html

The key features include:

- self registration;
- simple tabbed screen layout with a dropdown list of accounts and 'calendar' date selectors;
- see bill and payment history all the way back to 1995;
- view the bills themselves (last 3 years);
- view details of each payment (where and when paid);
- a graphical presentation of billing history (up to 3 years on one graph) and the ability to download the data;
- view this year's accounts compared with the previous year's (graph);
- view an electricity used graph and data download;
- monitor greenhouse gas emissions;
- all the data can be downloaded and the graphs can be saved and printed; and
- make bill payments.

The online access via "My Account" enables customers to obtain copies of their billing data, statements and history of financial transaction at no cost.

Where customers do not have internet access, enquiries indicated that the terms for provision of billing data are in accordance with the Code of Conduct.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective system based controls to ensure the manner of provision of tariff information and billing data comply with the requirement of the Code of Conduct.

Issue

None is identified.



Obligation

Information and Communication

Compliance Rating 5

**2007 Compliance Requirement
Manual Reference**

268

A retailer must keep a non-contestable customer's billing data for seven years.

Code of Conduct clause 10.2

(4) A *retailer* must keep a *non-contestable customer's* billing data for 7 years.

Observations

During interview with relevant personnel it was identified that billing data is not archived.

There is no delete function which would enable billing data to be removed from records.

The IT infrastructure will not enable a manipulation of the billing data.

IT has a backup process & system located off site to ensure data is not lost in the instance of a disaster. Data is currently retained for a period of 14 years within CIS.

Controls are in place where the software system will enable transaction adjustments to be made against the original data, but not of the original data itself. This has been put into place to ensure a transaction trail is established and the original billing data is retained within the system.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems based controls to ensure the billing data is not removed prior to the prior to the code requirements.

Issue

None is identified.

**Obligation Information and Communication****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

269

A retailer must give a customer on request, at no charge, the concession information specified.

Code of Conduct clause
10.3

A *retailer* must give a *customer* on request at no charge—
(a) information on the types of *concessions* available to the *customer*, and
(b) the name and contact details of the organisation responsible for administering those *concessions* (if the *retailer* is not responsible).

Observations

Interviews with relevant personnel confirmed that Synergy has a verified concession contact list which is available to customers upon request.

The contact list contains the organisation name, the contact details and the concessions which are approved and accepted by Synergy.

Synergy provides the concession information on its website. Synergy has an automated process which facilitates the provision of concession information to a customer upon request. The concession information is mailed to the customer from its mail house without charge.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the customer is provided concession information as identified by the Code of Conduct, free of charge.

Issue

None is identified.



Obligation Information and Communication

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

270 A retailer must give a customer on request, at no charge, the general energy efficiency information specified.

Code of Conduct clause 10.4 A **retailer** must give a **customer** on request, at no charge, general information on—
(a) cost effective and efficient ways to utilise electricity (including referring a **customer** to a relevant information source);
(b) how a **customer** may arrange for an **energy efficiency audit** at the **customer's supply address**; and
(c) the typical running costs of major domestic appliances.

271 A retailer must give information to the customer, or refer the customer to the relevant distributor for a response, if asked by a customer for information relating to the distribution of electricity.

Code of Conduct clause 10.5 If a **customer** asks a **retailer** for information relating to the distribution of electricity, the **retailer** must—
(a) give the information to the **customer**; or
(b) refer the **customer** to the relevant **distributor** for a response.

Observations

Consistent with Clause 10.4 of the Code of Conduct, Synergy has developed strategies to advise customer, at no charge, matters in relation to cost effective ways to utilise electricity to assist customers in reducing their electricity consumption. Procedures have been developed to train CSRs to discuss appliance usage with specific examples of high consumption.

Where customers request more specific information relating to energy utilisation or distribution of electricity, Synergy has adopted the protocol of referring customers to relevant information source at Western Power, Sustainable Energy Development Office (SEDO), and Energy Safety WA as appropriate.

Through examination and interviews conducted with the CSRs we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective system (SOH job escalation) and manual based controls (such as voice recording monitoring and review) to ensure appropriate and adequate information pertaining to electricity utilisation are provided to customers.

Issue None is identified.

**Obligation** **Information and Communication****Compliance Rating** **5****2007 Compliance Requirement****Manual Reference**

| | |
|------------------------------|---|
| 280 | A retailer and distributor must tell a customer on request how the customer can obtain a copy of the COC. |
| Code of Conduct clause 10.10 | (1) A <i>retailer</i> and a <i>distributor</i> must tell a <i>customer</i> on request how the <i>customer</i> can obtain a copy of the <i>Code</i> . |
| 281 | A retailer and distributor must make electronic copies of the COC available, at no charge, on their websites. |
| Code of Conduct clause 10.10 | (2) A <i>retailer</i> and a <i>distributor</i> must make electronic copies of the <i>Code</i> available, at no charge, on the <i>retailer's</i> or <i>distributor's</i> web site. |

Observations

Examination of Synergy's website confirmed that the Code of Conduct was available.

The Code of Conduct was able to be printed from the Synergy web site at no charge.

Interview with relevant IT personnel indicated that they monitor the website for correctness of information and access to information.

Interview with the manager from Brand and Equity also stated that the web site is monitored to ensure Code Compliance.

If the Code of Conduct was not accessible on line then there is help desk which can be called upon to investigate and rectify the issue as soon as practicable.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place to ensure the Code of Conduct is available free on the Synergy website in accordance with the Code of Conduct.

Issue

None is identified.

**Obligation Information and Communication****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

282

A retailer and distributor must make a copy of the COC available for inspection, at no charge, at their offices.

Code of Conduct clause
10.10(3)

(3) A *retailer* and a *distributor* must make a copy of the *Code* available for inspection at the offices of the *retailer* and *distributor* at no charge.

[Note: Hard copies of the Code will be available from the Authority. The ERCF will make a recommendation to the Minister that the Authority will provide for multiple language versions of the Code.]

Observations

Interview with relevant personnel identified copies of the Code of Conduct were kept at the front counter at the Synergy enquiry counter.

Random inspection of the front counter located two copies of the Code of Conduct under the counter.

Responsible Synergy personnel stated they would print a copy for the customer upon their request and provide the Code without charge.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct.

Issue

None is identified.

**Obligation Information and Communication****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

283

A retailer and distributor must inform a customer of any material amendment to the COC that affects the customer's rights and obligations.

