

ATCO Gas Australia Pty Ltd
Performance Audit Report

November 2013

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Acronym List

| Acronym | Full Name |
|-----------------------|---|
| AGA | ATCO Gas Australia Pty Ltd |
| Authority | Economic Regulation Authority |
| GIS | Geographical Information System |
| MIRN | Meter Installation Registration Number |
| NMIS | Network Metering Information System |
| REMCo | Retail Energy Market Company Ltd |
| SAP | Systems Applications and Products – business systems software |
| GDL | Gas Distribution Licence |
| Grant Thornton | Grant Thornton Australia Ltd |
| WAGN | WA Gas Networks Pty Ltd |
| IVR | Initial Voice Recognition |
| GSL | Guaranteed Service Level |
| DBYD | Dial Before you Dig |
| NOD | Notice of Defect |
| IO | Inspectors Orders |
| PMD | Pressure Monitoring Device |
| TTY | Teletypewriter |

1. Background

ATCO Gas Australia Background

ATCO Gas Australia (“AGA”) owns and operates the largest gas distribution network in Western Australia, delivering gas to approximately 667,000 end users and covering approximately 13,300 kilometres. The gas distribution network services Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the wider Perth metropolitan area.

Audit Background

Under section 11ZA(1) of the Energy Coordination Act 1994, AGA is required to provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter.

AGA appointed Grant Thornton Australia Limited (“Grant Thornton”) to conduct the performance audit of its Gas Distribution Licence with approval from the Authority. As part of the commencement process of the performance audit, Grant Thornton engaged with the Risk and Regulatory Services Manager to conduct a preliminary risk assessment in relation to each relevant compliance obligation within the Gas Compliance Reporting Manual (March 2013). Grant Thornton then prioritised the audit coverage based on the risk profile of AGA with an emphasis on providing greater focus and depth of testing for areas of higher risk to provide reasonable assurance that AGA had complied with the standards, outputs and outcomes under the Gas Distribution Licence.

In conducting the performance audit, Grant Thornton has adopted the standards prescribed in the Australian Auditing Standards on Assurance Engagements, ASAE 3000 “Planning Performance Audits” and ASAE 3500 “Performance Engagements”. Through a combination of enquiries, examination of documents and substantive testing, Grant Thornton evaluated the adequacy and effectiveness of AGA’s controls relative to the standards referred in the Gas Distribution Licence.

2. Objective

The audit objective is to evaluate the adequacy and effectiveness of controls implemented by AGA to fulfil its obligations in complying with the performance and quality standards referred to in its Gas Distribution Licence. The audit focuses on the systems and effectiveness of processes used to ensure compliance with the standards, output and outcomes required by the licensee.

3. Scope

The performance audit covered AGA's GDL8 for the period 1 July 2010 to 30 June 2013.

The performance audit includes the status of management actions pertaining to AGA's 2010 Performance Report.

It was proposed that wherever possible the license conditions be reviewed in aggregate as part of an end-to-end business process.

For the purposes of this performance audit, Grant Thornton adopted the March 2013 Gas Compliance Reporting Manual. Legacy Gas Compliance Reporting Manual obligations pre 2013 determined to be relevant during the audit period also formed part of our review.

4. Inherent Limitations

Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the control procedures may deteriorate.

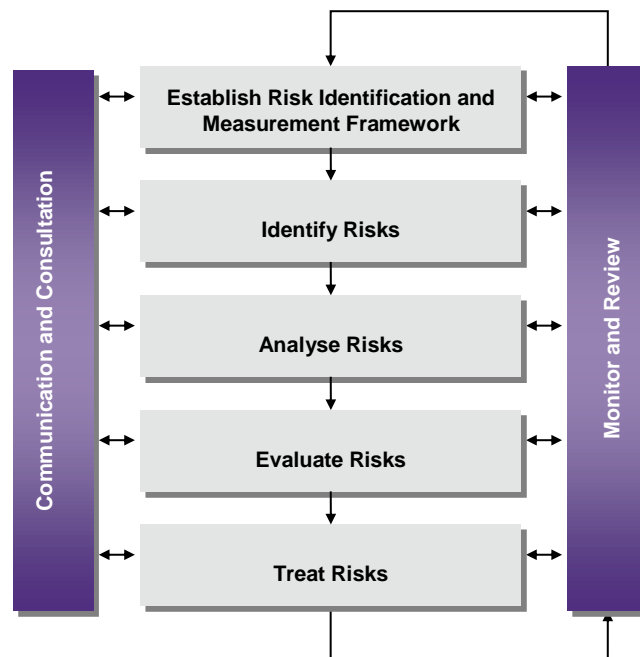
An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

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

5. Our Approach and Methodology

Risk Assessment

In performing the performance audit of the AGA's Gas Distribution Licence, Grant Thornton adopted a risk based audit approach based on the Australian/New Zealand Standard AS/NZS 31000:2009 as illustrated in the diagram below.



Establishing the context

The key legislation, regulations and codes that govern the licensing of providers of gas distribution are:

- The Energy Coordination Act (WA) 1994;
- The Energy Coordination (Customer Contracts) Regulations 2004;
- The Gas Standards Act 1972;
- The Gas Standards (Gas Supply and System Safety) Regulations; and
- Gas Customer Code 2008.

Risk identification and assessment

In consultation with AGA's Regulatory Services team, Grant Thornton analysed each compliance obligation in terms of the inherent risk level and rated the controls in accordance with the guidelines prescribed by the Authority. Audit priority was assigned based on the risk level and controls, which Management exercised over those risks.

Consistent with ASAE 31000, Grant Thornton adopted an approach of professional scepticism throughout the review. ASAE 31000 (para 11(a)) states that having an attitude of professional scepticism *“means the assurance practitioner makes a critical assessment, with a questioning mind, of the validity of evidence obtained and is alert to evidence that contradicts or brings into question the reliability of documents and responses to enquiries and other information obtained from management and the responsible party”*.

Furthermore, we have considered and adopted the Authority's “Audit Guidelines: Electricity Gas and Water Licences (August 2010)” in conducting the performance audit.

Our fieldwork involved interviews and discussions with the process owner or delegated representative to obtain an understanding of the business environment and organisation structure. Through examination of documents, policies and procedures, we identified risks and associated key controls. We have undertaken substantive testing to confirm the operational effectiveness of those controls.

Risk evaluation

Risk evaluation for AGA involved Grant Thornton assessing compliance with the requirements of the licence by examining the design effectiveness of the controls through the evaluation of the:

- Control environment;
- Information system;
- Control procedures; and
- Compliance attitude of Management.

In accordance with the Authority's audit guidelines, we used the following compliance rating scale to measure the extent of AGA's compliance with the obligations.

| Compliance Status | Rating | Description of Compliance |
|------------------------------------|---------------|---|
| Compliant | 5 | Compliant with no further action required to maintain compliance. |
| Compliant | 4 | Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance. |
| Compliant | 3 | Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance. |
| Non-compliant | 2 | Does not meet minimum requirements. |
| Significantly Non-compliant | 1 | Significant weaknesses and/or serious action required. |
| Not Applicable | N/A | Determined that the compliance obligation does not apply to the licensee's business operations. |
| Not Rated | N/R | No relevant activity took place during the audit period, therefore it is not possible to assess compliance. |

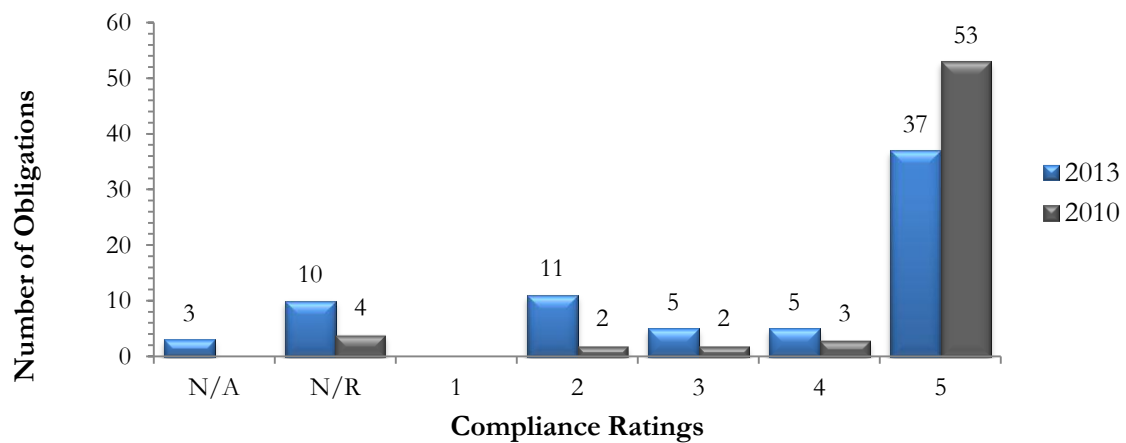
Risk treatment

If a control risk was identified, which if in Grant Thornton's professional judgment was left untreated may cause AGA to become non-compliant with its obligation under the licence, Grant Thornton would provide appropriate recommendations to mitigate the risk to an appropriately low level. The treatment of risks could either involve reducing the likelihood of the risk materialising or mitigating the impact of the risk.

6. Summary of Findings

The following graph illustrates the compliance profile of AGA along with a comparison between the compliance ratings for the 2010 and 2013 Performance Audits.

Figure 2



| Compliance Rating Scale | Year | N/A | N/R | 1 | 2 | 3 | 4 | 5 |
|--------------------------------|-------------|------------|------------|----------|----------|----------|----------|----------|
| Number of Obligations | 2013 | 3 | 10 | 0 | 11 | 5 | 5 | 37 |
| | 2010 | 0 | 4 | 0 | 2 | 2 | 3 | 53 |

7. Audit Team Members and Hours Utilised

| Team Members | Hours |
|---------------------------------------|--------------|
| Michael Hillgrove, Engagement Partner | 11 |
| Cam Ansell, Partner | 4 |
| Rudi James, Manager | 117 |
| Brooke Williams, Consultant | 168 |
| Total | 300 |

8. Review of Previous Findings

Review of AGA's 2010 performance audit identified a number of matters that had not been addressed or addressed as non-compliant during the period under review. As part of the 2013 review process, we reviewed the status of management actions for those matters identified in the 2010 Performance Audit Report. These observations are further discussed in the Detailed Findings Section of the report.

