



Notice

22 October 2014

INFORMATION

Alinta Sales Pty Ltd (trading as Alinta Energy)

2014 PERFORMANCE AUDIT

The Economic Regulation Authority has published the 2014 performance audit (**Audit**) report for the electricity retail licence (ERL6) of Alinta Sales Pty Ltd (**Alinta**)

- [2014 Audit report \(including the post-audit implementation plan\)](#)

Action by the Authority

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

After considering the nature of the 17 licence contraventions disclosed in the Audit, the Authority has decided to extend the interval until the next Audit from 24 months to 48 months. The next Audit will cover the period from 1 June 2014 to 31 May 2018, with the report on the Audit to be provided to the Authority by 31 August 2018.

Background to the Authority's decision

2012 Audit Recommendations

The 2014 Audit found that Alinta has addressed eight out of 10 non-compliances identified by the previous 2012 Audit. Actions to address the remaining two non-compliances have been included in the 2014 Audit recommendations.

2014 Audit Findings

The 2014 Audit assessed 285 licence obligations: 36 obligations were rated N/A (not applicable) and 86 obligations were not rated (N/R), because no relevant activity took place during the Audit period. Of the remaining 163 obligations that were tested, 143 were rated 5 (highest rating), three were rated 3 (compliant, but significant improvement required), and 17 were rated 2 (non-compliant).

The auditor made seven recommendations to address 16 non-compliances¹ and three process improvement opportunities. The Authority is satisfied with Alinta's post-audit implementation plan: Alinta expects to address all of the recommendations by 31 December 2014.

Of the 17 non-compliances identified in the Audit, nine relate to a single incident, which is discussed below under *Customer Contract Issue*.

Customer Contract Issue

One customer on a large use supply contract was not switched to a small use supply contract when their

¹ One of the non-compliances had been addressed by the time the 2014 Audit report was prepared.



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annualised consumption fell below 160MWh per annum.² By not switching the customer to the correct contract, Alinta breached nine separate obligations under the *Code of Conduct for the Supply of Electricity to Small Use Customers (Customer Code)*. The auditor recommended that Alinta consider implementing automated measures to ensure similar situations in the future are identified on time. Alinta has indicated they intend to address this matter by 30 October 2014.

Other Non-compliances

The Authority's analysis of the remaining seven non-compliances shows that instead of systemic issues, they all present administrative one-off matters, which cover five areas:

- Address details on Alinta's contract and the standard terms and conditions document need updating.
- In a marketing event, Alinta marketing staff handed out business cards which did not have some of the required information (marketing agent's ID number, Alinta ABN or ACN and the Alinta complaints telephone number).
- Alinta's standard bill template has some out of date references to the old Customer Code.
- Following an update to Alinta's bill template in November 2012, the revised bill template omitted the note to inform the customer when a bill had been based on an estimate. This omission has been corrected, and the auditor recommended introducing processes to periodically verify the bill template.
- Alinta failed to notify customers about its tariff increase in July 2012 using a compliant method of notification (they relied on a "blanket notification" on their customer bills). When the subsequent tariff increase was introduced in September 2013, Alinta wrote to each customer, in compliance with the Customer Code.

The Authority has formed the view that, taking into consideration the large number of compliance obligations that it is subject to, Alinta has developed an adequate compliance framework for its electricity retail business. It is also noteworthy that Alinta has committed to promptly implement the remedial actions to fix the compliance issues identified in the 2014 Audit report, which demonstrates Alinta's commitment to improving its compliance systems.

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² Under the *Electricity Industry Act 2004*, customers who consume less than 160MWh per annum (small use customers) are entitled to the additional protections available under the *Code of Conduct for the Supply of Electricity to Small Use Customers*. This means more detailed customer rights under a specific contract between the retailer and the customer.