Code of Conduct clause 10.10

(4) Subject to sub clause (5), a *retailer* and a *distributor* must inform a *customer* of any material amendment to the *Code* that affects the *customer's* rights and obligations in relation to the *retailer* or the *distributor*.

Observations

Synergy has in place a communication strategy to inform customers of any material amendments to the COC.

Where customers' rights and obligations are affected, Synergy identifies the material changes and engages information campaigns to communicate the changes to its customers.

If the changes affect individual customers' Synergy advises the customers' directly of any material changes.

A repeal and replacement of the Code of Conduct occurred in January, 2008. Interviews conducted with relevant personnel indicate that Synergy advertised the Code of Conduct change on its website and provided general notification through media outlets.

The new Code is available on Synergy's website, it is also available free of charge by mail.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls present to ensure where material amendments occur within the Code of Conduct, communication of the material changes are made to Synergy's customers.

Issue

None is identified.



Obligation

Information and Communication

Compliance Rating 5

2007 Compliance Requirement Manual Reference

287

A retailer must, if requested by a customer, advise the customer of the availability of different types of meters or refer the customer to the relevant distributor for a response.

Code of Conduct clause
10.12(2)

(2) If a *customer* asks a *retailer* for information relating to the availability of different types of *meters*, the *retailer* must—
(a) give the information to the *customer*; or
(b) refer the *customer* to the relevant *distributor* for a response.

Observations

The information for the different types of meters is available at Synergy's website. Where requested by a customer who does not have access to the internet, Synergy has procedures to send the information out to the customer.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls present to ensure customers are advised of the availability of the different types of meters.

Issue

None is identified.



Obligation Customer Service Charter

Compliance Rating 5

2007 Compliance Requirement Manual Reference

| | |
|-----------------------------|--|
| 290 | A retailer and distributor must give a customer on request, at no charge, a copy of the Customer Service Charter. |
| Code of Conduct clause 11.2 | (1) A <i>retailer</i> and a <i>distributor</i> must give a <i>customer</i> on request, at no charge, a copy of the <i>retailer's</i> or <i>distributor's Customer Service Charter</i> . |
| 292 | A retailer and distributor must provide a copy of the Customer Service Charter to a customer who requests a copy, within two business days of the request. |
| Code of Conduct clause 11.2 | (3) For the purposes of sub clause (1), a <i>retailer</i> or a <i>distributor</i> must give a copy of the <i>Customer Service Charter</i> to a <i>customer</i> within 2 <i>business days</i> of the <i>customer's</i> request. |

Observations

The Customer Service Charter is available at Synergy's website and can also be obtained through the customer service officer at Synergy's office front counter. Where requested by a customer who does not have access to the internet, Synergy has adequate protocols to send the information out to the customer.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.

**Obligation Marketing****Compliance Rating 5****2007 Compliance Requirement****Manual Reference**

291

A retailer and distributor must make available to contestable customers, at no charge, a copy of the Customer Service Charter.

Code of Conduct clause
11.2

(2) As soon as practicable after 1 January 2005, a *retailer* and a *distributor* must make available to a *contestable customer*, at no charge, a copy of the *retailer's* or *distributor's Customer Service Charter*.

Observations

Based on our enquiries and interviews it was identified that Synergy makes available the Customer Service Charter to Contestable Customers at no charge.

The Customer Service Charter can be down loaded from the Synergy website; alternatively the Contestable Customer can contact the Customer Service Representatives or their respective Business Managers, who will arrange for a copy to be posted to the customer without charge.

The Business Managers provide a 72 hour follow up phone call to enquire whether the Contestable Customer had received the information requested.

Interviewees stated the Contestable Customer is provided with a Customer Service Charter with their initial contract information.

The Customer Service Charter is available and supplied to contestable customers at no charge.

Through our examination and enquiry, we are satisfied there are appropriate policies, procedures and systems in place, to ensure a contestable customer is able to obtain a copy of the Customer Service Charter at no charge.

Issue

None is identified.



Obligation

Information and Communication

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

293

A retailer, distributor and marketer must develop, maintain and implement an internal process for handling complaints and resolving disputes.

Code of Conduct clause
12.1(3)

12.1 Obligation to establish complaints handling process

(1) A *retailer, distributor* and *marketer* must develop, maintain and implement an internal process for handling *complaints* and resolving disputes.

Observations

Synergy has in internal process for handling complaints and resolving disputes.

The Complaints procedure was developed in conjunction with the Energy Ombudsman and other relevant key stakeholders.

The Complaints policy is reviewed on an annual basis and provides the framework by which the complaint resolution process is to take place and is available to customers from the Synergy Website and the Synergy Customer Service Charter.

Synergy has open communication with the Energy Ombudsman which enables discussion and timely review of Synergy's complaint handling process

Synergy has provided complaints policies with mark ups which demonstrate the revision and alteration based on the review process. The complaints policy is dated and recorded in chronological order within the Document Management System.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct.

Issue

None is identified.



Obligation Information and Communication

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

294

A retailer, distributor and marketer must develop, maintain and implement a complaints handling process that meets the specified requirements.

Code of Conduct clause
12.1(2)

- (2) The complaints handling process under sub clause (1) must—
- (a) comply with *Australian Standard* 4269:1995;
 - (b) address at least—
 - (i) how **complaints** must be lodged by **customers**;
[Note: For example, in writing.]
 - (ii) how **complaints** will be handled by the **retailer, distributor or marketer**, including—
 - A. a right of the **customer** to have its **complaint** considered by a senior employee within each organisation of the **retailer, distributor or marketer**, if the **customer** is not satisfied with the manner in which the **complaint** is being handled;
 - B. the information that will be provided to a **customer**,
 - (iii) response times for **complaints**;
 - (iv) method of response; and
 - (c) be available at no cost to **customers**.

Observations

Interviews with relevant personnel confirmed the complaints handling process was designed against the ISO and AS framework.

Review of the complaints policy identified the information contained within the policy addressed the criteria specified within the code.

The complaint policy identifies the escalation entitlement and the response times specified within the Code of Conduct and are available without cost, on the Synergy web site. Alternatively, a customer can contact Synergy and have a complaint policy and complaint form sent to them at no cost.

Synergy has an automated function within Customer Information System (CIS) to identify the request of the customer and have the mail house send out the complaint policy and complaint paper work free of charge.