| Licence Clause | Description | Recommendations | Management Actions | Status of Management Actions |
|---|--|---|---|--|
| Compliance Manual Reference 224 Disconnections Clause 2.1 and Schedule 2 | A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified. | <ol style="list-style-type: none"> 1. That WAGN negotiate with AMRS to introduce a time limit provision on disconnection in the contract. 2. That WAGN request AMRS to accurately record the disconnection time. A regular cycle of internal review of disconnection time should be undertaken. | Recommendation 1 has been implemented. Recommendation 2 will be implemented. | <ol style="list-style-type: none"> 1. AGA has provided a copy of a Deed of Variation substantiating that this recommendation has since been addressed. 2. We noted the existence of the regular cycle of internal review and determined this management action has been addressed. <p>However, sample based testing revealed further issues relating to the omission of recording disconnection times. This is expanded upon further within section 11 of this report.</p> |
| Compliance Manual | A distributor must keep a record of the call | <ol style="list-style-type: none"> 1. That WAGN improve its procedures for calculating the | Management will commence a review of the method of data | AGA was observed to have implemented a revised process for |

| Licence Clause | Description | Recommendations | Management Actions | Status of Management Actions |
|---|--|---|---|---|
| Reference 265 Records – Call Centre Performance Clause 2.1 and Schedule 2 Gas Customer Code clause 13.12 | centre performance indicators specified. | <p>performance indicator by undertaking the following actions:</p> <ul style="list-style-type: none"> • Take into consideration the time length of special announcements when determining Time 0; and • Conduct a monthly test of the time length prior to Time 0. If the length of time has changed, WAGN should adjust the calculation for the number of calls in respect of the performance indicators. <ol style="list-style-type: none"> 2. Retention of call centre performance data (in hard or soft copy). 3. Implement supervisory review procedures for the call centre performance indicators. | <p>collection for all the call centre performance indicators. The objective of the review will be to:</p> <ol style="list-style-type: none"> 1. Determine a suitable enhanced method of electronic storage of call centre performance data 2. Determine a suitable method for incorporating any variance to Time 0 when calculating call centre performance data. | <p>capturing performance indicators as specified. However, walkthrough of the new methodology and re-performance of call centre indicators revealed the existence of inaccuracies. See section 10 – Compliance Obligations that Require Corrective Actions.</p> |
| Compliance Manual Reference 102 Publish Information | | <ol style="list-style-type: none"> 1. Appropriate supervisory control points should be established and work instruction developed for the preparation of annual performance information. A | <p>A procedure will be documented for data collation, validation and retention.</p> <p>Formal approval from the Authority will be sought for metrics identified as part of this</p> | <p>A walkthrough of the revised process revealed that AGA utilises the metrics as stated within the Gas Distribution Licence Performance Reporting Handbook.</p> <p>AGA was observed to have</p> |

| Licence Clause | Description | Recommendations | Management Actions | Status of Management Actions |
|---|---|---|---|---|
| Clause 21.1 | | <p>suitable process plan for reviewing data should be prepared to support the recommendation.</p> <ol style="list-style-type: none"> 2. That the Process Manager formally signs off on the data, evidencing review of them for completeness and accuracy. 3. Calculations and working papers should be retained. 4. That WAGN should follow the requirements of the Gas Distribution Licence Performance Reporting Handbook. | <p>action. To the extent that the approval is not granted to deviate from the measurement methodology, WAGN will adhere to the metrics in the handbook.</p> | <p>developed and implemented a procedure for this process. We were able to observe that the Risk, Compliance and Internal Audit Manager had retained working papers to substantiate how the data was collated.</p> <p>Therefore, we have determined that this management action has been addressed.</p> |
| Compliance Manual Reference 25 Comply with Gas Standards Act 1972 Clause 5.1 | <p>A licensee must comply with the applicable standards of the <i>Gas Standards Act 1972</i>.</p> | <p>That WAGN continues implementing the actions in the Safety Case Action Register.</p> | <p>WAGN is aiming to implement a significant number of the recommendations prior to submitting the Safety Case to the Director of Energy Safety for approval in January 2011. This timeline may be delayed if proposed revisions to the Gas Standards (Gas Supply and System Safety) Regulations 2000 come into effect. Once the Safety Case is approved, WAGN will be obligated to comply with the statutory post-</p> | <p>We observed the letter of approval from the Director of Energy dated 28 July 2011.</p> <p>The actions in the Safety Case Action Register noted within the 2010 Performance Audit Report have been addressed.</p> <p>This management action is determined to be closed.</p> |

| Licence Clause | Description | Recommendations | Management Actions | Status of Management Actions |
|---|---|--|--|---|
| | | | ‘acceptance’ Safety Case Implementation Plan. | |
| Compliance Manual Reference 28 Installation Clause 5.1 | A licensee shall not commence to supply gas to a customer's gas installation unless that installation meets the requirements prescribed in respect of that installation. | <ol style="list-style-type: none"> 1. That WAGN undertake a reconciliation of the existing inspection checklists against the requirements in the inspection plan, revise the inspection checklist to ensure greater fidelity with the requirements prescribed in the Inspection Plan; and 2. That WAGN improve record keeping management over gas inspection documents | In regard to the two issues raised: WAGN Inspection will discuss the issues identified with the form with EnergySafety to seek its input. WAGN will continue to seek enhancements to record keeping management of gas inspection documents | We reviewed the inspection checklist and determined that it met the requirements of the inspection plan. Further, AGA implemented a revised document retention process through “TRIM.” This was observed to be an improvement over its prior record retention methodology. These recommendations have been addressed. |
| Compliance Manual Reference 256 Records Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.1 | A retailer, distributor or marketer must keep a record or other information as required to be kept by the Gas Customer Code for at least two years from the last date on which the information was recorded, unless expressly provided otherwise. | WAGN to retain records of call centre data and associated working papers for the calculation of performance indicators. | N/A | AGA was observed to have implemented a process and procedure that facilitated the recording and reporting of data for two years. We were able to access and observe call centre data and the supporting working papers. In this regard, the recommendation has been addressed. |

| Licence Clause | Description | Recommendations | Management Actions | Status of Management Actions |
|--|---|---|--|--|
| Compliance Manual Reference 17 Easements Clause 5.1 | A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority. | <ol style="list-style-type: none"> 1. WAGN should conduct enquiries with the relevant government departments to determine the process for the taking of an interest in land. 2. Following above (1), a policy framework should be developed and procedures and responsibilities are defined to support the process. 3. WAGN should complete the easement register. | <p>WAGN will conduct enquiries with the relevant government departments to determine the process for the taking of an interest in respect of land.</p> <p>A supporting procedure will be completed subject to achieving the required certainty from the government departments.</p> <p>WAGN will complete the easement register.</p> | <p>Review of AGA's easement register indicated that AGA has since developed a process for taking of an interest or easement in land. We obtained a copy of the easement register.</p> <p>These management actions have been addressed.</p> |

10. Audit Opinion

In our opinion, except for the matters identified in section 10 – Compliance Obligations which Require Corrective Actions and any effects thereof, we are satisfied that AGA had policies, procedures and systems in place to support compliance with the licence clauses associated regulations and codes, for the period 1 July 2010 to 30 June 2013.

Grant Thornton Australia Ltd

Michael Hillgrove

Partner
Perth

15 November 2013

11. Compliance Summary

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|----------------------|---|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 1 1 1 1 | Distribution Licence clause 4.1 | 2 | Probable | Moderate | Medium | Strong | 4 | | | | ✓ | | | | | |
| 6 6 6 6 | Distribution Licence clause 5.1 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 7 7 7 7 | Distribution Licence clause 14.1 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 8 8 8 8 | Distribution Licence clause 14.1 and 14.2 | 2 | Probable | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| 9 9 9 9 | Distribution Licence clause 14.3 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 10 10 10 10 | Distribution Licence clause 15.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|----------------------|----------------------------------|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 17 17 17 17 | Distribution Licence clause 5.1 | NR | Unlikely | Minor | Low | Strong | 5 | | ✓ | | | | | | | |
| 18 18 18 18 | Distribution Licence clause 17.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 20 20 20 20 | Distribution Licence clause 5.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 21 21 21 21 | Distribution Licence clause 5.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 22 22 22 22 | Distribution Licence clause 5.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| 23 23 23 23 | Distribution Licence clause 5.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| 24 24 24 24 | Distribution Licence clause 17 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|----|---------------------------------|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|---|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 25 | Distribution Licence clause 5.1 | 1 | Unlikely | Major | High | Moderate | 2 | | | | | | | | ✓ | |
| 25 | | | | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | | |
| 26 | Distribution Licence clause 5.1 | 1 | Unlikely | Major | High | Moderate | 2 | ✓ | | | | | | | | |
| 26 | | | | | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | | | | | |
| 27 | Distribution Licence clause 5.1 | 1 | Unlikely | Major | High | Moderate | 2 | ✓ | | | | | | | | |
| 27 | | | | | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | | | | | |
| 28 | Distribution Licence clause 5.1 | 1 | Probable | Major | High | Strong | 2 | | | | | | | | | ✓ |
| 28 | | | | | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | | | | | |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|----------------------|---|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 87 87 87 87 | Distribution Licence clause 5.1 | NR | Probable | Minor | Low | Strong | 5 | | | | ✓ | | | | | |
| 88 88 88 88 | Distribution Licence Clause 5.1 Schedule 3 Clause 2 | NR | Probable | Minor | Low | Strong | 5 | | | | ✓ | | | | | |
| 89 89 89 | Distribution Licence clause 5.1 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 90 90 90 | Distribution Licence clause 5.1 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 92 92 92 | Distribution Licence clause 12 | 1 | Unlikely | Major | High | Moderate | 2 | | | | | | | | | ✓ |
| 93 93 93 | Distribution Licence clause 13 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| 94 94 94 | Distribution Licence clause 14.4 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|--------------------------|----------------------------------|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 95 95 95 95 | Distribution Licence clause 14.6 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 96 96 96 96 | Distribution Licence clause 15.2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 97 97 97 97 | Distribution Licence clause 15.4 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 98 98 98 98 | Distribution Licence clause 16 | NR | Unlikely | Minor | Low | Strong | 5 | | ✓ | | | | | | | |
| 99 99 99 99 | Distribution Licence clause 18 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | | ✓ |
| 100 100 100 100 | Distribution Licence clause 19.1 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 101 101 101 101 | Distribution Licence clause 20 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | |
|--------------------------|--|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | |
| 244 240 239 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.6 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ |
| 245 241 238 240 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.9 | NR | Unlikely | Minor | Low | Strong | 5 | | | | | | | | ✓ |
| 246 242 239 241 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.10(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ |
| 247 243 240 242 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.10(2) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ |
| 248 244 241 243 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.10(3) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ |
| 249 245 242 244 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 10.11(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|--------------------------|---|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 250 246 243 245 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 10.11(2) | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | ✓ | | | | |
| 246 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 11.1(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 247 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 11.1(2) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 248 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 11.2(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| 249 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 11.2(2) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|-------------------|--|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|--|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 251 247 244 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| 250 | Compendium clause 12.1(1) | | | | | | | | | | | | | | | |
| 252 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| | Compendium clause 12.1(2)(a) & (b) | | | | | | | | | | | | | | | |
| 253 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | ✓ | | | | | | | | |
| | Compendium clause 12.1(2)(c) & (d) | | | | | | | | | | | | | | | |
| 254 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Probable | Moderate | Medium | Strong | 4 | | | | ✓ | | | | | |
| | Compendium clause 12.1(3)(a) | | | | | | | | | | | | | | | |
| 255 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| | Compendium clause 12.1(3)(b) | | | | | | | | | | | | | | | |
| 248 245 251 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| | Gas Customer Code clause 12.1(2) | | | | | | | | | | | | | | | |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|-------------------|--|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 249 246 252 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 12.1(3) | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| 257 251 248 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.3 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 258 252 249 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 12.4 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 259 253 250 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.1(1) | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 261 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.1(3) | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 269 259 262 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.8(1) | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | | ✓ | | | |
| 270 260 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.1(2) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
|--------------------------|---|------|---------------|-------------|---------|-----------------|----------------|-------------------|----|---|---|---|---|---|--|---|
| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 271 261 263 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.10(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | ✓ | | | | |
| 272 262 264 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.10(2) | 2 | Probable | Moderate | Medium | Weak | 1 | | | | | | | | | ✓ |
| 273 263 265 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.12 | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | ✓ | | | | |
| 274 264 266 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.14 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |
| 276 | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 13.16 | 2 | Probable | Moderate | Medium | Strong | 4 | | | | | ✓ | | | | |
| 277 265 256 267 | Distribution Licence clause 2.1 and Schedule 2 Gas Customer Code clause 13.15(1) | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | | ✓ |

| No | Licence Clause | Type | Inherent Risk | | | Control Ratings | Audit Priority | Compliance Rating | | | | | | | | |
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| | | | Likelihood | Consequence | Ratings | | | NA | NR | 1 | 2 | 3 | 4 | 5 | | |
| 278 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | ✓ | | |
| | Compendium clause 13.17(2) | | | | | | | | | | | | | | | |
| 279 266 257 268 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | | | | | | | ✓ | |
| | Compendium clause 13.17(3) | | | | | | | | | | | | | | | |
| 280 | Distribution Licence clause 2.1 and Schedule 2 | 2 | Unlikely | Moderate | Medium | Strong | 4 | | ✓ | | | | | | | |
| | Compendium clause 13.18 | | | | | | | | | | | | | | | |

