



# INFORMATION

## Premier Power Sales Pty Ltd

### 2013 PERFORMANCE AUDIT

The Economic Regulation Authority has published the 2013 performance audit (**Audit**) report for the electricity retail licence of Premier Power Sales Pty Ltd (**PPS**).

- [2013 Audit report \(including the post-audit implementation plan\)](#)

#### Action by the Authority

The Authority is satisfied that PPS has demonstrated an acceptable level of compliance with its licence conditions.

The Authority has decided to increase the period of time until the next Audit from 36 months to 48 months. The next Audit will cover the period from 1 July 2013 to 30 June 2017, with the report on the Audit to be provided to the Authority by 30 September 2017.

#### BACKGROUND TO THE AUTHORITY'S DECISION

##### 2010 Audit

The 2010 Audit report included four recommendations, which addressed internal administrative processes and finalising a new contract with Western Power covering access to the Western Power network.

The 2013 Audit findings indicate all except one of the recommendations have been satisfactorily addressed. The outstanding recommendation relates to generating automated responses to messages received from the Western Power web portal related to transactions between PPS and Western Power. Because of the small volume of customer transactions performed by PPS, they have implemented a manual acknowledgement process instead of developing an IT solution. The manual solution appears to be working satisfactorily.

##### 2013 Audit

The 2013 Audit assessed a total of 85 licence obligations with the following results:

- 3 obligations were not applicable to PPS's business operations;
- 25 obligations were not rated because there was no relevant activity during the audit period;
- 42 obligations were rated compliant 5 (highest rating);
- 11 obligations were rated compliant 4 (some scope for improvement);
- 1 obligation was rated compliant 3 (material recommendations for improvement); and
- 1 obligation was rated 2 (non-compliant).

The obligation rated non-compliant related to the late provision of information to the Authority. The reports in question were provided to the Authority after the due date.

There is also an ongoing non-compliance carried forward from the 2010 Audit in relation to the Western Power web portal. This is considered to be an administrative non-compliance that has not affected customers or other participants in the Wholesale Electricity Market.

Section 6.4 of the Authority's *Audit Guidelines: Electricity, Gas and Water Licences (Guidelines)* set out the Authority's policy in respect of the period of time between Audits:

For audits and reviews, the cost of regulation may be reduced if the interval between audits/reviews is increased. Hence, the Authority is prepared to, within reasonable bounds, extend the interval between audits/reviews for low risk licensees, i.e. those licensees who are demonstrating high levels of compliance or asset management effectiveness.

[...]

Licensees who are assessed as having a strong compliance framework that is achieving a high level of compliance with the licence may be rewarded with an increased interval between audits.

After considering the results of the 2010 and 2013 Audits of PPS's licence, and the actions PPS has taken to address the recommendations from the 2010 Audit, the Authority has decided that increasing the period of time until the next Audit by a further 12 months is consistent with the policy set out in the Guidelines.

For further information contact:

**General Enquiries**

Paul Reid  
Assistant Director Monitoring  
Ph: 08 6557 7900  
Fax: 08 6557 7999

**Media Enquiries**

Richard Taylor  
Riley Mathewson Public Relations  
Ph: 08 9381 2144  
Fax: 08 9381 3877

LYNDON ROWE  
**CHAIRMAN**

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