Issue

None is identified.



Obligation **Service Standard Payments**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

297

A retailer, distributor and marketer must develop a guideline that assists their staff in delineating customer queries and complaints, and provides for the classification of customer complaints.

Code of Conduct clause
12.2(1)

complaints

(1) A *retailer, distributor* and *marketer* must develop a guideline that—

(a) assists their respective staff in delineating *customer* queries from *customer complaints*, and

(b) provides for the classification of *customer complaints*.

[Note: When developing a classification system for customer complaints, a retailer or a distributor may choose to employ the classification system used for record keeping on customer complaints (see Part 13).]

Observations

Synergy has in place a complaints policy which provides a guideline to its staff as to delineating complaint and queries. The guidelines were developed with support from the Ombudsman.

Interviews with relevant personnel indicated that they were aware of the delineation of complaint and query. The interviewees were able to refer to the internal “knowledge base” as a reference and the complaints policy itself.

Interviewees stated they participated in training which assisted their understanding of the complaints policy and delineation. Training records supported their statement.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the guidelines that assist their staff towards understanding the delineation of complaint and query as required by the Code of Conduct.

Issue

None is identified.



Obligation **Service Standard Payments**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

299

A retailer, distributor and marketer must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.

Code of Conduct clause
12.3

12.3 Information provision

A *retailer, distributor and marketer* must give a *customer* on request, at no charge, information that will assist the *customer* in utilising the respective complaints handling processes.

Observations

Interviews with relevant personnel identified sound understanding with the complaints handling process.

Synergy provides information relating to the complaints handling process on its website free of charge.

Customer Resolution Coordinators provide assistance and guidance to a customer information to assist the customer utilise the respective complaints handling process free of charge.

Synergy has in place an Independent Customer Advocate who also provides guidance to customers in utilising the respective complaints handling process.

Assistance is provided over the phone, alternatively information relating to the complaint resolution process is sent to the customer through the post.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and system in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the customers are provided without charge, assistance in utilising the complaints handling process as required by the Code of Conduct.

Issue

None is identified.



Obligation Service Standard Payments

Compliance Rating 5

2007 Compliance Requirement Manual Reference

300

A retailer, distributor and marketer who receives a complaint that does not relate to its functions, must refer the complaint to the appropriate entity and inform the customer of the referral.

Code of Conduct clause
12.4

Obligation to refer complaint

When a *retailer, distributor* or *marketer* receives a *complaint* that does not relate to its functions, it must refer the *complaint* to the appropriate entity and inform the *customer* of the referral.

Observations

During our enquiries we confirmed that the process relating to complaint redirection existed.

Interviewees were conversant with the process and had redirected complaints to relevant entities as required.

Where a written complaint is received which did not relate to Synergy, a letter is sent to the complainant to advise of the redirection. In the instances where the complaint is received over the phone, the complainant is advised immediately with regards to the redirection.

Where the entity is not clearly identifiable the complaint redirection is to the Ombudsman.

The Complaint Resolution Coordinators and the Customer Advocate monitor the nature of the complaint and the redirection process to ensure the customer has been redirected appropriately.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the customers are provided without charge, assistance in utilising the complaints handling process as required by the Code of Conduct.

Issue

None is identified.



Obligation **Service Standard Payments**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

301

A retailer, distributor and marketer must keep a record of each complaint and provide information regarding the complaint to the Authority or electricity ombudsman upon request.

Code of Conduct clause
12.5(1)

12.5 Record keeping

(1) A *retailer, distributor* and *marketer* must —
(a) keep a record of each *complaint* made by a *customer*,
(b) on request by the *Authority*, give to the *Authority* the information referred to under paragraph (a); and
(c) on request by the *electricity ombudsman* in relation to a particular *complaint*, give to the *electricity ombudsman* information that this Part requires the *retailer, distributor* or *marketer* to keep, and any other information that the *retailer, distributor* or *marketer* has, relating to the *complaint*.

Observations

Synergy maintains a record of the complaints received and the complaint attributes.

Synergy prepares a monthly report which advises the senior management of the total number of complaints, source of complaint and nature of complaint.

The total numbers of complaints are reported to the Authority upon request. The report is provided to the Authority by the Legal, Regulatory and Audit business unit.

Details relating to complaints dealings are provided to the Authority on an annual basis, apart from the exception requests.

Telephone complaint records are maintained within the CIS. Written submissions are provided with an identification number (DMS) and are then archived after the appropriate course of action has taken place and subsequent time has passed since finalisation.

Through our testing and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems and manual based controls to ensure the number of complaints are recorded and reported to the Authority upon request as required by the Code of Conduct.

Issue

None is identified.



Obligation **Service Standard Payments**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

302

A retailer, distributor and marketer must keep records of complaints and dispute resolution for at least three years after the date on which the complaint was resolved.

Code of Conduct clause
12.5(2)

(2) A *retailer, distributor* and *marketer* must keep the records referred to in sub clause (1)(a) for at least 3 years after the date on which the *complaint* was resolved.

Observations

Synergy has in place an overarching procedure that governs document and data retention. The policy framework is based on the State Record Act and the period by which documents and data must be retained, being 7 years unless specifically identified within the internal policy.

This policy did not have the specific time period for which complaints must be retained and therefore the retention period by policy is defaulted to the minimum 7 year period.

Records of written complaints were able to be extracted dating back to the formation of Synergy.

Complaints which have been electronically recorded within CIS have not been archived and records were able to be extracted for the date of the formation of Synergy.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. There are effective monitoring controls present to ensure complaints records are kept for a minimum period of three years as prescribed by the Code of Conduct.

Issue

None is identified.



Obligation Information and Communication

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

303

A retailer, distributor or marketer must keep a record or other information as required to be kept by the COC for at least three years from the last date on which the information was recorded, unless expressly provided otherwise.

Code of Conduct clause
13.1

13.1 Records to be kept

Unless expressly provided otherwise, a *retailer, distributor or marketer* must keep a record or other information that a *retailer, distributor or marketer* is required to keep by the *Code* for at least 3 years from the last date on which the information was recorded.

Observations

Interviews with relevant personnel identified IT provides and supports the network infrastructure which maintains and records all data transactions throughout Synergy.

The data within the information system is not archived. The data is backed up off site by an external agency. Data can be retrieved from the information system dating back to the formation Synergy.