12. Compliance Obligations which Require Corrective Actions

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| Licence Clause | Clause 4.1 |
| Obligations Under | Energy Coordination Act section 11Q(1-2) |
| Compliance Manual Reference | 1 1 1 1 |
| Obligation Description | A licensee must pay the applicable fees in accordance with the Regulations. (Energy Coordination (Licensing Fees) Reg Clause 4 & 5). |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | <p>Discussions with the General Manager Regulatory & Risk indicated that AGA has a process in place to pay applicable fees to the Authority within the timeframe specified.</p> <p>However, review of documentation identified that the licence fee for 2011 & 2012 was not paid within 30 days of the day of grant anniversary, as the licence fee was found to be paid four and two days late, respectively.</p> <p>Walkthrough of the revised process for monitoring the payment of licence fees revealed the existence of a more robust process for ensuring the timely payment of applicable fees.</p> <p>Based on the implementation of the revised process and stronger controls observed over the payment of licence fees, we determined that AGA has since developed adequate and effective controls in place to manage its compliance with this licence obligation. We have no further recommendations in this regard.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination (Customer Contract) Reg 28, clause 3.1.2 AGA Code |
| Compliance Manual Reference | 87 87 87 87 |
| Obligation Description | The licensee must re-connect to a supply address (subject to supply, available gas installations, adherence to regulatory requirements and a meter) within 1 business day or period agreed with the customer from the date of the application and subject to the customer meeting the requirements in clause 3.1.2.2 of AGA code. |
| Reporting Type | NR |
| Compliance Rating | 2 |
| Audit Observations | <p>Discussions with Supervisor Planning indicated that AGA receives a request to reconnect supply from the retailer and collates a report three times a day. This report is then sent to the contractor (Auseuro) to carry out the reconnection of supply.</p> <p>We noted the existence of a conflict in regards to the number of business days the licensee has to reconnect a customer's supply between obligations 230 and 87. Obligation 230 requires the licensee to reconnect supply within two business days, whereas obligation 87 identifies one business day. Further, the reference to "period agreed with the customer" is not included in obligation 230. We understand that AGA and the Authority have noted the conflict.</p> <p>Because of the conflicting obligations, we noted that AGA has developed and implemented procedures only to comply with obligation 230, which is to support a standard business practice of reconnecting customers within 2 business days with no agreed date. AGA does not have a provision for customers to agree a date for reconnection.</p> <p>Walkthrough of the reconnection process revealed that there was an absence of a process to identify an agreed date and monitor those reconnections that occur outside the date agreed.</p> <p>Sample based testing revealed two instances where the retailer had communicated a work order for connection and nominated a date three weeks from date of request. AGA could not confirm that the future date was an agreed date.</p> <p>In the absence of monitoring performance against an agreed date, the default position was that all connections could be carried out within two business days past the nominated date.</p> <p>Further, AGA brought to our attention, that the Australian Gas Association Code is now obsolete. However, we understand that the</p> |

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| | <p>references made to the Code within AGA’s licence are to remain in place until such time the Public Utilities Office removes the applicable references and hence the requirement to comply with applicable clauses of the Code.</p> |
| Recommendation | <p>Engage the Public Utilities Office to determine as to when the Office will revise the applicable Regulations to and clarify as to whether AGA is required to take remedial action to facilitate compliance with this obligation.</p> <p>Alternatively:</p> <ol style="list-style-type: none"> 1. Consider developing functionality within SAP that provides for the identification of an “agreed date.” 2. Alternatively, develop and implement a process that facilitates the reconnection of gas supply to a customer’s address on or by the agreed date. 3. Implement a monitoring mechanism that provides for an accurate and complete report for those re-connections performed outside the period specified. |
| Management Response | <p>Obligation 87 is based on the Australian Gas Association Code dated April 1998, and is no longer current. As noted in the audit observations, obligation 87 conflicts with obligation 230 that is based on the compendium in the gas distribution licence. AGA has raised this issue with the Authority, who has advised that the Code is now obsolete, but AGA would need to approach the Public Utilities Office to resolve the conflict.</p> <p>Further, setting “an agreed date” in relation reconnection is not a current practice adopted by the retailers, as AGA completes 99% of all reconnections within the 2-business days requirement in obligation 230.</p> |
| Management Actions | <p>AGA notes that this is a known issue, and the Authority has already wrote to the Minister for Energy expressing its support for amendments to the regulations to remove references to the Australian Gas Association Code. No action from AGA required.</p> |
| Implementation Date | <p>N/A.</p> |

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| Licence Clause | Clause 5.1 Schedule 3 clause 2 | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.8 |
| Obligations Under | Energy Coordination Act section 11M, Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code | Energy Coordination Act section 11M |
| Compliance Manual Reference | 88 88 88 88 | 269 259 262 |
| Obligation Description | A licensee must connect a new supply address (subject to supply, available gas installations, adherence to regulatory requirements and a meter) within an agreed date, or where no date is agreed then within 20 business days from the date of the application. | A distributor must keep a record of the total number of connections provided and connections not provided on or before the agreed date. |
| Reporting Type | NR | 2 |
| Compliance Rating | 2 | 2 |
| Audit Observations | <p>Discussions with Senior Manager Capital Infrastructure and Manager Commercial Operations indicated that AGA has a standard business practice to connect customers within 5 business days, according to the Guaranteed Service Level (“GSL”) agreement, if an agreed date has not been specified.</p> <p>Discussion with Risk, Compliance and Internal Audit Manager also indicated that retailers submit new connection requests, and the connection requests do not specify an agreed date.</p> <p>Walkthrough of the process for connecting a new supply address within an agreed date revealed that AGA does not have a process for capturing an agreed connection date, and identify those connections not performed on or before the agreed date.</p> <p>Further, the walkthrough revealed that AGA’s default processes enables the acceptance of connections to occur up to 2 business days post the listed date on the work order.</p> <p>In the absence of an ability to capture an agreed connection date, and</p> | |

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| | <p>accurately monitor those connections made on or before the due date, we could not confirm the accuracy and completeness of AGA’s records in this regard.</p> |
| Recommendation | <ol style="list-style-type: none"> 1. Consider developing functionality within SAP that provides for the identification of an “agreed date.” 2. Develop and implement a process that facilitates the connection of gas supply to a customer’s address on or by the agreed date. 3. Implement a monitoring mechanism that provides for an accurate and complete report for those connections performed outside the period specified. |
| Management Response | <p>Since the establishment of Full Retail Contestability (FRC) AGA has maintained a new connection process whereby work orders are received from the retailers. If the work order is for a connection at an established property then the retailer will request that the connection is provided within the 5 business days in accordance with the GSL scheme. If the work order is for a new property connection (subdivision) the retailer will request the connection be performed within 20 business days.</p> <p>The work orders received from the retailers have not and do not specify an agreed date. It is for this reason that AGA’s new connection processes have been implemented to provide new connections in the timeframes described above in the absence of an agreed date.</p> <p>In the past 12 months, of the 15,423 connections provided by AGA, only 2 connections were not provided within the required timeframe, and AGA has achieved similar performance in the past 5 years. As such, AGA is of the view that development of system functionality to identify and monitor agreed date will add an unnecessary impost to AGA’s cost of service, would require all retailers to implement similar functionality/processes in their systems and ultimately not provide any additional value to the customer.</p> |
| Management Actions | <p>N/A.</p> |
| Implementation Date | <p>N/A.</p> |

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| Licence Clause | Distribution Licence clause 2.1 and Schedule 2 Compendium clause 7.5 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 226 224 223 |
| Obligation Description | A distributor who disconnects a customer's supply address for emergency reasons must provide a 24-hour emergency line and use its best endeavours to restore supply as soon as possible. |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | Discussions with Operations, review of emergency management plans and sample incidents confirmed that AGA utilises its best endeavours to restore the supply of gas as soon as possible. Walkthrough of the process for the provision and maintenance of the 24 hour emergency line revealed, whilst AGA provides for a 24 hour emergency line, It does not inform its customers of the estimated time for the restoration of supply. |
| Recommendation | That AGA designs and implements a process that provides for the notification of an estimated time for restoration of supply in the event of an emergency disconnection. |
| Management Response | AGA accepts the finding. |
| Management Actions | AGA has developed and implemented a call centre script to provide customers who have been disconnected for emergency reasons with an estimated time for supply restoration. |
| Implementation Date | Completed. |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code Clause 7.6 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 227 225 224 224 |
| Obligation Description | A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified. |
| Reporting Type | 1 |
| Compliance Rating | 2 |
| Audit Observations | <p>Sample based testing of disconnection documents from field officers revealed a small number of work orders prior to February 2011 that did not include the time of disconnection. As a result, we could not determine the time of disconnections with those samples.</p> <p>Discussions with Operations and Manager Risk, Compliance and Internal Audit revealed that the Commercial Operations Team conducted monthly physical review of the completed work order forms since 2010 to check whether disconnection had occurred after 3pm or on a Friday.</p> <p>However, review of disconnection documents identified disconnections had been undertaken on a Friday or a day before a public holiday prior to June 2012. The review did not identify any non-complying disconnections during the 2012/2013 period.</p> <p>Walkthrough of the record capturing process revealed that staff were manually entering disconnection information into SAP. The time of disconnection was noted to be the time of entry. Upon receipt of the field documents, an exception report would be reviewed, however adjustments to accurately reflect disconnection times was not carried out.</p> |
| Recommendation | <ol style="list-style-type: none"> 1. Ensure that the Authority is informed of the detected non-compliance matters in accordance with the reporting protocols. 2. AGA continues to monitor its disconnection process to ensure that its disconnection activity aligns with the timeframes as prescribed. 3. The requirement for compliance by its Operations staff to |

