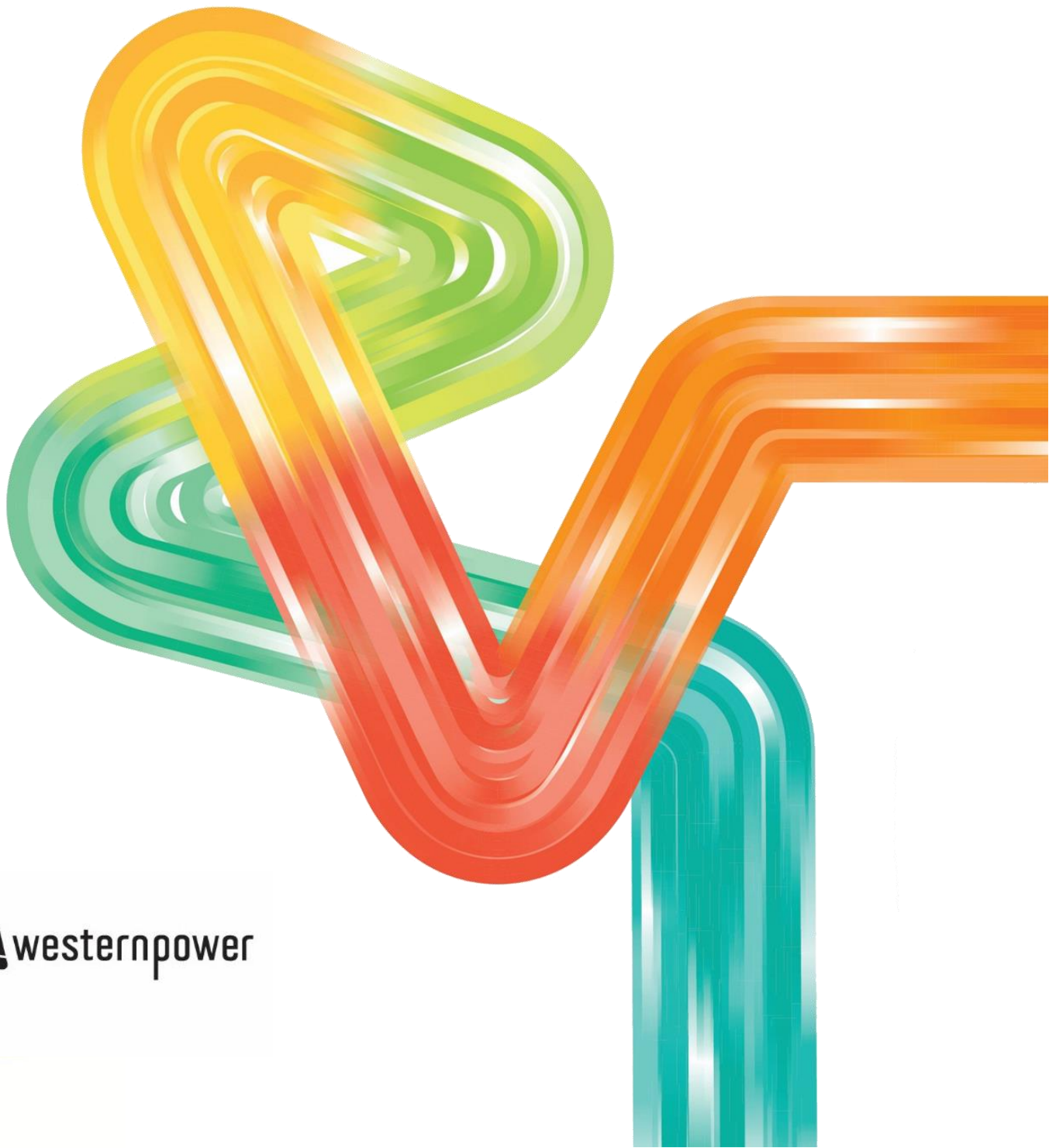


# 2023 Performance Audit

## Post Audit Implementation Plan

21 November 2023



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2023 Performance Audit - Post Audit Implementation Plan