Synergy has an organisation wide document and data management policy which is designed against the State Records Act.

The document and data management policy is aligned with the Code requirements. For items identified within the policy that do not have a specified timeframe, the policy states the records must be kept for a minimum period of 7 years.

Hard copy documents are archived in accordance with Synergy's archiving process. Documents were able to be recalled dating back to the establishment of Synergy. The documents were recalled from archive within a 24 hour period.

The software infrastructure is reviewed by the system managers and system health checks are run to ensure system integrity.

Where a hard copy document is archived the document is provided with an identification number and recorded within the Document Management System with a description of the document.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems based controls to ensure records are retained for the



specified period or at least 3 years from the last date information was recorded.

Issue

None is identified.



Obligation **Record Keeping**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

304 A retailer must keep a record of the total number of customers under the affordability and access indicators specified.

Code of Conduct clause 13.2 (1) A **retailer** must keep a record of the total number of its **customers** who—
(a) have been assessed as experiencing **financial hardship**,
(b) are subject to an installment payment plan under Part 6;
(c) have been granted additional time to pay their bill under Part 6;
(d) have been placed on a shortened **billing cycle**,
(e) have been disconnected in accordance with clauses 7.1 to 7.3 for failure to pay a bill;
(f) have been reconnected at the same **supply address** within 30 days of having been disconnected for failure to pay a bill; and
(g) have provided a **refundable advance**.

Observations

It was established that IT maintains the infrastructure and systems to enable data to be extracted from Customer Information System (CIS).

IT has designed CIS to enable the front end user to identify a customer's category by placing the relevant code within a respective field.

IT is able to run a SQL to report the number of customers which fall within the respective categories defined by the Code.

CIS retains the record of the total number of customers under the affordability and access indicators specified.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and Code of Conduct. There are effective systems and manual based controls to ensure records are kept in relation to the total number of customers under the affordability and access indicators defined within the code.

Our testing did not reveal any instances of exceptions or non-compliance with the requirement of clause 13.2 of the Code of Conduct.

Issue

None is identified.



Obligation Record Keeping

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

307

A retailer must keep a record of the total number of residential and business accounts held by its customers.

Code of Conduct clause 13.5

(1) A **retailer** must keep a record of the total number of—

(a) residential accounts; and

(b) business accounts, held by its **customers**.

[Note: A retailer must keep a record of the number of *accounts*, not customers.]

(2) In this clause— “**business account**” means an account for which a **customer** is eligible to receive a tariff other than a tariff for the supply of electricity for residential purposes.

Observations

It was established that IT maintain the CIS and REDS system, where part of the functionality is the retention of the customer account details.

Both systems maintain records relating to revenue and customer accounts.

The data base integrity is checked on a regular basis and a backup process occurs off site.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Code of Conduct. There are effective systems based controls to ensure Synergy keeps a record of the total number of accounts held by its customers as required by the Code of Conduct clause 13.5.

Issue

None is identified.



Obligation **Basis of Bill**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

313

A retailer must pay the stated compensation to an eligible customer where the customer is not reconnected in the manner specified and an exception to payment does not apply.

Code of Conduct clause
14.2(1)

14.2 Facilitating customer reconnections

(1) Subject to clause 14.7, where a *retailer* is required to arrange a reconnection of a *eligible customer's supply address* under Part 8—

(a) but the *retailer* has not complied with the time frames prescribed in clause 8.1(2); or

(b) the *retailer* has complied with the time frames prescribed in clause 8.1(2) but the *distributor* has not complied with the time frames prescribed in clause 8.2(2), the *retailer* must pay to the *eligible customer* \$50 for each day that it is late, up to a maximum of \$250.

Observations

Based on our interviews and examination of records relating to Service Standard Payments, Synergy paid the eligible customer where the customer was not reconnected in the manner specified.

Synergy has a review process in place to monitor the reconnection of a customer. The reconnection is monitored through the CIS system and the Complaint Resolution Coordinators monitor those which have been identified as having been of issue.

Synergy has been proactive in their approach relating to Service Standard Payments. The Complaint Resolution Coordinators identify customers who have not been reconnected in the manner specified and credit the customer with the Service Standard Payment and advise the customer accordingly.

Service Standard Payment amounts are monitored and reviewed by the Area manager.

Service Standards Payments are generated by one Complaint Resolution Coordinator and approved by another after a review has been performed of the notes on the customer's account.

The Service Standard Payments are in accordance with the value identified within the Code of Conduct.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. The prescribed Service Standard Payment where a customer has not been reconnected in the manner specified is paid in accordance with the Code of Conduct.



Issue None is identified.

**Obligation** **Basis of Bill****Compliance Rating** **5****2007 Compliance Requirement**
Manual Reference

315

A retailer must pay the stated compensation to an eligible customer where the retailer has failed to follow any of the specified procedures prior to disconnection for a failure to pay and an exception to payment does not apply.

Code of Conduct clause
14.3**14.3 Wrongful disconnections**

Subject to clause 14.7, if a *retailer* fails to follow any of the required procedures prescribed under Part 6 (if applicable) and Part 7 of the *Code* prior to disconnecting an *eligible customer* for failure to pay a bill, the *retailer* must pay to the *eligible customer* \$50 for each day that the *eligible customer* was wrongfully disconnected, up to a maximum of \$ 250.

Observations

Based on our interviews and examination of records relating to Service Standard Payments, Synergy paid the eligible customer the relevant Service Standard Payment where Synergy failed to follow the specified procedures prior to disconnection for failure to pay.

Synergy has a policy in place which recognises wrongful disconnection which takes into consideration a customer who has been wrongfully disconnected outside the parameter of failure to pay.

Where a complaint has been received by a Customer Service Representative in relation to a wrongful disconnection, the complaint is escalated to the Complaints Resolution Coordinator who examines the nature and basis of the complaint.

Complaints Resolution Coordinators are conversant with the disconnection process.

In the situation where the disconnection has been determined wrongful, the Customer Resolution Coordinators credit the customer with the applicable Service Standard Payment. The Area manager performs a review of the Service Standard Payments made.

Service Standards Payments are generated by one Complaint Resolution Coordinator and approved by another after a review has been performed of the notes on the customer's account.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct. The prescribed Service Standard Payment where a customer has not been wrongfully disconnected is paid in accordance with the Code of Conduct.