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| | <p>complete the disconnection documentation be reinforced.</p> <p>4. Upon receipt of the field completion notices, the manual entries made for disconnections be reviewed and reconciled to ensure accuracy of disconnection timeframes.</p> |
| Management Response | <p>As noted in the observations, awareness and monitoring of the obligation has increased since 2011, reflected by no identified non-complying disconnections over the last year.</p> <p>To ensure ongoing compliance, ATCO Gas Australia has further improved the level of reporting and monitoring of this obligation.</p> |
| Management Actions | <p>AGA has engaged with its disconnection contractor to increase awareness of the obligation. This includes a recent amendment to the Services Agreement to include the full disconnection time and date requirements as prescribed under the obligation.</p> <p>The monthly meeting agenda between ATCO Gas Australia and the disconnection contractor has been extended to include additional discussion and reporting of any breaches under the obligation.</p> <p>Management has commenced a regular cycle of internal review of disconnection time. This includes periodic reporting and inclusion in monthly performance reporting, to identify possible exceptions and gauge overall performance with the obligation.</p> |
| Implementation Date | <p>N/A – Completed.</p> |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.11(2) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 250 246 243 245 |
| Obligation Description | A retailer and, where appropriate, a distributor must include on a residential customer's bill and bill related information, reminder notice and disconnection warning: the telephone number for their TTY services; the telephone number for independent multi-lingual services; the National Interpreter Symbol with the words "Interpreter Services". |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | Enquiries made with the Risk, Compliance and Internal Audit Manager confirmed that AGA sends invoices to residential customers. Sample based testing of invoices issued to residential customers revealed that the telephone number for TTY services, the telephone number for independent multi-lingual services and the National Interpreter Symbol with the words "Interpreter Services" was not included. |
| Recommendation | That AGA considers redesigning its residential bill and bill related information templates to ensure that the prescribed information is included. |
| Management Response | AGA accepts these findings. |
| Management Actions | AGA has implemented a revised customer invoice template to include the required information as specified under the obligation. |
| Implementation Date | N/A – Completed. |

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| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 12.1(3)(a) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 254 |
| Obligation Description | A retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor, when responding to a customer complaint. |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | <p>Walkthrough of the complaints handling process revealed that AGA does not have a process in place to inform the customer of their right to have the complaint considered by a senior employee when responding to a complaint.</p> <p>Whilst we have observed the escalation of a number of complaints to a senior employee within AGA, it was not normal practice to inform the customer of their rights.</p> <p>Review of written responses sent to customers also noted the absence of the notification of their right to have their complaint escalated.</p> |
| Recommendation | AGA considers developing and implementing a process that provides for the notification to be given to the customer of their rights to have the complaint considered by a senior employee when responding to a customer's complaint. |
| Management Response | <p>As noted in the audit observations, AGA's complaints handling procedure details the process for complaint escalation, and AGA's employees do escalate complaints to a senior employee if the complaint was not resolved to the customer's satisfaction. The observation raised is in relation to the need to inform customers' of this right of escalation.</p> <p>AGA will update its complaints handling procedure to formalise the process for notifying customers of their right to have the complaint considered by a senior employee.</p> |
| Management Actions | AGA to update its complaints handling procedure to formalise the process for notifying customers of their right to have the complaint considered by a senior employee, where it is not resolved to the customer's satisfaction. |
| Implementation Date | 31 January 2014. |

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| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 13.16 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 276 |
| Obligation Description | A distributor must prepare a report in respect of each reporting year setting out the information in the records specified in clause 13.16(a)-(d). |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | <p>Review of AGA's record management policy confirmed the existence of a process to facilitate the maintenance of data in accordance with the requirements of this obligation.</p> <p>Based on our observations made under obligation numbers 269, 271, 273, we noted the existence of inaccurate and incomplete records maintained by AGA and determined that AGA did not kept the required record in compliance with this obligation</p> <p>Based on the observations made about the aforementioned obligations, we identified that the reports that had been prepared and submitted to the Authority were inaccurate and incomplete.</p> |
| Recommendation | AGA considers reviewing its processes, methodology and approach surrounding its recording and reporting of the records as specified under this licence obligation to ensure data accuracy, completeness and integrity. |
| Management Response | AGA has robust processes in place to maintain reconnection, complaint and call centre records. Through rectification of obligations 269, 271, and 273, full compliance with this obligation will be achieved. |
| Management Actions | Refer to management actions in response to Compliance Manual References 269, 271, and 273. |
| Implementation Date | N/A. |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.10(1) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 271 261 263 |
| Obligation Description | A distributor must keep a record of the customer complaint indicators specified in clause 13.10(1)(a)-(e). |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | <p>Discussions with Customer Relations Coordinator indicated that AGA has a procedure in place to capture customer complaint indicators as specified under clause 13.10(1)(a)-(e).</p> <p>Our review of the methodology for capturing customer complaints revealed that AGA did not record complaints that have been resolved to the customer's satisfaction on first contact. Further, there is an absence of a mechanism to facilitate the recording of the associated complaint statistic.</p> <p>We understand that AGA does not have a telephony system that automatically records its inbound calls and therefore it was unable to demonstrate that it had retained complaint information that was addressed at first call.</p> <p>Analysis of the complaint related information revealed that complaints were not categorised in accordance with the sub-clauses as prescribed.</p> <p>AGA was determined to be unaware of their obligation to record those complaints resolved at first contact and the requirement for the separation of complaints received that related to administrative or customer service complaints and other complaints.</p> |
| Recommendation | <ol style="list-style-type: none"> 1. AGA should review its complaint record keeping process to include the requirement for capturing the statistical count and associated record to ensure completeness and accuracy of its complaint data. 2. Investigate the feasibility of a customisation within SAP to facilitate the complaint record retention requirement to ensure it maintains complaint record and related information in accordance with the |

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| | <p>obligations as prescribed under clause 13.10(1)(a)-(e). If deemed feasible, implement the customisation.</p> <ol style="list-style-type: none"> 3. Consideration should be given to strengthen the current complaint training provided to call centre staff to ensure the maintenance of accurate and complete complaint records. 4. AGA should investigate and if determined feasible, implement a mechanism that facilitates the recording of at a minimum, the inbound calls made to its call centre. |
| Management Response | <p>AGA's current complaint handling procedure was developed in accordance with its understanding of the complaint handling requirements at the time, and previous audits have found the procedure to be compliant. AGA note the recent clarification from the Authority on the definition of complaint, and will review its procedure and system accordingly.</p> <p>The audit observed that AGA's record of complaint record did not include complaints resolved at first contact by call centre staff. It should be noted that most complaints resolved at first contact relate to leaks, faults, reinstatements and connections, and AGA do keep record of these matters (including a record of the customer's contact, and the action taken by AGA) in AGA's SAP Plant Maintenance system. However, because SAP Plant Maintenance system is not designed for complaint management, there is no standard system functionality to flag these matters as a complaint, or to assign a complaint category. As a result, AGA's records of the following complaint statistics do not currently include complaints resolved at first contact –</p> <ul style="list-style-type: none"> • the total number of complaints; • the number of complaints per complaint category; and • percentage of complaints concluded within 15 business days and 20 business days. <p>IT system development would be required to enable AGA to efficiently record complaints resolved at first contact by the call centre, and it is important that AGA be given sufficient time to assess and implement the required IT system solution along with supporting processes. AGA aims to have the IT system solution in place before 31 December 2014.</p> <p>AGA has considered whether to implement an interim manual solution prior to the IT system solution being available, which would involve the use of an excel spreadsheet by each call centre staff to manually record complaints received.</p> <p>The manual process would increase the time required by call centre staff to handle each complaint. AGA estimated that an addition 1.5 temporary call centre staff would be required for a period of 12 months at an additional cost of around \$140,000.</p> <p>In addition, internal resources would be required to train the temporary staff; implement the interim process; and manually collate the data from each call centre staff. The diversion of key internal resources to implement</p> |

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| | <p>the interim solution would delay AGA’s implementation of the final solution.</p> <p>After fully considering the interim solution, AGA does not believe that the short-term benefits of an interim solution outweigh its costs and adverse resource impacts on AGA’s implementation of the final IT system solution and supporting processes. AGA is of the view that it should focus its resources on updating the complaint handling procedure, and implementing it with the support of an IT system solution.</p> |
| Management Actions | <ol style="list-style-type: none"> 1. AGA to update its complaint handling procedure to record details of complaints resolved on first contact, and provide training to the affected employees. 2. AGA to implement system required to support (1). |
| Implementation Date | <p>31 December 2014.</p> |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.12 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 273 263 265 |
| Obligation Description | A distributor must keep a record of the call centre performance indicators specified in clause 13.12(a)-(e). |
| Reporting Type | 2 |
| Compliance Rating | 2 |
| Audit Observations | <p>Discussions with Supervisor Call Centre revealed that AGA utilises Nortel Customer Call Centre 6 (CC6) to monitor and record its call centre performance. Walkthrough of the call centre performance monitoring process revealed that call centre performance indicators are reviewed manually on a monthly basis.</p> <p>An automated message is provided to customers when they call the fault and emergency, dial before you dig or scheduling lines. AGA provided that a pre-recorded message plays for 30 second. At the conclusion of which, the customer is progressed in a queue to speak to call centre staff. A walkthrough of the recording process revealed that CC6 was not capturing time 0 correctly.</p> <p>Our examination of the automated message process revealed that time 0 occurred at 14 seconds and not 30 seconds. The impact of which translated to inaccurate recording of call centre performance indicators.</p> <p>AGA could not provide for the cause of the anomaly with regard to the duration of the automated message not being accurately measured.</p> <p>Our re-performance of call centre statistics revealed that the reports provided to the Authority were also incomplete as AGA was determined not to have reported call centre performance based on all calls received to its call centre. We noted that the performance report was for one of its two call centre lines.</p> |
| Recommendation | <ol style="list-style-type: none"> 1. Consideration should be given to re-examining the approach, methodology and mechanisms utilised to monitor, capture and report call centre performance. 2. AGA considers the feasibility of implementing an automated call centre monitoring system that accurately measures call |

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| | <p>centre performance to enable reporting in accordance with this obligation. If determined feasible, AGA considers implementing the call centre monitoring system.</p> <p>3. Alternatively, if an automated call centre monitoring system is not determined to be feasible, AGA revisits its current procedures and processes with the objective of applying remedial actions necessary to address the gaps identified. Further consideration should be given to undertaking regular reviews of call centre performance to ensure integrity, accuracy and completeness of call centre records.</p> |
| Management Response | <p>AGA's current methodology used for call centre reporting was implemented as per the audit recommendation in 2010. However, AGA will address the issues raised in the observations above.</p> |
| Management Actions | <p>ATCO Gas Australia has performed a full review into the approach, methodology and mechanisms utilised to monitor, capture and report on call centre performance.</p> <p>Following this review, AGA has revised the methodology used to compile the call centre performance data. This has included remedial actions to address telephony system limitations, and the inclusion of "scheduling" call data in the 2013 performance report.</p> <p>With an ongoing review process in place, AGA is confident in the accuracy and completeness of call centre performance data used for reporting purposes.</p> |
| Implementation Date | <p>N/A – Completed.</p> |

13. Compliance Obligations Which Require Minor Improvements

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11Z |
| Compliance Manual Reference | 25 25 25 |
| Obligation Description | A licensee must comply with the applicable standards of the <i>Gas Standards Act 1972</i> . |
| Reporting Type | 1 |
| Compliance Rating | 4 |
| Audit Observations | <p>Discussion with Manager Technical Compliance indicated that the Technical Compliance Team conduct internal audits on its performance against the Gas Standards Act on a regular basis. The audit findings are communicated to its team for corrective or performance monitoring actions.</p> <p>Our enquiries revealed the absence of a communication process between the Technical Compliance Team and the Risk, Compliance and Internal Audit Manager. Walkthrough of a scenario-based event revealed that in the event of a detected non-compliance to a Standard, the Technical Compliance Team indicated that they would implement remedial actions to rectify any issues and address any risks, which may result in non-compliance.</p> <p>However, there was no consideration given to advising the Risk, Compliance and Internal Audit Manager. This absence of a reporting protocol revealed an opportunity for improvement.</p> <p>We obtained a copy of the audit reports and technical incident compliance register and did not identify any exceptions.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with the licence clause.</p> |
| Recommendation | AGA considers developing and implementing a line of communication between the Technical Compliance Team and the Risk, Compliance and Internal Audit Manager ensuring that matters that may affect AGA's ability to comply with Standards are brought to their attention in a timely manner. |
| Management Response | <p>AGA's compliance procedure clearly set out the process for escalating compliance matters, and the procedure has been communicated to all business units.</p> <p>The Risk and Compliance Team and the Technical Compliance team work closely on compliance matters, and they formally meet</p> |