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## 2023 Performance Audit – Post Audit Implementation Plan

Rec No.	Non-Compliance (Licence Obligation reference number & licence obligation/ Details of non-compliance or inadequacy of controls)	Auditor's Recommendation	Management Actions	Responsible Person	Due Date
REC:01/2023	<b>Obligation 41 Electricity Industry Customer Transfer Code, clause 4.13</b>  CutlerMerz finds that Western Power has not complied with this obligation in its failure to meet the timeframes associated with provision of notice to retailers in the aftermath of a customer transfer. We find that, until the implementations of the measures identified by Western Power to improve its compliance are completed, that its controls cannot be expected to, so far as reasonably practicable, ensure compliance.  Western Power reported non-compliance incidences in its FY2021, FY2022 and FY2023 Annual Compliance Reports.	<ul style="list-style-type: none"> <li>CutlerMerz recommends that Western Power continues its rollout of AMI meters and conduct periodic reviews of the improvement to compliance with the obligation.</li> <li>Where Western Power is implementing other measures to improve compliance, CutlerMerz recommends that Western Power monitor the implementation of these measures and conducts periodic reviews of the improvement to compliance with the obligation.</li> </ul>	<ul style="list-style-type: none"> <li>In response to the non-compliance with licence obligations 41, 244, 333, 385, 386 and 391, Western Power is continuing with the planned rollout of remotely read AMI meters. The rollout of AMI meters is planned to be completed in December 2027 and is expected to improve compliance with these licence obligations.<sup>1</sup>             For obligations 41, 244, 333, 385, 386 and 391, the Annual Compliance Report will include commentary and data on compliance rates for these obligations, and comparison to the previous year.</li> </ul>	Meter Data Manager/Meter Provision Manager	Estimated December 2027
	<b>Obligation 244 Code of Conduct, clause 54(1)</b>  CutlerMerz finds that Western Power has not complied with this obligation in meeting the specified timeframes for reconnection. The rollout of AMI meters is expected to				

<sup>1</sup> It is noted that whilst the rollout of AMI meters will have a positive impact on Western Power's compliance rate with the obligation, factors outside of Western Power's control (such as communication failures and customers opting out of AMI) may prevent Western Power from achieving total compliance with the obligation.

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	<p>significantly improve Western Power's compliance performance. Given this, until the completion of the AMI meter rollout, we find that its controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>Western Power reported instances of non-compliance in its FY2021, FY2022 and FY2023 Annual Compliance Reports.</p>		<ul style="list-style-type: none"> <li>Where Western Power is implementing other measures to improve compliance, details of the actions undertaken in the reporting period will be included in the Annual Compliance Report.</li> <li>Western Power will review the customer transfer notification process and if required, implement improvements.</li> </ul>	<p>Meter Data Manager</p> <p>Meter Data Manager</p>	<p>31 August 2024 and 31 August 2025</p> <p>31 August 2024</p>
	<p><b>Obligation 333 Electricity Industry Metering Code, clause 3.9(3)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation to ensure that each metering installations meets all the requirements in Appendix 1 of the Electricity Industry Metering Code. We find that, until the completion of the AMI meter rollout, Western Power's controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>Non-compliance related to accuracy of meter readings observed during testing.</p>				
	<p><b>Obligation 385 Electricity Industry Metering Code, clause 5.3(1)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation to obtain and transfer energy data from the meter installation to the MBS no later than 2 business</p>				

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	<p>days after the scheduled meter reading. with this obligation to ensure that each metering installations meets all the requirements in Appendix 1 of the Electricity Industry Metering Code. We find that, until the implementations of the measures identified by Western Power to improve its compliance are completed, that its controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>The non-compliance related to meter energy data not being recorded and transferred to the metering business system database within the prescribed timeframes of 2 business days after the date of the scheduled meter read as per the Metering Code.</p> <p><b>Obligation 386</b> <b>Electricity Industry Metering Code, clause 5.4(1)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation to undertake meter reading that passes the validation processes outlined in Appendix 2 of the Meter Code. We find that, until the completion of the AMI meter rollout, Western Power's controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p>				