Grant Thornton

Synergy Performance Audit Report

182

Issue

None is identified.

**Obligation** **Basis of Billing****Compliance Rating** **5****2007 Compliance Requirement****Manual Reference**

316

A retailer must acknowledge and respond to a written query or complaint by an eligible customer within the timeframes prescribed.

Code of Conduct clause
14.4(1)

(1) Upon receipt of a written query or *complaint* by an *eligible customer*, a *retailer* must—
(a) acknowledge the query or *complaint* within 10 *business days*, and
(b) respond to the query or *complaint* by addressing the matters in the query or *complaint* within 20 *business days*.

Observations

Interview with relevant Synergy personnel identified they are conversant with the timeframes specified within the Code of Conduct and the need to respond to complaints within a specified timeframe.

Complaint procedure recognises the timeframes specified by the Code of Conduct. The complaints sub sequence also recognises the time frame specified.

Synergy's CIS records complaints received by customers. The IT system identifies the date of which the complaint are recorded and the response date.

The Complaint Resolution Coordinators monitor the complaint report to ensure complaints are acknowledged and responded to within the time frame specified.

The area manager monitors and reviews the daily complaint report.

The "daily complaint report" is provided to the Complaint Resolution Coordinators twice a day. Complaint Resolution Coordinators check the report to ensure the customer have received an acknowledgement and response have been provided within the time frame specified.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.



Obligation **Basis of Bill**

Compliance Rating **5**

2007 Compliance Requirement

Manual Reference

317

A retailer must pay the stated compensation to an eligible customer where the retailer has failed to acknowledge or respond to a query or complaint within the timeframes prescribed and an exception to payment does not apply.

Code of Conduct clause 14.4(2)

(2)Subject to clause 14.7, if a *retailer* fails to acknowledge or respond to a query or *complaint* within the time frames prescribed under sub clause (1), the *retailer* must pay to the *eligible customer* \$20.

Observations

Interviews conducted with the relevant personnel established they are aware of the timeframes specified within the Code of Conduct. Relevant personnel are aware of the Service Standard Payment which obliges Synergy to pay a Service Standard Payment where Synergy has failed to acknowledge the complaint in the timeframe specified.

Synergy has in place process and procedures that acknowledge the Service Standard Payment of \$20.

A daily complaint report is monitored by the Complaint Service Coordinators and the Area manager to ensure responses are provided within the timeframes specified and mitigate a failure to acknowledge a complaint.

Where a Service Standard Payment is made by one Complaint Resolution Coordinator an approval by a second Complaint Resolution Coordinator is required. All Service Standard Payments are reviewed by the Area manager.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.

**Obligation** **Basis of Bill****Compliance Rating** **5****2007 Compliance Requirement****Manual Reference**

322

A retailer who is required to make a compensation payment for failing to satisfy a service standard, must do so in the manner specified.

Code of Conduct clause
14.8(1)

14.8 Method of payment

(1) A *retailer* who is required to make a payment under clauses 14.2, 14.3 or 14.4 must do so—

(a) by deducting the amount of the payment from the amount due under the *eligible customer's* next bill;

(b) by paying the amount directly to the *eligible customer*, or

(c) as otherwise agreed between the *retailer* and the *eligible customer*.

Observations

As a result of interviews with relevant personnel, it was identified that where a Service Standard Payment was required to be made, Synergy credited the customer's account with the entitled amount.

A review was performed on a sample of customer's who were entitled to the Service Standard Payment. A credit entry and the value on the customer's account were in accordance with the customer's entitlement. The historical debt recognised the Service Standard Payment credit and reduced the customer's debt accordingly.

Where a customer is deemed to be entitled to a Service Standard Payment a staged review is performed of the entitlement and the conditions resulting in the payment itself.

The Area manager reviews the service standard payments made to ensure they are in accordance with Code of Conduct obligations.

Through examination and enquiry, we are satisfied Synergy has policies, procedures, protocols and systems in place to manage compliance with the requirement of the licence and Code of Conduct.

Issue

None is identified.



Obligation **Meter Installations**

Compliance Rating **5**

2007 Compliance Requirement
Manual Reference

367

A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.

Observations

It was established the IT support the network infrastructure to enable notification to be made to the network operator where the notification takes form of an electronic or data format.

IT procedures and processes are in place to ensure business continuity and such information can be communicated to the network operator as soon as practicable.

Synergy process requires a service order to be raised; the Code does not require the notification to take place through the business to business portal.

Synergy identifies the preferred communication of the outage or malfunction is through the portal to the network operator.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Retail Licence Condition. There are effective systems and manual based controls to ensure the meter malfunctions and outages are communicated to the network operator as soon as practicable in accordance with the Retail Licence Condition 5.1.

Issue

None is identified.



Obligation Data Management

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

424

A user that collects or receives energy data from a metering installation must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.

Retail Licence condition 5.1

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 2 *business days* after collecting or receiving the *energy data* (or such other time as is specified in the applicable *service level agreement*)

Observations

It was established that IT supports the network infrastructure to enable collector or receiver of metering energy data is provided to the network operator in accordance with the communication rules and the timeframes specified.

All metering data is identified as the property of the network operator.

IT maintains the system infrastructure to enable the data to be captured within CIS and then communicated to the network operator through the communication portal within the timeframe specified.

The transfer of data is an automated process which is executed on a half hourly basis through batch runs. The integrity of the IT infrastructure is maintained and the accuracy and timeliness of data transfer is monitored by system and manual processes. The half hourly batch runs ensure the information is communicated to the network provider within the timeframe specified being the two business days.

Through our enquiry, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Retail Licence Conditions. There are effective systems and manual based controls to ensure the energy metering data is communicated to the network operator with the time period set out in the Retail Licence Condition 5.1.

Issue

None is identified.



Obligation

Data Management

Compliance Rating 5

2007 Compliance Requirement

Manual Reference

425

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.

Electricity Industry
Metering Code clause
5.17(1)

(1) A *user* must, in accordance with this *Code*:
(a) provide the *validated*, and where necessary *substituted* or *estimated*, *energy data*, provided to it or obtained by it under this *Code*, 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*; and
{Note: a *user* is required to disclose certain *energy data* to its *customers* in order to bill those *customers*. Those requirements may be expressed in other enactments such as clause 4.4 of the *Code of Conduct*.}

Observations

It was established that IT supports the network infrastructure to enable standing data and validated energy data to the user's customer, to which the information relates.