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| | <p>quarterly to review any compliance issues identified during the period.</p> <p>AGA noted the audit observations and will take steps to enhance the awareness of the escalation process in the compliance procedure.</p> |
| <p>Management Actions</p> | <p>Remind managers of the need to escalate any actual or potential compliance matters to Risk and Compliance in a timely manner.</p> |
| <p>Implementation Date</p> | <p>N/A – Completed.</p> |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.6 | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.10(1) | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.10(3) | Clause 2.1 and Schedule 2 Compendium clause 13.17(2) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 244 240 239 | 246 242 239 241 | 248 244 241 243 | 278 |
| Obligation Description | A distributor must give, or direct the customer to person(s) who can give, a customer on request, at no charge, the specified information. | A retailer and distributor must tell a customer on request how the customer can obtain a copy of the Gas Customer Code. | A retailer and distributor must make a copy of the Gas Customer Code available for inspection, at no charge, at their offices. | A report is published for the purposes of by clause 13.17(1) if copies of it are available to the public, without cost, at places where the retailer or distributor transacts business with the public, and a copy of it is posted on a website maintained by the retailer or distributor. |
| Reporting Type | 2 | 2 | 2 | 2 |
| Compliance Rating | 4 | 4 | 4 | 4 |
| Audit Observations | <p>Discussions with the Risk, Compliance and Internal Audit Manager indicated that there is a process in place to ensure that the Annual Performance Report is available to the public without cost on AGA's website and places where they transact their business. We accessed AGA's website and was able to obtain a copy of the current Annual Performance Report, at no cost.</p> <p>Requests made at AGA's Perth and Jandakot offices revealed that whilst we were able to obtain a copy of the Gas Customer Code without charge, staff demonstrated a level of unfamiliarity around the process.</p> <p>Walkthrough of the processes for the provision of requested documentation at no cost with the Supervisor Planning (previously Supervisor Call Centre), and Manager Risk, Compliance and Internal Audit</p> | | | |

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| | <p>revealed an absence of AGA’s ability to demonstrate that its staff were able to direct customers to a person who can provide the specified information at no charge.</p> <p>Supervisor Planning provided that call centre staff are mentored as part of their induction process, however, AGA could not provide evidence that supported organisational process knowledge in respect of this clause.</p> <p>Further, we reviewed training material provided to call centre staff and could not draw a linkage between the subject matter and this obligation.</p> <p>During our fieldwork, we did not encounter any requests made by customers for the specified information. Enquiries made with Supervisor Planning provided he was unaware of any such requests made during the audit period.</p> |
| Recommendation | <ol style="list-style-type: none"> 1 AGA considers developing and implementing a process for the provision of the specified information upon receipt of a customer’s request, at no charge. 2 That AGA trains its staff in respect to the revised process and makes available this information on its organisational knowledge base. |
| Management Response | <p>AGA is not aware of any requests for the Gas Customer Code during the audit period. Nevertheless, AGA will ensure that staff are aware of the process to follow if a request is received.</p> |
| Management Actions | <p>Train staff working at the call centre and reception of the process to follow when responding to a request for a Gas Customer Code.</p> |
| Implementation Date | <p>Completed.</p> |

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| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 12.1(1) | Clause 2.1 and Schedule 2 Gas Customer Code clause 12.1(2) | Clause 2.1 and Schedule 2 Compendium clause 12.1(2)(a) & (b) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 251 247 244 250 | 248 245 251 | 252 |
| Obligation Description | A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes. | A retailer and distributor must develop, maintain and implement a complaints handling process that meets the specified requirements. | The complaints handling process must comply with AS ISO 10002 – 2006 and address, at the least, the criteria specified in clause 12.2(b). |
| Reporting Type | 2 | 2 | 2 |
| Compliance Rating | 3 | 3 | 3 |
| Audit Observations | <p>Discussions with Customer Relations Coordinator indicated that AGA has a complaints handling process in place, and conducts an annual review of the process to determine its currency. The complaint handling process revealed the existence of a reference made to AS ISO 10002-2006 and the criteria specified in clause 12.2(b).</p> <p>Review of AGA’s website revealed that a simplified version of the complaints handling process is made available to customers.</p> <p>We discovered that whilst AGA provides informal training to its staff in the complaints handling process it does not provide a robust complaints handling training program to its staff.</p> <p>Our review of AGA’s complaint handling process revealed further opportunities to strengthen the organisation’s understanding of what constitutes a complaint and how to identify a complaint from a query.</p> <p>Our interaction with staff throughout the Corporation revealed an existing need to strengthen their understanding and skill with identifying and addressing a complaint.</p> | | |
| Recommendation | <ol style="list-style-type: none"> AGA develops and implements a training program for staff with the objective of increasing their skill and awareness surrounding the Company’s complaints handling process. | | |

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| | 2. AGA considers providing further training to its staff to better equip them in determining the nature of the customer's contact and the potential resolution/remedial activity required. |
| Management Response | AGA will develop training material on the current complaint handling process, and rollout the training to all new and existing call centre staff. |
| Management Actions | AGA to develop training material based on the current complaints handling process and roll out to new and existing call centre staff. |
| Implementation Date | 31 March 2014. |

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| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 12.1(3)(b) | Clause 2.1 and Schedule 2 Gas Customer Code clause 12.1(3) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 255 | 249 246 252 |
| Obligation Description | When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body and provide the Freecall telephone number of the gas ombudsman. | A retailer or distributor must at least provide the specified advice to a customer when handling a complaint. |
| Reporting Type | 2 | 2 |
| Compliance Rating | 3 | 3 |
| Audit Observations | <p>Sampling of customer complaints and customer account transcripts revealed AGA did not actively advise the customer that, if they believed that the complaint had not been resolved in a manner acceptable, the customer had the right to raise the complaint with the gas ombudsman or any other relevant external dispute resolution body.</p> <p>Review of sampled written responses provided to customers noted the absence of the advice to the customer of their rights to raise the complaint with the Energy Ombudsman on 1800 754 004.</p> <p>AGA provided that, in the absence of a response from a written notification given to a customer, the matter was deemed to be addressed.</p> | |
| Recommendation | AGA should: | |

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| | <ol style="list-style-type: none"> 1. Revise its complaint handling process and procedures to include the requirement to notify its customers that, if they are unsatisfied with the resolution provided, they have the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body, along with the freecall number of the ombudsman. 2. Consider developing and attaching a template that provides for the aforementioned information with any written responses given to those customers who have lodged a complaint. |
| Management Response | <p>The process for escalation is currently detailed in AGA's complaint handling procedure. All written correspondence to the customer includes an AGA telephone number where the matter can be raised further.</p> <p>In instances where the customer expresses dissatisfaction of a final resolution, AGA would verbally advise the customer of their right to escalate to the Energy Ombudsman.</p> |
| Management Actions | <p>AGA will update its complaint handling procedure to ensure that upon final resolution, if the complaint has not been settled to customer's satisfaction, the customer is informed that the complaint can be raised with Ombudsman.</p> <p>This information will be communicated either through use of a template advising customers of their right to raise the complaint with the Energy Ombudsman, or verbal notification during a call which is then noted on our system.</p> |
| Implementation Date | <p>31 January 2014.</p> |

14. Compliance Obligations that Do Not Require Further Action

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11X(3) |
| Compliance Manual Reference | 6 6 6 6 |
| Obligation Description | A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with AGA's Operation Team and members of the Emergency Management Team revealed that AGA has detective controls and response action plans in place to address those incidents that may affect the supply of gas to its customers.</p> <p>Walkthrough of the response plan and sample based testing of incidents addressed by AGA, confirmed that, the Company had deployed their resources in accordance with the response plans (and priority ratings). Discussions also revealed that the key objective of actions was to minimise the extent of the duration, suspension or restriction of the supply of gas within the circumstances as specified under this obligation.</p> <p>Based on our enquiries, review of documentation and walkthrough performed, we have concluded that there are adequate and effective controls in place to support compliance with the licence clause.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 14.1 | Clause 14.1 and 14.2 |
| Obligations Under | Energy Coordination Act section 11Y(1)(a) | Energy Coordination Act section 11Y(1)(b) |
| Compliance Manual Reference | 7 7 7 7 | 8 8 8 8 |
| Obligation Description | A licensee must provide for an asset management system in respect of its assets. | A licensee must notify details of the asset management system and any substantial changes to it to the Authority. |
| Reporting Type | NR | 2 |
| Compliance Rating | 5 | N/R |
| Audit Observations | <p>Through discussions with the Asset Services team and review of policies and procedures, we determined AGA has provided for a complete approach to asset management.</p> <p>Our review of the Network Access Arrangement budget confirmed the existence of a financial provision to support the ongoing maintenance of its asset management system. Further, we obtained samples of work schedules, which detailed the activity that had been conducted, and those to be carried out to ensure its assets were able to address the operational needs of the business and its customers.</p> <p>The following components were also identified as components of AGA's asset management system:</p> <ul style="list-style-type: none"> • SAP database for retaining details such as maintenance records; • GIS for geographical display of AGA's assets; and • Synergee for network pressure and flow modelling. <p>AGA was found to communicate with other utility providers to assist customers in "Dial Before You Dig" (DBYD) queries by allowing the provider's access to AGA's AssetView and GIS.</p> <p>AGA's asset management systems are supported by management plans, schedules, policies, and procedures, which were demonstrated to be reviewed on an annual basis. Changes to the gas distribution network are monitored and appropriate actions are undertaken to ensure updates in asset management system occur in a timely manner.</p> <p>Enquires with the Asset Services Team indicated that there had been no substantial changes to AGA's asset management system within the scope period. Discussions with Risk, Compliance and</p> | |

