



Notice

12 April 2019

Perth Energy Pty Ltd

Performance audit 2018

The Economic Regulation Authority has published the 2018 [performance audit report](#) and [post-audit implementation plan](#) for Perth Energy Pty Ltd's electricity retail licence [ERL10](#).

Perth Energy retails electricity to customers within the area supplied through the South West Interconnected System. Perth Energy retails to both contestable small use customers and large use customers.¹

The ERA's decision

The ERA considers that Perth Energy achieved an adequate level of compliance with its licence obligations, but there is scope for improvement.

The ERA has decided to maintain the audit period of 24 months. The next audit will cover the period 1 July 2018 to 30 June 2020, with the report due by 30 September 2020.

Background to the ERA's decision

Audit findings

The auditor assessed 237 licence obligations and found:

- 107 were compliant
- 13 were non-compliant
- 117 were not rated (no relevant activity took place during the audit period).

The ERA considers that six of the obligations that have been rated as non-compliant should be rated as compliant, but with inadequate controls (obligations 144, 174, 175, 280, 299 and 301).

The six control deficiencies covered:

- insufficient information in the procedure for new connections
- maintaining complaints registers

¹ A contestable small use customer is a customer who consumes between 50 and 160 MWh of electricity per year.

- maintaining records of customer notifications being sent within prescribed timeframes.

The remaining seven non-compliances covered:

- version control of Perth Energy's approved standard form contract
- issuing estimated bills without stating the bills are based on estimated meter readings
- advising customers of their rights following a bill review
- advising customers of their rights when responding to a complaint
- having a hardship policy and hardship procedures in place
- contacting life support customers to ascertain if they still require life support equipment.

The auditor found that Perth Energy resolved one of the non-compliances during the audit period.

Audit recommendations

The auditor made 19 recommendations. Five recommendations address non-compliances and three recommendations address control deficiencies.² The 11 remaining recommendations are improvement opportunities.

The post-audit implementation plan prepared by Perth Energy states that 14 of the recommendations have been completed and that the remaining five recommendations will be addressed by the end of May 2019.

The ERA's assessment of the audit findings

Overall, Perth Energy has an adequate level of compliance with its licence, but the processes and procedures used to meet its customer protection obligations need improvement. All but one of the non-compliances involve obligations from the *Code of Conduct for the Supply of Electricity to Small Use Customers* that could directly affect customers.

The 2018 audit includes non-compliances which were carried over from the 2016 audit. This is despite the updated post-audit implementation plan provided by Perth Energy in March 2017 stating that the recommendations had been addressed. This indicates that the changes implemented by Perth Energy since the 2016 audit are either insufficient, or not being followed.

The 2018 audit has seen an improvement in Perth Energy's performance compared to the 2016 audit. The 2016 audit identified a significant number of non-compliances with basic customer protection obligations, which have since been addressed and confirmed as compliant in the 2018 audit. However, Perth Energy still has more to do before it can be considered to have effective processes and procedures to manage its compliance obligations.

The ERA will seek regular updates from Perth Energy on its progress in addressing the recommendations in its post-audit implementation plan.

² The report shows eight recommendations addressing non-compliances. The ERA does not consider Perth Energy to be non-compliant with the obligations covered by three of the eight recommendations (7/2018, 11/2018 and 16/2018). Instead, the ERA considers Perth Energy has inadequate controls to ensure compliance with these obligations.

Further information

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