The communication platform is maintained by Synergy IT to enable standing data to be extracted for the purposes of providing metering services.

IT maintains the MBS, Retail Bridge and REDS to enable the standing data to be extracted through CIS for billing purposes.

CAS and CSC are engaged as disaster recovery to ensure business continuity.

Business continuity and disaster recovery policy is currently being revised through the BT process.

The combined above activities enable the user to provide both standing and validated data for the purposes of providing metering and billing data.

Through our enquiry and examination, we are satisfied that Synergy has policies, procedures and systems in place to effectively monitor and manage compliance with the requirement of the licence condition and the Electricity Industry Metering Code. There are effective systems to ensure the standing and validated



data is able to be provided for the purposes as specified by the Electricity industry Metering Code clause 5.

Issue

None is identified.



Appendix 3 – Audit Evidence

| Compliance Manual Reference | Documents examined |
|-----------------------------|---|
| 9 | Networks Process and Procedures DMS#3128749 |
| 16 | Networks Process and Procedures DMS#3128749 |
| 17 | Networks Process and Procedures DMS#3128749 |
| 18 | Networks Process and Procedures DMS#3128749 |
| 19 | Networks Process and Procedures DMS#3128749 |
| 29 | Networks Process and Procedures DMS#3128749 |
| 34 | Networks Process and Procedures DMS#3128749 |
| 39 | Networks Process and Procedures DMS#3128749 |
| 45 | Networks Process and Procedures DMS#3128749 |
| 48 | Networks Process and Procedures DMS#3128749 |
| 69 | Networks Process and Procedures dms#3128749 Ref 1.3, 1.4 |
| 78 | REBS Application Form DMS #3126409 REBS Terms and Conditions DMS #3043410 REBS Training Presentation DMS #3140592. REBS Process Flows DMS #3122904. |
| 88 | Synergy Standard Electricity Agreement Terms & Conditions (2, 3) Synergy Customer Charter Knowledge Base – Customer Experience (Procedures – Customer Movements- Customer Movements General – New Connection) |
| 93 | DMS# 3028252 |
| 94 | DMS# 3028007, 3034021, 3051869 |
| 98 | Fact Sheets #6 Regulatory & Compliance Requirements & Reporting (DMS # 3024191) and #13 Procedure for Regulatory Incident (Non-compliance) (DMS#3036215) Incident Log DMS# 3025701 Regulatory & Compliance Calendar DMS #3041536 Electricity Marketing Agent Code Compliance Form EChM0002JULY07 |



| Compliance Manual Reference | Documents examined |
|-----------------------------|--|
| 101 | DMS# 3048764 DSB Regulatory/Legal to approve changes prior to submission to ERA for approval Refer Operations Manual 4.1.4 DMS #3034021 |
| 113 | Knowledge Base – (Procedures- Code's of Conduct – Small Use Code - Code of Conduct, Small Use Customers) BMG Sales Process Coaching Checklist DMS #2535292 Contact Centre Coaching Checklist DMS# 3003603 also see Contact Centre Team Leader call monitoring guidelines DMS# 3120957 |
| 114 | BMG Sales Process Coaching Checklist DMS # 2535292. Welcome to Synergy DMS #3083849. Specialised electricity supply and fault recognition DMS #3039434 Basic CIS DMS #3084501 CCKB-Procedures-Codes of Conduct Small Use Code of Conduct - Electricity Contracts Training Pack |
| 115 | Knowledge Base – (Procedures- Code's of Conduct – Small Use Code – Code of Conduct, Small Use Customers) |
| 116 | Synergy training manuals on DMS in regards to all CSR training and induction Training records are kept by EOS. Welcome to Synergy DMS #3083849 Specialised electricity supply and fault recognition: DMS #3039434 Basic CIS: DMS #3084501 Customer & Brand Equity Training Requirements Assessment DMS#3030214 |
| 117 | Specific letter to ERA advising new contact details |
| 120 | Knowledge Base – Customer Experience (Procedures- Customer Movements Customer Movements General – New Connection) 2.5 (3) CCKB - Procedures - Customer movements - SOIN master process and CCKB - Procedures - Staff - call quality tool kit - observation check list CCKB - Procedures - codes of conduct - small use code of conduct - code of conduct - small use customers - Customer agreement quick reference card DMS#2669520v3 Standard Electricity Terms and Conditions includes the Standard Electricity Agreement (Door to Door Marketing) that provides for Clause 2.5(1) and 2.5(4) |
| 121 | Knowledge Base – Customer Experience (Procedures Customer Movements - Customer Movements General – New Connection CCKB - Procedures - Customer movements - SOIN master process and CCKB - Procedures - Staff - call quality tool kit - observation check list CCKB - Procedures - codes of conduct - small use code of conduct - code of conduct - small use customers - Customer agreement quick reference card |
| 122 | CCKB - Procedures - Customer movements - SOIN master process DMS#2535271 |
| 124 | Stock control process DMS 3074035 CCKB - Procedures - Customer Movements - SOIN master process |
| 131 | CCKB-General Knowledge-P-Providing customer with a reference number |
| 133 | Code Compliant Outbound Sales Script DMS# 2535271 v2 |
| 134 | DMS# 3048764 |
| 135 | DMS #3050001 and 3050002 |
| 136 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535272 Code Compliant Outbound Sales Script DMS # 2535271 |



| Compliance Manual Reference | Documents examined |
|-----------------------------|--|
| 137 | BMG Sales Process Coaching Check Sheet Code Compliant DMS# 2535292. Code Compliant Outbound Sales Script DMS #2535271 |
| 138 | Code Compliant Outbound Sales Script DMS # 2535271. Do not Contact Register DMS #2532257 |
| 139 | Code Compliant Outbound Sales Script DMS # 2535271 |
| 140 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 142 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 144 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 145 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 146 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 147 | BMG Sales Process Coaching Check Sheet Code Compliant DMS # 2535292. Code Compliant Outbound Sales Script DMS # 2535271 |
| 150 | Presentation for promotional event training. DMS # 3048291 |
| 151 | Presentation for promotional event training. DMS # 3048291 |
| 152 | Presentation for promotional event training. DMS # 3048291 |
| 153 | Presentation for promotional event training. DMS # 3048291 |
| 156 | DMS # 2532257 SME System and Hard copy retention for Power Watch |
| 158 | Do not contact process DMS 3029030 CCKB-General Knowledge-D-Do not contact - Marketing material |
| 159 | CIS Report DCISCC12 |
| 161 | Do not contact process DMS 3029030 |
| 167 | Privacy Training DMS #3007295 Copy of Res Info Process DMS#3004599 CCKB - General Knowledge- Freedom of Information |
| 168 | Copy of Res Info Process DMS#3004599 CCKB - General Knowledge- Freedom of Information |
| 170 | CCKB - General Knowledge - P - Privacy Policy Training Material DMS# 3007295 Process flow DMS#2149321 |
| 171 | Customer Information System SOII process. |
| 173 | "Not billed report" |
| 174 | DMS # 3087374 |
| 175 | DMS # 3087374 |
| 176 | DMS # 3087374 |
| 177 | DMS # 3087374 |