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| | <p>Internal Audit Manager confirmed the existence of a process for the notification to the Authority of any significant changes to the asset management system.</p> <p>Based on our enquiries, review of documentation and walkthrough performed, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 14.3 | Clause 15.1 |
| Obligations Under | Energy Coordination Act section 11Y(1)(c) | Energy Coordination Act section 11ZA(1) |
| Compliance Manual Reference | 9 9 9 9 | 10 10 10 10 |
| Obligation Description | A licensee must provide the Authority with a report by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows) as to the effectiveness of the asset management system. | A licensee must provide the Authority with a performance audit by an independent expert acceptable to the Authority within 24 months of commencement and every 24 months thereafter (or longer if the Authority allows). |
| Reporting Type | NR | 2 |
| Compliance Rating | 5 | 5 |
| Audit Observations | <p>Walkthrough of the appointment process of an independent expert confirmed the existence of a process to facilitate AGA's compliance with this licence clause. Discussions with Risk, Compliance and Internal Audit Manager revealed that upon identification of preferred independent expert a submission is made to the Authority seeking their approval. AGA then advises the independent expert of the outcome of the approval process and appoints the independent expert accordingly.</p> <p>Review of previous audit process and review of communication from the Authority revealed that AGA had in fact sought and received the approval as required, from the Authority of the independent expert for both the asset management system review and the performance audit.</p> <p>Our review of the reporting requirements placed on AGA and the time of the submission of the respective reports confirmed that the AGA had complied with the timeframes prescribed.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> | |
| Recommendation | Nil. | |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11ZK(3) |
| Compliance Manual Reference | 17 17 17 17 |
| Obligation Description | A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority. |
| Reporting Type | NR |
| Compliance Rating | N/R |
| Audit Observations | <p>Discussions with Senior Land Management Coordinator revealed that AGA has not taken an easement or interest in land within the scope period. Walkthrough of the process revealed the existence of mechanism in place to ensure that AGA would pay the costs and expenses incurred in the taking of an interest or easement on the respect of land held by a public authority.</p> <p>We confirmed the existence of an Easement Register and a process to maintain this register.</p> <p>Due to the absence of audit activity within the scope period we were unable to rate the compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 17.1 |
| Obligations Under | Energy Coordination Act section 11ZOR(1) |
| Compliance Manual Reference | 18 18 18 |
| Obligation Description | A licensee that transports gas through a distribution system must be a member of an approved retail market scheme if a scheme is in force. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with the Manager Commercial Operations confirmed that AGA transports gas through a distribution system. Review of the Retail Energy Market Company's website identified the existence of an approved retail market scheme during the scope period. We were able to examine the list detailing its members and noted AGA's inclusion.</p> <p>Based on our enquiries and review of membership to an approved retail market scheme, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11ZOV(1) | Energy Coordination Act section 11ZOV(2) |
| Compliance Manual Reference | 20 20 20 | 21 21 21 |
| Obligation Description | A licensee must not engage in prohibited conduct relating to the operation of a retail market scheme. | A licensee must not assist another party to engage in prohibited conduct relating to the operation of a retail market scheme. |
| Reporting Type | 2 | 2 |
| Compliance Rating | 5 | 5 |
| Audit Observations | <p>Discussion with Manager Commercial Operations revealed that AGA does not engage in prohibited conduct or assist other parties in engaging in prohibited conduct. The Manager Commercial Operations provided that AGA expects and requires the business to operate in a manner that would not negatively affect AGA's reputation.</p> <p>Further, the Manager Commercial Operations stated that AGA is required to have a compliance audit conducted on the REMCo rules on an annual basis. Our review of the respective reports provided within the scope period did not reveal any instances where an independent review had detected the engagement of prohibited conduct or the assistance provided to another party in the engagement of prohibited conduct.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> | |
| Recommendation | Nil. | |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11ZOZ(3) |
| Compliance Manual Reference | 22 22 22 |
| Obligation Description | A licensee, as a member of a retail scheme, must comply with a direction given to it by the Authority to amend the scheme, and to do so within a specified time. |
| Reporting Type | 2 |
| Compliance Rating | N/R |
| Audit Observations | <p>Enquires with Manager Commercial Operations indicated that AGA is a member of the REMCo scheme.</p> <p>Discussions revealed that there has been no direction given to AGA by the Authority to amend the scheme within this audit period.</p> <p>Due to the absence of audit activity within the scope period we were unable to rate the compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act schedule 3, section 2(1) |
| Compliance Manual Reference | 23 23 23 |
| Obligation Description | A licensee, as the operator of a supply system, must notify the Minister if a state of emergency exists in relation to a supply system as soon as practicable after becoming aware of it. |
| Reporting Type | 2 |
| Compliance Rating | N/R |
| Audit Observations | Discussions with Chief Operating Officer revealed that AGA did not request a state of emergency within the audit period. Enquiries revealed that if a state of emergency was to exist, AGA has in place, processes and procedures outlining the responsibilities and actions required in a state of emergency. Due to the absence of audit activity within the scope period we were unable to rate the compliance of this obligation. |
| Recommendation | Nil. |

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| Licence Clause | Clause 17 |
| Obligations Under | Energy Coordination Act section 11ZQH |
| Compliance Manual Reference | 24 24 24 |
| Obligation Description | The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Customer Relations Coordinator indicated that AGA was a member of the Energy Ombudsman Scheme.</p> <p>Review of documentation confirmed that AGA was a member of the scheme for the duration of the scope period. Enquiries revealed that whilst there was an absence of any decisions or directions made by the Ombudsman under the Scheme, AGA had processes in place to monitor and implement actions as required.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11Z Gas Standards Act 1972 Section 8(1) |
| Compliance Manual Reference | 26 26 26 |
| Obligation Description | A licensee must not supply gas at less than the relevant approved minimum heating value. |
| Reporting Type | 1 |
| Compliance Rating | N/A |
| Audit Observations | <p>Discussions with Manager Commercial Operations indicated AGA is unable to control the heating value of the gas entering the distribution system. The supply of gas into the pipelines/distribution system(s) was determined to be the responsibility of third parties.</p> <p>Once the gas has entered into the distribution system, AGA has monitoring mechanisms in place to detect the heating value of gas. The relevant approved heating value is understood to be mandated /prescribed. As the relevant mandate(s) apply to suppliers of gas, we determined that the supply of gas into the distribution system was outside of the control of AGA.</p> <p>On this basis, we have concluded that we are unable to assess AGA's compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11Z Gas Standards Act 1972 Section 9(1) |
| Compliance Manual Reference | 27 27 27 |
| Obligation Description | A licensee shall not cause or permit any alteration to be made in the specific gravity, flame, speed or other prescribed characteristic of gas supplied by him unless he has first applied for, and obtained, the written approval of the Minister. |
| Reporting Type | 1 |
| Compliance Rating | N/A |
| Audit Observations | <p>Discussions with Manager Commercial Operations indicated AGA is unable to control specific gravity, flame, speed or other prescribed characteristic of gas entering the distribution system.</p> <p>Our enquiries revealed that the AGA was responsible for the distribution of gas, but not the supply of gas into the distribution network. The supply of gas is understood to be the responsibilities of third parties, specifically suppliers.</p> <p>The Manager Commercial Operations revealed that AGA only obtains visibility of gas characteristics once the gas enters into the distribution system. The characteristics of gas are determined prior to the gas entering into the distribution network.</p> <p>Walkthrough of monitoring process revealed that AGA has mechanisms in place to monitor specific gravity, flame, speed or other prescribed characteristic of gas that has entered its network.</p> <p>Based on our enquiries, we have concluded that we are unable to assess the compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination Act section 11Z Gas Standards Act 1972 Section 13(1) |
| Compliance Manual Reference | 28 28 28 |
| Obligation Description | A licensee shall not commence to supply gas to a customer's gas installation unless that installation meets the requirements prescribed in respect of that installation. |
| Reporting Type | 1 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our discussion with Manager Gas Inspection revealed that a request for the connection and commencement of supply of gas to a customer's installation is received from a retailer.</p> <p>Installations are required to be carried out by authorised/approved gas fitter. Due to the large number installations and commencement requests, AGA was observed to have an Inspection Plan, which has been, approved by the Director of EnergySafety.</p> <p>Review of documents provided by AGA confirmed the currency of the Inspection Plan.</p> <p>The inspection process requires a field member to complete a Class G inspection form. If they find a defect with the work performed by a gas fitter a Notice of Defect ("NOD") Form or Inspector's Order ("IO") is issued. Depending on the nature of the defect, the supply of gas to the installation will be ceased until appropriate remedial actions have been carried out and subsequent inspection performed, confirming that the installation meets the requirements specified.</p> <p>Sample based testing revealed that inspections were carried out in accordance with the Inspection Plan in a timely manner.</p> <p>Based on our enquiries, review of documentation and sample based testing, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.1 AGA Code |
| Compliance Manual Reference | 89 89 89 |
| Obligation Description | A licensee must give at least four days' notice to a customer of its intentions to undertake inspections, repairs, testing or maintenance at the customer's supply address. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Supervisor Planning revealed that AGA undertakes routine work to the network according to a maintenance schedule.</p> <p>Our review of documentation confirmed that AGA had sent out notifications advising the customer of the reason for the inspection repairs, testing or maintenance and that the notice had been provided at least four days in advance</p> <p>Walkthrough of the schedule of works and the customer notification process confirmed the existence of mechanisms to facilitate the provision of notification to customers and that the customers are provided the notice at least four days in advance. This was observed to be a function of schedule of planned works and mail merging for the identification and notification of those customers who will be affected.</p> <p>Based on our enquiries, review of documentation and sample based testing, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 5.1 |
| Obligations Under | Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code |
| Compliance Manual Reference | 90 90 90 90 |
| Obligation Description | A licensee must ensure that any representatives seeking access to the supply address on its behalf wear carry and show official identification. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Enquires with Manager Operations South indicated that AGA has an induction process in place to ensure all AGA personnel are aware of this obligation.</p> <p>Our review of documentation revealed that field inspections were undertaken on routine basis to confirm staff were compliant with this obligation. Based on our site visits to Jandakot, we observed AGA field staff to be wearing uniforms and vehicles that contained the corporate brand of AGA. Further, staff are supplied with identification cards, which could be produced on request.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 12 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 92 92 92 92 |
| Obligation Description | A licensee must continuously operate those parts of the distribution system required to meet its obligations to supply gas, except to the extent necessary for compliance with the <i>Gas Standards (Gas Supply and System Safety) Regulations 2000</i> . |
| Reporting Type | 1 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our enquiries made with Manager Operations South revealed that AGA has number of mechanisms in place to ensure that it continuously operates those parts of the distribution system required to meet its obligations to supply gas, except to the extent necessary for compliance with the Gas Standards (Gas Supply and System Safety) Regulations 2000.</p> <p>Our discussions revealed that AGA continuously monitors the supply of gas through its distribution network. It has implemented a number of detective mechanisms along its assets that provides AGA with asset performance/conditions. Walkthrough of the incident response process revealed that Field Officer can be and have been deployed to undertake remedial actions along the distribution network.</p> <p>Further, our discussions with the Chief Operating Officer revealed that no incidents have occurred that has warranted the activation of the Crisis Management Team under its incident response plan.</p> <p>AGA provided that it has a schedule of works that provides for the routine maintenance an examination of its network as a preventative measure. This activity is conducted on a regular cycle as part of its asset maintenance plan.</p> <p>AGA was observed to have a number of specific response plans in place for those areas of its distribution system that require a more focused action plan.</p> <p>A high-level review of AGA's emergency management plan confirmed that existence of the plan and that AGA reviews the plan on a regular basis for currency and effectiveness.</p> <p>During our fieldwork, we did not identify any exceptions about AGA fulfilling its obligations under this clause.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to</p> |

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| | support compliance with this licence obligation. |
| Recommendation | Nil. |

