

Your Ref: DM#9021351
Our Ref: D84101
Contact: Paul Reid

Mr Paul Italiano
A/Chief Executive Officer
Electricity Networks Corporation
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Dear Mr Italiano

Notification – contravention of a Type 1 licence obligation

Reference is made to the letter from Mr Doug Aberle dated 6 February regarding the contravention of clause 7.7(2)(c) of the *Code of Conduct for the Supply of Electricity to Small Use Customers* (Code).

Clause 7.7(2)(c) of the Code provides that, where a distributor has been informed by a retailer that a person residing at a customer's supply address requires life support equipment, the distributor must give the customer at least three days written notice of any planned interruptions to supply at the customer's supply address. This constitutes a Type 1 (considered the most serious and therefore are immediately reportable) licence obligation. Type 1 compliance obligations are classified as having a major impact on the basis that:

- the consequences of a contravention would cause major damage, loss or disruption to customers; or
- the consequences of a contravention would endanger or threaten to endanger the safety or health of a person.

On 27 January 2012, Western Power's contractor, Theiss Services Pty Ltd (Theiss) undertook a planned supply interruption in Kendenup. Western Power had previously notified Theiss that the interruption was going to affect a customer whose address was registered as a life support equipment address. The life support equipment customer in Kendenup contacted Western Power's call centre at 1.20pm on the day of the interruption to advise that her property had no power and that she had not been notified of any scheduled power interruption. The customer moved to a friend's property nearby that still had power. Western Power immediately contacted Theiss requesting power be restored to the customer's supply address; power was restored at 2.35pm. Subsequent contact with the customer indicated they had not been adversely impacted as a result of the interruption.

Following a similar contravention that was reported to the Authority in November 2011, Western Power made a number of changes to the procedures related to notifying life support equipment customers of planned interruptions. These changes were communicated to the relevant contractors, including Theiss. Contractors undertaking planned interruptions that affect life support equipment addresses are required to provide written notification of the interruption to the customer and follow this up with personal contact before the planned

interruption commences. Importantly, if the contact requirements were not met, the contractors are required to cancel or postpone the interruption.

Western Power's investigation into the contravention identified that Theiss failed to provide written notification to the customer, and had also not made personal contact with the customer. Theiss informed Western Power that they had made numerous attempts to contact the customer by telephone without success. The telephone number used by Theiss was confirmed as the correct contact number for the customer. Theiss also carried out an internal investigation into the contravention that has resulted in the dismissal of the employees involved in the contravention.

The contravention occurred as a direct result of the contractor's staff failing to contact the customer in accordance with the procedures set down by Western Power. The information provided by Western Power leads the Authority to conclude that the underlying cause of the contravention was the absence of appropriate checks that the customer had been contacted before the interruption was allowed to proceed. This view is supported by the additional interim actions that Western Power has now implemented to ensure that the contractor provides adequate evidence that affected life support customers have been contacted before Western Power authorises the contractor to proceed with the interruption.

Western Power has recently implemented a compliance monitoring framework for its Type 1 licence obligations. The information on the framework that was provided to the Authority in a letter from Mr Doug Aberle dated 19 December 2011 shows that the compliance monitoring processes relate to Western Power's internal processes. It would appear that Western Power is relying on the contractors who undertake work involving Type 1 licence obligations to implement robust internal processes to manage their compliance. The contravention that is the subject of this letter shows that this may not be the case. The Authority sees there is scope for Western Power to further strengthen its compliance monitoring framework by extending its reach to include contractors that undertake work involving Type 1 licence obligations. The Authority encourages Western Power to review the framework with a view to further strengthening the controls over work that is performed by contractors.

The Authority notes that, including the current contravention, Western Power has reported a total of six contraventions of Type 1 licence obligations since May 2011. The Authority is dissatisfied with the frequency with which Western Power is contravening Type 1 licence obligations. While the implementation of the compliance monitoring framework is expected to go some way towards reducing the incidence of Type 1 licence contraventions, it remains to be seen how effective the framework will be in preventing Type 1 contraventions in the future. As previously mentioned, the Authority is of the view that the framework needs to be extended to include contractors undertaking work for Western Power. Western Power also needs to review the processes that involve Type 1 licence obligations to ensure that there are appropriate and robust controls in place to prevent, as far as is reasonable, further contraventions. The Authority has also requested that Western Power, by no later than 2 March 2012, detail the measures that it will be taking to address the Authority's concerns.

Should you have any queries regarding this letter please contact Mr Paul Kelly, Executive Director, Licensing Monitoring and Customer Protection, on 6557 7900.

Yours sincerely

LYNDON ROWE
CHAIRMAN

/ /

cc. Minister for Energy