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	<p>The non-compliance relates to not undertaking a meter reading for every meter on the Western Power network at least once within 12 months.</p> <p><b>Obligation 391</b> <b>Electricity Industry Metering Code, clause 5.6(1)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation to provide validated energy data within the timeframes prescribed under the Meter Code. We find that, until the completion of the AMI meter rollout, Western Power's controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>The non-compliance related to the provision of validated metered data within prescribed timeframes.</p>				
<b>REC: 02/2023</b>	<p><b>Obligation 50 - Electricity Industry Customer Transfer Code, clause 6.3(1)</b></p> <p>CutlerMerz finds that Western Power has, in the strict interpretation of the obligation, not complied with this obligation in as it does not maintain a facsimile number for notices to be provided. We do, however believe that Western Power acts in the spirit of the obligation and it is otherwise compliant with</p>	CutlerMerz recommends that Western Power reinstate a facsimile number for notification purposes.	<p>Western Power has considered the recommendation and does not intend to reinstate a facsimile number as it is no longer a commonly used business communication method.</p> <p>We are unaware of any instances where a retailer has attempted to</p>	Regulatory Compliance Manager	31 December 2023

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	this obligation and has strong controls associated with other aspects of this obligation. Given that the compliance implication was not considered in the decision to cease maintaining a facsimile number, we believe that Western Power's controls cannot be expected to as they stand, so far as reasonably practicable, ensure ongoing compliance with this obligation in the strictest sense.		contact Western Power via facsimile.  Western Power will contact all retailers to confirm that communication via facsimile is no longer available.		
<b>REC: 03/2023</b>	<p><b>Obligation 75 - Electricity Industry (Obligation to Connect) Regulations, regulation 6</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation in meeting the defined timeframes for performing connections. Given the nature of the non-compliances, we find that it may not be realistic or practicable to maintain 100% compliance. We do, however, find that Western Power's procedures to ensure that timeframes are understood by the field crews may be inadequate to, so far as reasonably practicable, ensure compliance.</p>	CutlerMerz recommends that Western Power implement systems or procedures to ensure that timeframes are understood by the field crews responsible for connections and that extensions to the network and stand-alone power systems are delivered within the timeframes agreed by the customer in writing.	<p>Western Power will conduct a review of the design of processes used to track customer connections for opportunities to strengthen the monitoring controls to support the achievement of compliance.</p> <p>Following the review, Western Power will:</p> <ul style="list-style-type: none"> <li>• embed any identified improvement opportunities into the Obligation to Connect processes, and educate on any improvements once implemented</li> <li>• if required, reinforce current communications to</li> </ul>	New Business & Works Management Manager	30 June 2024

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			<p>strengthen the awareness of compliance requirements; and</p> <ul style="list-style-type: none"> <li>review and if necessary, strengthen the reporting process to ensure timely reporting of any non-compliances.</li> </ul> <p>By the due date, Western Power will provide the ERA with outcomes of the review and the actions it has undertaken following the review.</p>		
<b>REC: 04/2023</b>	<p><b>Obligation 297E Code of Conduct, clause 83(2)</b></p> <p>CutlerMerz finds that, as reported to the ERA, Western Power has not complied with this obligation in meeting its obligation to update its LSE register. We note that the complete automation of the notification system requires cooperation with retailers, impacting the practicability of implementation. Given this, we believe that Western Power's controls can be expected to, so far as reasonably practicable, ensure ongoing compliance.</p>	<p>CutlerMerz recommends that Western Power pursue and monitor the progress of the implementation of a permanent solution to update emails in the LSE register, and seek collaboration with retailers where necessary.</p>	<p>Western Power will provide the ERA with updates on the progress of the implementation of the permanent solution to update emails in the LSE register, as outlined in the "Due date" column.</p>	<p>Operational Systems Manager</p>	<ul style="list-style-type: none"> <li>29 March 2024</li> <li>31 July 2024</li> <li>31 December 2024</li> </ul>