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| Licence Clause | Clause 13 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 93 93 93 93 |
| Obligation Description | A licensee must give the Authority written notice where it proposes to permanently cease or substantially decrease its activities under the licence 6 months before the cessation or decrease or, if this is not practicable, as soon as possible. |
| Reporting Type | 2 |
| Compliance Rating | N/R |
| Audit Observations | <p>Discussions with General Manager Regulatory & Risk indicated that AGA had not proposed to permanently cease or substantially decrease its activities under the licence during the audit period.</p> <p>We are aware that AGA is the current entity charged with the responsibility (amongst other matters) for distributing gas through the network and AGA has participated in a number of ownership changes. However, we understand that there was an absence of discussion of AGA proposing to permanently cease or substantially decrease its activities under the licence.</p> <p>Due to the absence of audit activity within the scope period we are unable to rate the compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 14.4 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 94 94 94 94 |
| Obligation Description | A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the asset management review. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our review of the tendering process and the conditions detailed confirmed the explicit requirement for the expert to comply with the Authority's standard guidelines with the asset management review.</p> <p>AGA was observed to include the Authority's standard guidelines as part of the information package provided to those considering responding to the request for tender. Further, our desktop review of the audit plans as submitted by the successful respondent included a confirmation that the review would be undertaken in accordance with the Authority's standard guidelines.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 14.6 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 95 95 95 |
| Obligation Description | A licensee's independent expert must be approved by the Authority prior to reviewing the effectiveness of the asset management system. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Risk, Compliance and Internal Audit Manager indicated that once AGA had selected a service provider to perform a review of the asset management system, the provider would be presented to the Authority for approval.</p> <p>Our review of the communication between the Authority and AGA revealed that the Authority had approved the service provider prior to that provider conducting the review of the effectiveness of the asset management system.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 15.2 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 96 96 96 96 |
| Obligation Description | A licensee must comply and require its expert to comply with the Authority's standard guidelines dealing with the performance audit. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our review of the tendering process and the conditions detailed confirmed the explicit requirement for the expert to comply with the Authority's standard guidelines with the performance audit.</p> <p>AGA was observed to include the Authority's standard guidelines as part of the information package provided to those considering responding to the request for tender. Further, our desktop review of the audit plans as submitted by the successful respondent included a confirmation that the review would be undertaken in accordance with the Authority's standard guideline.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 15.4 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 97 97 97 97 |
| Obligation Description | A licensee's independent auditor must be approved by the Authority prior to the audit. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Risk, Compliance and Internal Audit Manager revealed that once AGA had selected an independent auditor to conduct the performance audit, the preferred independent auditor is presented to the Authority for approval.</p> <p>Our review of the communication between the Authority and AGA revealed that the Authority had approved the service provider prior to that provider conducting the performance audit of its distribution licence.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 16 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 98 98 98 |
| Obligation Description | A licensee may be subject to individual performance standards. |
| Reporting Type | NR |
| Compliance Rating | N/R |
| Audit Observations | <p>Our enquiries made with the Risk, Compliance and Internal Audit Manager revealed that the Authority did not subject AGA to individual performance standard requirements during the scope period.</p> <p>Discussions revealed that, had the Authority required AGA to deliver on individual performance standards, AGA would develop appropriate mechanisms to facilitate the delivery of the individual performance standards.</p> <p>Due to the absence of audit activity within the scope period Grant Thornton is unable to rate the compliance of this obligation.</p> |
| Recommendation | Nil. |

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| Licence Clause | Clause 18 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 99 99 99 99 |
| Obligation Description | Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with the Risk, Compliance and Internal Audit Manager revealed that unless otherwise specified all notices provided by AGA were in writing.</p> <p>Our enquiries made with the Risk, Compliance and Internal Audit Manager confirmed the understanding of the conditions, which specify when a notice has been regarded as sent or received, subject to the method by which the notice had been communicated.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 19.1 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 100 100 100 100 |
| Obligation Description | A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Director of Finance and Controller, review of AGA's annual financial report and management letter provided by AGA's external auditor confirmed that the financial reports generated by AGA were in accordance with the Australian Accounting Standards or equivalent International Accounting Standards.</p> <p>The Director of Finance and Controller stated that the finance team comprises of a mix of Chartered Accountants and Certified Practising Accountants of Australia. Further, the finance team attend training to ensure currency of knowledge. A financial module within SAP is used to maintain AGA's financial records.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 20 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 101 101 101 101 |
| Obligation Description | A licensee must report to the Authority if the licensee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our review of the financial statements contained within the AGA's annual reports over the audit period, the absence of an expression of AGA being a going concerned and discussions with the Director of Finance and Controller revealed that AGA has not been subject to external administration.</p> <p>However, recently the ownership was observed have occurred resulting in Western Australian Gas Networks becoming a wholly owned subsidiary of ATCO and becoming rebranded ATCO Gas Australia.</p> <p>Our review of the notifications provided to the Authority pre and post transition confirmed that AGA had provided such notices within the timeframes prescribed. However, the transition is understood not to have adversely affected the organisation's ability to meet its obligations under its licence.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 21.1 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 102 102 102 102 |
| Obligation Description | A licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Energy Coordination Act 1994 in the time, manner and form specified by the Authority. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>AGA is required to submit a performance report and annual report to the Authority. We performed a walkthrough of the process for the collation of the respective reports with the Risk, Compliance and Internal Audit Manager and determined the existence of a methodology for the preparation of the reports.</p> <p>We obtained a copy of the submissions made to the Authority by AGA and confirmed that the format was in accordance with the template as provided. We also identified that the reports were submitted to the Authority by the nominated date</p> <p>Further discussions with the Risk, Compliance and Internal Audit Manager revealed that the Authority had not required AGA to provide any information in connection with its functions under the Energy Coordination Act 1994 during the audit period.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 22 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 103 103 103 103 |
| Obligation Description | A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified. |
| Reporting Type | 2 |
| Compliance Rating | N/R |
| Audit Observations | Discussions with the Risk, Compliance and Internal Audit Manager indicated that whilst a procedure exists in the event the Authority requires AGA to publish certain information, such direction has not been received by AGA during the audit period. Due to the absence of audit activity within the scope period we are unable to rate the compliance of this obligation. |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Schedule 3 Clause 1 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 104 104 104 104 |
| Obligation Description | A licensee must, in relation to pipelines not covered by the National Access Code, exchange information with a trading licensee under section 5.9 of the National Access Code as if they were covered pipelines. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Manager Commercial Operations indicated that the National Access Code does not cover the Albany and Kalgoorlie networks, however AGA treats these pipelines, within reasonableness, as covered pipelines.</p> <p>Our review of documentation made available in respect of its distribution network revealed that information can be exchanged in the same manner as covered pipelines.</p> <p>Our enquiries revealed that AGA has the mechanisms in place to provide to other gas trading licences the information, which it is required to make available under the National Access Code.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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|------------------------------------|--|
| Licence Clause | Schedule 3 Clause 2 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 105 105 105 105 |
| Obligation Description | A licensee must offer to connect residential premises located within the licence area to the distribution system if requested by a trader, subject to certain defined conditions. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with the Manager Commercial Operations revealed that upon receipt of a request from a trader, subject the certain defined conditions having been met, AGA has processes in place to facilitate the connection request.</p> <p>Review of the gas connection work instructions and SAP workflow revealed that upon receipt of a connection request, a connection order is issued through its work protocol, which has a confirmation process that determines as to whether the required connection has meet the defined conditions. If the request is determined to have met the required certain defined conditions, the work order progresses through the work queue to a Field Officer to carry out the connection activity.</p> <p>Once the connection and the task order are completed, the notice of completion is communicated. The details pertaining to the connection is monitored and maintained within SAP, including the connection characteristics such as the location and NMIS.</p> <p>We performed a walkthrough of the connection request process and sampled connections that had been completed, we did not observe any exceptions in this regard.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 8.2 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 230 228 227 |
| Obligation Description | A distributor must reconnect the customer's supply address upon the request of a retailer and subject to the retailer complying with the retail market rules, within 2 business days of receipt of the request. This timeframe does not apply in the event of an emergency. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Walkthrough of the reconnection request and discussions with the Manager Commercial Operations revealed that a reconnection of gas is received from the retailer through the software portal that connects retailers to AGA.</p> <p>A reconnection order report is manually extracted from NMIS by the Planning Team. If a request for reconnection is received before 10am, AGA has the capability to connect the customer on the same day on which the request had been received. If a request is received after 3pm, the reconnect is scheduled for the next business day.</p> <p>Review of sample reconnection requests, did not reveal instances of reconnections occurring outside of the prescribed timeframe.</p> <p>Based on our enquiries, review of documentation and sample based testing, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.9 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 245 241 238 240 |
| Obligation Description | A retailer, distributor and marketer must, to the extent practicable, ensure that any written information that must be given to a customer under the Gas Customer Code is expressed in clear, simple, and concise language and is in a format that makes it easy to understand. |
| Reporting Type | NR |
| Compliance Rating | 5 |
| Audit Observations | <p>We obtained a sample of written information that had been provided to customers and determined that the language was clear, simple and concise.</p> <p>Walkthrough of the document preparation process revealed that documents were reviewed with the objective of meeting the specified criteria.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

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|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.10(2) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 247 243 240 242 |
| Obligation Description | A retailer and distributor must make electronic copies of the Gas Customer Code available, at no charge, on their web sites. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Review of AGA's website revealed that the Gas Customer Code was available on its website at no charge.</p> <p>Discussions with the Risk, Compliance and Internal Audit Manager indicated that there were policies and procedures in place to amend and upload the Gas Customer Code to AGA's website at no charge to the customer.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 10.11(1) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 249 245 242 244 |
| Obligation Description | A retailer and distributor must make available to the customer on request, at no charge, services that assist the customer in interpreting information provided by the retailer or distributor. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our review of the services made available to assist customers confirmed that AGA does provide for interpreting services at no charge. AGA's Customer Service Charter instructs customers to dial 133 677 for TTY and 13 14 50 for multi lingual services.</p> <p>Walkthrough of the process with call centre staff revealed that if an inbound call is received and a requirement for a special services has been determined, the call centre staff have the ability to engage a third party to the phone call.</p> <p>Review of documentation revealed that AGA accepts the charges for the multilingual/TTY phone call and provides the service to the customer where required.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 12.1(2)(c) & (d) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 253 |
| Obligation Description | The complaints handling process must detail how the retailer will handle complaints about a retailer or marketing, and be available at no cost to customers. |
| Reporting Type | 2 |
| Compliance Rating | N/A |
| Audit Observations | Discussions with Customer Relations Coordinator revealed that the complaints handling process is outlined in AGA's Customer Service Charter, which is available on AGA's website at no cost to the customer. As a Distributor, AGA is precluded from this obligation as the requirement is determined to rest with a retailer. In this regard, we are unable to rate AGA's compliance with this licence obligation. |
| Recommendation | Nil. |