| Compliance Manual Reference | Documents examined |
|-----------------------------|---|
| 178 | DMS # 3087374 |
| 179 | CCKB - General Knowledge - M - Mailing address |
| 180 | Sample bills in DMS 3050001 and 3050002 |
| 183 | Sign off process for documentation as per DMS#3048764 "Self read" card. |
| 184 | Max / Est report by Western Power "Maximum Estimates" report sent to Western Power |
| 185 | DMS# 908559 |
| 186 | DI/S# 908559 |
| 187 | Sample Bills DMS# 3050001, 3050002 |
| 188 | Knowledge Base Customer Experience (General Knowledge Items - E - Estimated Readings) CCKB - Procedures - High Accounts - Check Customer History - MRRC, CCKB - Procedures - High Accounts - Check Meter Reading - Compare Reading, CCKB - Procedures - SOII - SOII Matrices - Billing/Credit Mgmt |
| 189 | DMS # 908559 |
| 191 | Knowledge Base - Customer Experience (Procedures-High Accounts- Initial Response- Customer Demands Meter Test) |
| 192 | DMS# 2864085, 2862646, 2863881, 2863892, 2863886, 2863896, 2868278 CCKB - Procedures - SOII - SOII MATRICES - Billing/Credit mgmt |
| 193 | DMS# 2863881, 2863882, 2863886, 2863896, 2868373 |
| 195 | DMS#. #2864714 |
| 197 | Knowledge Base- Customer Experience-Payments-Misc/Other-Refunds |
| 198 | Synergy Complaints Policy Knowledge Base - Customer Experience (Procedures - Complaints- Process) |
| 200 | Compliance Policy Customer Service Charter CCKB - Procedures - Complaints - Service Standard Payments - Process |
| 201 | DMS# 908559 |
| 202 | DMS# 908559 |
| 203 | DMS# 2869180 |
| 204 | DMS# 2864714 |
| 205 | Synergy Standard Electricity Agreement (6.2) DMS# 3050001, 3050002 |
| 206 | DMS# 3050001, 3050002 |
| 208 | DU Form & agreement DMS# 3124011. Step by Step Instructions DMS #3086046 |
| 209 | Knowledge Base - Customer Experience (Procedures - Payments-Payment Methods-Budget Card) |
| 210 | CCKB - General Knowledge - M - Mailing address |
| 212 | DMS#3087141 |
| 213 | DMS#3087141 |
| 217 | DMS # 3087209 |



| Compliance Manual Reference | Documents examined |
|-----------------------------|--|
| 218 | 'When to Cease Collection Activity' - DMS # 3087193 |
| 220 | Cheat sheet - Hardship Policy DMS#303/178. Knowledge Base - Customer Experience (Procedures - Payments - Hardship Reasons - Payment Difficulties & Hardship Reasons) |
| 224 | DMS # 1427606 |
| 226 | CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines DMS # 3087199, 'Keeping Connected Hardship Policy' and Hardship Assessment guide DMS # 2122874. DMS#1427606 |
| 231 | <u>Hardship Policy</u> CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons CCKB - Procedures - High Account - Resolution - Issue not resolved. |
| 232 | <u>Hardship Policy</u> CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons |
| 233 | <u>Hardship Policy</u> CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons |
| 234 | <u>Hardship Policy</u> CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons |
| 235 | CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons |
| 236 | CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines, CCKB - Procedure - Payments - Hardship policy - Synergy hardship policy, CCKB - Procedure - Payments - Hardship reasons - Payment Difficulty and Financial Hardship reasons |
| 237 | DMS#3087199 (in blue) CCKB - Procedure - Payments - Payment cheat sheet - Credit Management Guidelines |
| 238 | DMS # 3021404 - Collections Time-line |
| 239 | Sample 'Collection notices' |
| 240 | Limitations on when Disconnection can occur DMS # 3087362 - 2561408 |
| 243 | DMS#3017879 Limitations on when Disconnection can occur DMS # 3087362 - 2561408 Sample 'Weekly Discor' report |
| 244 | Life Support Policy in place DMS#2561408 Life Support Process DMS# 2597778 Customer Experience Centre (General Knowledge Items - Life Support Equipment). Identified on the CIS (Customer Database) |