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REC: 05/2023	<b>Obligation 413</b> <b>Electricity Industry Metering Code, clause 5.20(4)</b> <p>CutlerMerz finds that Western Power has not complied with this obligation over the audit period as reported in its Annual Compliance Report. CutlerMerz believes that the controls can be expected to, so far as reasonably practicable, ensure ongoing compliance, and makes no further recommendation under this obligation.</p> <p>Non-compliance related to failure to verify data within 5 business days and related to manually read meters.</p>	<p>Where the rollout of AMI will improve compliance with this obligation, CutlerMerz recommends that Western Power continues its rollout of AMI meters and conduct periodic reviews of the improvement to compliance with the obligation.</p> <p>Where the rollout of AMI will not improve compliance with this obligation, CutlerMerz recommends that Western Power review its current internal processes and their implementation to improve compliance with the prescribed timeframes.</p>	<ul style="list-style-type: none"> <li>In response to the non-compliance with licence obligations 413, 415 and 447, Western Power is continuing with the planned rollout of remotely read AMI meters. The rollout of AMI meters is planned to be complete in 2027 and is expected to improve compliance with these licence obligations.</li> <li>In addition, in response to the non-compliance with obligation 415, Western Power will review its current process for meter testing (as it relates to previous non-compliances) and where required, implement improvements.</li> </ul>	<p>Meter Data Manager/Meter Provision Manager</p> <p>Meter Assets and Solutions Manager/Meter Provision Manager</p>	<p>Estimated December 2027</p> <p>31 August 2024</p>
	<b>Obligation 415</b> <b>Electricity Industry Metering Code, clause 5.21(4)</b> <p>CutlerMerz finds that Western Power has not complied with this obligation to conduct meter tests within the timeframe prescribed in the model service level agreement. We find that, until the implementations of the measures identified by Western Power to</p>				

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	<p>improve its compliance are completed, that its controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>The non-compliance related to meter tests not being conducted within the timeframe prescribed in the model service level agreement.</p>				
	<p><b>Obligation 447</b> <b>Electricity Industry Metering Code, clause 6.1(1)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation to services not delivered as per the model service level agreement. We find that, until the completion of the AMI meter rollout, Western Power's controls cannot be expected to, so far as reasonably practicable, ensure compliance.</p> <p>The non-compliance relates to services orders under the model service level agreement not delivered in accordance with the prescribed timeframes listed in the service level agreements.</p>				
<b>REC: 06/2023</b>	<p><b>Obligation 497 - Electricity Industry (Licence Conditions) Regulations, regulation 10(2)(a)</b></p> <p>CutlerMerz finds that Western Power has not complied with this obligation in its stand-alone power system engagement strategy</p>	CutlerMerz recommends that Western Power, at next review of the SPS Engagement Strategy, identify the compliance requirements for	The next review of the SPS Engagement Strategy will be completed by 30 June 2024, and Western Power will consider the inclusion of information to satisfy	SPS Program Manager	5 July 2024

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	does not contain all requisite information. We believe that Western Power should identify the compliance requirements for the contents of the SPS Engagement Strategy and ensure that all are included. During the audit, Western Power stated that the omitted information is commercially sensitive and that it would prefer not to publish such information in this format. In our opinion, we believe it would be possible to provide information that would comply with the obligation and not be commercially sensitive. We also note that there was no explanation provided in the SPS Engagement Strategy as to why the information was omitted, and do not find that Western Power's controls can be expected to, so far as reasonably practicable, ensure compliance.	the contents of the SPS Engagement Strategy and ensure that all are included.	the requirements of clauses 10(3)(c)(i) and 10(3)(d) of the <i>Electricity Industry (Licence Conditions) Regulations 2005</i> .  Western Power will notify the ERA of the outcomes of the review.		