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|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 12.3 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 257 251 248 254 |
| Obligation Description | 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. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Customer Relations Coordinator revealed that the information is made available to assist customers in utilising the respective complaints handling process. We understand that call centre staff are able to assist customers by recording their complaint against the customer's account details or provide the assistance in utilising the complaint handling process. Further, we were able access this information from AGA's website.</p> <p>Information contained on AGA's website detailed how customers can lodge a complaint and have their complaint escalated to a senior employee or the gas ombudsman.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 12.4 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 258 252 249 255 |
| Obligation Description | When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known). |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Walkthrough of the complaints handling process and discussions with call centre staff revealed that AGA has embedded a segment advising those who have contacted AGA for a bill related matter to contact the retailer listed on their invoice.</p> <p>If the Call Centre Operator speaks to a caller, the Call Centre Operator determines the nature of the complaint and identifies that it does not relate to the functions of AGA, the customer is then referred to whom AGA believes to be the appropriate entity, if known.</p> <p>Based on our enquiries, review of documentation and walkthrough performed, we have concluded that there are adequate and effective controls in place to support compliance with the licence clause.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.1 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 259 253 250 256 |
| Obligation Description | Unless expressly provided otherwise, a retailer, distributor or gas marketing agent must keep a record or other information as required to be kept by the Code of Conduct and the Compendium for at least 2 years from the last date on which the information was recorded. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>During our fieldwork, we had identified that AGA did not retain all those records in accordance with Part 13 Record Keeping and Reporting of the Compendium.</p> <p>Based on the observations made and the non-compliant matters identified for each of the sub-clauses of 13.1(1) and (3)(a-d) it was deemed pertinent that only the point of failure be recorded and reported.</p> <p>It was determined that as there was no benefit duplicating the non-complaint matters, this report focuses the non-compliant commentary on those obligations that provided for greater level of detail.</p> <p>AGA was determined to maintain those records captured and recorded for the timeframe specified. We were able to draw samples for a period dating back 2 years.</p> <p>In this regard, based on our walkthrough of the record keeping process, interviews with management and sample based testing, we are satisfied that, except for those matters identified under obligations 269, 271 and 273, AGA had adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 13.1(3) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 261 |
| Obligation Description | For the purposes of subclause 13.1(1), a distributor must keep records or other information specified in clause 13.1(3)(a)-(d). |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>During our fieldwork, we had identified that AGA did not retain all those records in accordance with Part 13 Record Keeping and Reporting of the Compendium.</p> <p>Based on the observations made and the non-compliant matters identified for each of the sub-clauses of 13.1(1) and (3)(a-d) it was deemed pertinent that only the point of failure be recorded and reported.</p> <p>It was determined that as there was no benefit duplicating the non-complaint matters, this report focuses the non-compliant commentary on those obligations that provided for greater level of detail.</p> <p>In this regard, based on our walkthrough of the record keeping process, interviews with management and sample based testing, we are satisfied that, except for those matters identified under obligations 269, 271 and 273, AGA had adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 13.8(2) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 270 260 |
| Obligation Description | A distributor must keep a record of the total number of reconnections provided, other than those specified in clause 13.8(2)(a), and the total number of those reconnections not provided within the prescribed timeframe. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Our review of the Compendium of Gas Customer Licence Obligations clause 13.8(2)(a)(iii) revealed that clause 8.8(1)(c) does not exist. In this regard, we could not provide for the determination of AGA's compliance.</p> <p>Walkthrough of the recording process revealed that reconnection records were maintained, and had been reported as part of internal monthly reporting. We were able to reconcile reconnections to an extract of the reconnection records through re-performance.</p> <p>These reports are then collated at year-end and forwarded to the Risk, Compliance and Internal Audit Manager for inclusion into the Annual Performance Report provided to the Authority.</p> <p>Based on our review of the approach and methodology for the capturing of records under clause 13.8(2)(a)(i) & (ii), sample based testing and re-performance, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.10(2) |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 272 262 264 |
| Obligation Description | A distributor must keep a record of the details of each customer complaint referred to in clause 13.10(1). |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>During our fieldwork, we had identified that AGA did not retain all those records in accordance with Part 13 Record Keeping and Reporting requirements under the Compendium.</p> <p>Based on the observations made and the non-compliant matters identified for each of the sub-clauses 13.1(1) and (3)(a-d) it was deemed pertinent that only the point of failure be recorded and reported.</p> <p>It was determined that as there was no benefit duplicating the non-complaint matters, this report focuses the non-compliant commentary on those obligations that provided for greater level of detail.</p> <p>In this regard, based on our walkthrough of the record keeping process, interviews with management and sample based testing, we are satisfied that, except for those matters identified under obligations 269, 271 and 273, AGA had adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | |
|------------------------------------|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.14 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 274 264 266 |
| Obligation Description | A distributor must keep a record of the total number of delivery points on the distributor's distribution system. |
| Reporting Type | 2 |
| Compliance Rating | 5 |
| Audit Observations | <p>Discussions with Manager Commercial Operations indicated that a MIRN register was kept for recording total number of commissioned/decommissioned points on the system.</p> <p>Walkthrough of the process to extract data indicated that there are effective controls in place to ensure the integrity data being reported to the Authority in this regard. We witnessed the methodology used for determining the number of delivery points on the distribution system and was able reconcile the number of delivery points.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> |
| Recommendation | Nil. |

| | | |
|------------------------------------|---|--|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.15(1) | Clause 2.1 and Schedule 2 Gas Customer Code clause 13.15(3) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 277 265 256 267 | 279 266 257 268 |
| Obligation Description | The annual retailer and distributor reports specified in clauses 13.15 and 13.16 are to be published not later than the following October 1. | A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published. |
| Reporting Type | 2 | 2 |
| Compliance Rating | 5 | 5 |
| Audit Observations | <p>Discussions with the Risk, Compliance and Internal Audit Manager indicated that AGA had published the Annual Performance Report to their website and sent the report to the Authority and the Minister 7 days prior to publication.</p> <p>Review of documentation revealed that the Minister and the Authority received the Annual Performance Report within the specified timeframe. Further, we observed a copy of the report was made available on AGA's website.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> | |
| Recommendation | Nil. | |

| | |
|------------------------------------|--|
| Licence Clause | Clause 2.1 and Schedule 2 Compendium clause 13.18 |
| Obligations Under | Energy Coordination Act section 11M |
| Compliance Manual Reference | 280 |
| Obligation Description | A retailer and distributor must provide the information in the records in clauses 13.15 and 13.16 to the Authority in a format acceptable to the Authority no later than the following 23 September. |
| Reporting Type | 2 |
| Compliance Rating | N/R |
| Audit Observations | <p>This obligation came into effect on the 1st February 2013.</p> <p>Discussions with the Risk, Compliance and Internal Audit Manager revealed that AGA had developed and implemented processes and procedures to ensure that its report contains the specified information and submitted within the prescribed timeframe.</p> <p>AGA was observed to be in the process of collating the information required to be provided within its reports. However, due to this requirement being identified as a recent addition to AGA's reporting requirements and the timing of the submission of the report, being outside of the audit period, we could not assess AGA's compliance with this obligation.</p> |
| Recommendation | Nil. |

15. Legacy Licence Clauses that Do Not Require Further Action

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|------------------------------------|---|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 11.1(1) | Clause 2.1 and Schedule 2 Gas Customer Code clause 11.1(2) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 246 | 247 |
| Obligation Description | A retailer and distributor must produce and publish a Customer Service Charter. | A retailer and distributor must address the specified information in their Customer Service Charters. |
| Reporting Type | 2 | 2 |
| Compliance Rating | 5 | 5 |
| Audit Observations | <p>Discussions with Customer Relations Coordinator indicated that there was a process in place to produce and publish a Customer Service Charter. AGA was observed to have published the Customer Service Charter in electronic and hard copy.</p> <p>Review of documentation revealed that the Customer Service Charter addressed confirmed that AGA had addressed the specified information.</p> <p>Based on our enquiries and review of documentation, we have concluded that there are adequate and effective controls in place to support compliance with this licence obligation.</p> | |
| Recommendation | Nil. | |

| | | |
|------------------------------------|--|---|
| Licence Clause | Clause 2.1 and Schedule 2 Gas Customer Code clause 11.2(1) | Clause 2.1 and Schedule 2 Gas Customer Code clause 11.2(2) |
| Obligations Under | Energy Coordination Act section 11M | Energy Coordination Act section 11M |
| Compliance Manual Reference | 248 | 249 |
| Obligation Description | A retailer and distributor must give a customer on request, at no charge, a copy of the Customer Service Charter. | A retailer and distributor must dispatch a copy of the Customer Service Charter to a customer who requests a copy, within two business days of the request. |
| Reporting Type | 2 | 2 |
| Compliance Rating | N/R | N/R |
| Audit Observations | <p>Review of AGA's website revealed that the Customer Service Charter was available on the website at no charge to the customer.</p> <p>Discussions with Customer Relations Coordinator indicated that AGA had not received a request for a copy of the Customer Service Charter within the period cover by this obligation.</p> <p>Based on our review of the Compliance Reporting Manuals applicable to AGA across the audit period, we noted the removal of these obligations in November 2010.</p> <p>Due to the absence of audit activity during the period 1 July 2010 to 1 November 2010, we were unable to rate the compliance of this obligation.</p> | |
| Recommendation | Nil. | |

Appendix 1 – Audit Evidence – Documents Examined

| Documents Examined |
|--|
| Emergency Management Plan (GD PL 0160) |
| Asset Class Plan (AST PL00012) |
| Asset Management System Audit Report 2011 (Worsley Parsons) |
| Performance Audit Report 2010 (Grant Thornton) |
| REMCo Negative Assurance Report 2010 (Grant Thornton) |
| REMCo Negative Assurance Report 2013 (Grant Thornton) |
| State Emergency Management Plan for Gas Supply Disruption |
| Gas Distribution Safety Case Audit 2012 (TCO RP 0050) |
| High Pressure Mains Location Audit (TCO RP 0058) |
| Field Inspection Process Audit (TCO RP 0062) |
| Confined Spaces Audit (TCO RP 0063) |
| Technical Compliance Audit Report Landis and Gyr Meter Refurbishment (TCO RP 0079) |
| Management Change Audit (TCO RP 0093) |
| Safety Case Audit and Final Certification Report 2011 (Worsley Parsons) |
| WAGN Inspection Plan (GD PL 0170 – Rev 3) |
| WANH Annual Financial Report |
| Preparation & Submission of Annual Performance Report (RMT PR0001) |
| Customer Service Charter (COM CH00001) |
| G Class Installation Inspection and Re-Inspection Running Sheet (SWI IN 002 RF01) |
| Complaints Handling Procedure (COM PR 0002) |
| Site Inspection – Facilities Maintenance 3 (TCO PR0001 RF08) |
| New Field Staff Training Plan |
| Employee Departure Checklist (HRS PO00001 PR 0006 RF 02) |
| Gas Meterset Start-up Sheet (ENS PR0011 RF11) |
| MSTE – Perth Airport Pty Ltd (PRO RF02) |
| Checklist For Meter Set and Any Other Associated Constructions (NOP WI0009 RF01) |

| Documents Examined |
|--|
| Changeable Turnaround Construction Sheet (NCN RF 05) |
| Gas Regulator Start-up Sheet (ENS PR0011 RF10) |
| Call Centre 24/7 Roster |
| Safe Work Instruction – Water in the Main (SWI MA 004) |
| Gas Customer Report 2011 & 2012 |
| Annual Compliance Report 2012 |
| Customer Complaint Supporting Documentation |
| Gas Sampling Report August 2012 |
| Pressure Monitoring Device Report |
| Safe Work Instructions Manual |
| Call Centre Training Manual |
| Call Centre Performance Report |
| Sample of Disconnection Work Orders |
| Sample of New Connection List |
| Sample of Reconnection List |

Appendix 2 – Audit Evidence – Personnel who assisted in the Audit

| Position of ATCO Gas Australia Pty Ltd Personnel |
|---|
| Senior Land Management Coordinator |
| Quality & Assurance Officer |
| General Manager Regulatory and Risk |
| Manager Commercial Operations |
| Director of Finance and Controller |
| Manager Asset Services |
| Manager Operations South |
| Chief Operating Officer |
| Customer Relations Coordinator |
| Manager Gas Inspection |
| Supervisor Call Centre |
| Senior Manager Capital Infrastructure |
| Manager Technical Compliance |
| Supervisor Planning |
| Risk, Compliance and Internal Audit Manager |
| Director of Finance and Controller |