



Notice

16 December 2015

Electricity Generation and Retail Corporation (t/a Synergy)

2015 PERFORMANCE AUDIT OF GAS TRADING LICENCE GTL8

The 2015 performance audit (Audit) report for Electricity Generation and Retail Corporation's (t/a Synergy) gas trading licence (GTL8) has been published by the Economic Regulation Authority (ERA).

- [2015 Audit Report](#)

Action by the ERA

The ERA is satisfied that Synergy has demonstrated a high level of compliance with its licence. Further, the ERA notes the auditor's positive comments about the culture of compliance within Synergy, which has resulted in prompt identification and rectification of compliance breaches throughout the audit period.

The ERA has decided to increase the period of time until the next Audit from 36 months to 48 months. The next Audit will cover the period 1 July 2015 to 30 June 2019, with the report to be provided to the ERA by 30 September 2019.

BACKGROUND

Audit

The auditor assessed 261 licence obligations in total, of which 60 obligations were rated N/A (not applicable) and 97 N/R (not rated because no relevant activity took place during the audit period). Of the remaining 104 obligations that were tested for compliance, 101 obligations were rated compliant, two obligations were rated A2 (non-compliant – minor impact on customers or third parties, adequate controls) and one obligation was rated A3 (non-compliant – moderate impact on customers or third parties, adequate controls).

All three non-compliances were rectified during the audit period. The auditor also made a recommendation to address two obligations that were rated compliant, but in need of improved controls. This recommendation was addressed in September 2015.

The ERA notes the auditor's comments on Synergy's internal compliance culture:

Management has designed and implemented processes, controls and systems to ensure compliance with licence obligations. Staff members undergo induction and ongoing annual training to ensure they understand regulatory obligations that impact their immediate work functions. Refresher training programs are carried out at regular intervals. Staff members are provided with a 'Customer Care Pack' which simplifies the complex regulatory regime into easy to understand guidance for staff including self-assessment tools to identify breaches if and when they occur.



Notice

The strength of the compliance culture is also demonstrated through the comprehensive self-reporting of identified breaches. Where Synergy has self-identified compliance breaches, the retailer was observed to proactively develop and implement remedial actions with the objective of mitigating or eliminating the risk of a re-occurrence of the root cause.

The auditor's observations also present evidence that the improvements to Synergy's internal compliance monitoring procedures have resulted in the prompt identification and rectification of identified non-compliances.

The ERA's policy with respect to the frequency of audits can be found in section 6.4 of the *Audit and Review Guidelines: Electricity and Gas Licences*, which states:

[...] For audits and reviews, the cost of regulation may be reduced if the interval between audits and reviews is increased. Hence, the Authority is prepared to, within reasonable bounds, extend the interval between audits and reviews for low risk licensees, i.e. those licensees who are demonstrating high levels of compliance with licence conditions [...]

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

Consistent with the policy, the ERA has decided to increase the interval of time until the next Audit.

For further information contact:

General Enquiries

Paul Reid
Economic Regulation Authority
Phone: 08 6557 7976
Email: records@erawa.com.au

Media Enquiries

Tracy Wealleans
Economic Regulation Authority
Phone: 08 6557 7942 or 0428 859 826
Email: communications@erawa.com.au