| Compliance Manual Reference | Documents examined |
|-----------------------------|--|
| 246 | DMS: # 3086216, 3087435 CCKB - Procedures - Payments - Customer call back - relix |
| 247 | Procedures: DMS: # 3086216, 3087435 CCKB - Procedures - Payments - Customer call back - relix |
| 261 | Price change process DMS # 3093296 |
| 262 | Process for Amending Marketing Materials – Internal and External Documents DMS# 3048764 |
| 263 | CCKB - Prices, charges & SLA'S - Charges - Tariff description - Tariff overview, CCKB - Brochures & Forms - Brochures - Tariff - Tariff brochure 2007, CCKB - General Knowledge - L - Customer Letter Request |
| 264 | CCKB - Prices, charges & SLA'S - Charges - Tariff description - Tariff overview, CCKB - Brochures & Forms - Brochures - Tariff - Tariff brochure 2007, CCKB - General Knowledge - L - Customer Letter Request HPA Mail out process. |
| 265 | CCKB – General Information – Letter Requests |
| 266 | CCKB – General Information – Letter Requests |
| 267 | CCKB General information – letter requests |
| 268 | |
| 269 | CCKB - Procedures - Rebates - Customer Enquiries - I would like to apply for a rebate This refers to concessions – DMS# showing back of bill. Also refer to Customer Charter and KB. |
| 270 | Smartways Booklet summarising energy usage / appliance information, SEDO CCKB - General Knowledge - O - Office of Energy and SEDO, CCKB - General Knowledge - E - Energy Safety WA, CCKB - General Knowledge - E - Energy Advantage, CCKB - Procedures - High Accounts Appliance usage - Discuss CCKB - Procedures - High Accounts Appliance usage - High consumption examples, CCKB - Procedures - High Accounts Appliance usage - Air-conditioning hints, CCKB - Brochures and Forms - Brochures - Smartways brochure |
| 271 | CCKB - SOII - SOII Matrices - Network (miscellaneous code ES EMSC) |
| 280 | Knowledge Base – Customer Experience (Procedure's Codes of conduct – Small Use Code of Conduct – Code of Conduct Small Use Customers) |
| 281 | http://www.synergyenergy.com.au/About_Us/Our_Policies/Customer_Charter.html - Customer Service Charter |
| 282 | Instruction kept on CSC KB under Code of Conduct/Policy/Availability Of Code To Customers |
| 283 | DMS#3034021 |
| 287 | Tariff Brochure. Tariff info available website : www.synergyenergy.com.au/Residential_Segment/Electricity_Connections/Prices_and_Fees.html Knowledge Base – Customer Experience (Networks Prices Charges and SLA's – Tariff Description – Tariff Overview) |
| 290 | www.synergyenergy.com.au/About_Us/Our_Policies/Customer_Charter.html Knowledge Base Customer Experience Centre (FAQ – Retail Customer Charter Procedures) - sample |



Synergy Performance Audit Report

| Compliance Manual Reference | Documents examined |
|-----------------------------|--|
| 291 | www.synergyenergy.com.au/About_Us/Our_Policies/Customer_Charter.html Knowledge Base Customer Experience (FAQ – Retail Customer Charter Procedures) - sample |
| 292 | www.synergyenergy.com.au/About_Us/Our_Policies/Customer_Charter.html Knowledge Base Customer Experience (FAQ – Retail Customer Charter Procedures) - sample CIS list of customer documentation. |
| 293 | Knowledge Base Customer Experience Customer Complaint Form |
| 294 | Synergy Complaints Policy DMS#2249423v4 Knowledge Base Customer Experience (Procedures – Complaints – Process) (www.synergyenergy.com.au/Service_Centre/Claims_and_Complaints/Claims_and_Complaints.html) - sample The complaint form obtained through the webpage. |
| 297 | Synergy Complaints Policy DMS#3085825 Knowledge Base Customer Experience (Procedures – Complaints – Process) DMS 3066176 for example |
| 299 | Synergy Complaints Policy DMS#3085825 https://www.synergy.net.au/Service_Centre/Claims_and_Complaints/Claims_and_Complaints.html CCKBKB – Procedures- Complaints |
| 300 | Synergy Complaints Policy DMS#3085825 Practice is to refer to other entity, inform RS&CS, and file note DMS 3022393 |
| 301 | Synergy Complaints Policy DMS#3085825 Sample of complaints recorded by RS&CS Customer Relations Coordinator on DMS and CIS. Sample of Monthly report produced by RS&CS to Exec Committee. |
| 302 | DMS #3085835v1 & KB Complaints/Administration/Complaint Recording |
| 313 | Synergy Complaints Policy Knowledge Base Customer Experience (Procedures – Complaints – Service Standard payments – Process) DMS 3115512. http://www.synergy.net.au/PDF_Documents/Support_Documents/Customer_Charter.pdf |
| 315 | Synergy Complaints Policy Knowledge Base Customer Experience (Procedures – Complaints – Service Standard payments – Process) DMS 3047950 |
| 316 | DMS #3085825v1 Complaints are reviewed by Office of Customer Advocate. Performance reported - RS&CS report to Executive. |
| 317 | Synergy Customer Charter Knowledge Base Customer Experience (Procedures – Complaints – Service Standard payments – Process) DMS 3047950 |
| 322 | Synergy Customer Charter Knowledge Base Customer Experience (Procedures – Complaints – Service Standard payments – Process) Sample of monthly report of SSP's maintained by Customer Relations Coordinator |
| 357 | Metering Services & Metron Agreement DMS#2866080 Metering Code Model SLA DMS#3076854. |



| Compliance Manual Reference | Documents examined |
|-----------------------------------|--|
| 367 | Sample of 'meter irregularity' service order (request network operator to investigate) or issues a meter change' service order. |
| | CIS, Internal Control Refer Contact Centre Knowledge Base - SOII Procedures SOII matrices - Metering. |
| 413 | Evidence demonstrating that Synergy does not charge customers for provision of data. |
| 424 | Energy data Customer Reads sample job FCISOM47 |
| 425 | Document of agreement (Network operator send Synergy actual readings within 2 days of scheduled read date. If no reading supplied, the network operator must provide a substitute reading within 5 business days.) The current Internal Control - Billing's 'Not Billed' report DMS 3112130. |



| Operating Area | People Interviewed |
|----------------------------------|--------------------|
| Contact Centre | Julie W. |
| | John C. |
| | Michelle S. |
| | Clare D. |
| | Jenny H. |
| Credit Management | Craig B. |
| | Fiona S. |
| Customer Advocate | Ken N. |
| Customer Resolution | Michael P. |
| | Dianne C. |
| | Judy P. |
| Customer Transaction & Transfer | Gail S. |
| | John M. |
| | Tam P. |
| | Fiona M. |
| Products | Steve W. |
| | Tenneille S. |
| | Kylie S. |
| | Crystal |
| Regulatory Retail | Simon T. |
| | Karen M. |
| | Kerith M. |
| Residential & Marketing Strategy | Debbie T. |
| Retail Sales | Andrew W. |
| | Mark N. |
| | Tom H. |
| | Geoff |
| Technical Services | Todd L. |
| | Michael L.V. |



7. Audit Opinion

In our opinion, except for the matters identified in Appendix 2.1 – Compliance Manual Obligations which Require Corrective Measures, we are satisfied that Synergy has policies, procedures, protocols and systems in place in relation to the Electricity Retail Licence for the period 30 March 2006 to 31 March 2008, based on the relevant Compliance Manual obligations referred to within the scope section of this report.

Grant Thornton Australia Ltd

Campbell George Ansell

Director

Perth

3 November 2008