



Notice

28 April 2020

Southern Energy WA Pty Ltd

2019 performance audit

The Economic Regulation Authority has published the 2019 [performance audit report](#) and the [post-audit implementation plan](#) for Southern Energy WA Pty Ltd's electricity retail licence ERL27.

ERL27 licenses Southern Energy to sell electricity to large use customers on the South West Interconnected System.¹ Southern Energy has one customer, which is a business controlled by the owner of Southern Energy.

The ERA's decision

The ERA considers that Southern Energy has achieved an adequate level of compliance with its licence.

Taking into consideration the audit findings and the nature of the relationship that Southern Energy has with its sole customer the ERA has decided to increase the audit period from 24 months to 48 months. The next audit will cover the period 1 December 2019 to 30 November 2023, with the report due by 28 February 2024.

Background to the ERA's decision

Audit ratings

The auditor assessed 69 licence obligations applicable to Southern Energy's licence and found:²

- Two were rated A1 (adequate controls, compliant).
- One was rated D1 (no controls evident, compliant).
- Four were rated D2 (no controls evident, non-compliant – minor effect on customers).
- Four were rated NP/1 (controls assessment not performed, compliant).
- 58 were rated NP/NR (controls assessment not performed, not rated for compliance due to lack of relevant activity).

¹ A large-use customer consumes more than 160 megawatt hours of electricity per year.

² Obligations 101, 110, 120, 354 and 371 were determined as not applicable during the audit period, and therefore not assessed for compliance.

The audit found four non-compliances, which were all minor administrative issues unlikely to affect Southern Energy's customer and with minimal effect on third parties.

The audit also identified five control deficiencies, which were due to Southern Energy not having procedures in place to identify compliance obligations applicable to its licence and detail the steps that employees should take to ensure compliance.

Audit recommendations

The auditor made four recommendations to address the non-compliances and control deficiencies.

The post-audit implementation plan states that Southern Energy will address the audit recommendations between now and 30 June 2020.

Further information

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