Economic Regulation Authority

Notice

31 January 2024

Synergy

2023 performance audit – Electricity retail licence

The Economic Regulation Authority has published the 2023 performance audit report and post audit implementation plan for the Electricity Generation and Retail Corporation's (trading as Synergy) electricity retail licence ERL1.

Synergy is the largest electricity retailer in Western Australia and owned by the Western Australian government. As at 30 June 2023, Synergy supplied over 1.1 million small and large use customers through the South West Interconnected System.[1]

The ERA's decision

The ERA considers that Synergy has achieved a good level of compliance with its licence.

The ERA has decided to increase the audit period from 24 to 36 months The next audit will cover the period 1 July 2023 to 30 June 2026, with the report due by 30 September 2026.

Audit findings

Non-compliances

The audit of the 340 licence obligations applicable to Synergy found Synergy failed to comply with 36 obligations but had no control deficiencies.

The ERA nominated 24 licence obligations for special focus in the audit, including payment difficulties, financial hardship, and billing obligations. Obligations nominated for special focus are required to have a higher audit priority to ensure there is a more in-depth assessment of the licensee's processes and procedures. The focus was on obligations that could materially affect customers if Synergy fails to comply with them.

The auditor found that Synergy has strong internal compliance monitoring systems, which meant that it self-identified all the non-compliances found in the audit.

The non-compliances included:

- Not issuing bills to customers within required timeframes.
- Disconnecting customers for failing to pay a bill without being sent a reminder notice or disconnection warning.

[1] A 'small use customer' is a customer who consumes less than 160 megawatt-hours of electricity per year.

Level 4, Albert Facey House, 469-489 Wellington Street, Perth (Boorloo), Western Australia 6000
Telephone 08 6557 7900 | Email info@erawa.com.au | Website erawa.com.au

- Not forwarding customer connection and reconnection requests to Western Power within the required timeframe.
- Not following prescribed requirements for managing customers experiencing payment difficulties and financial hardship.

Type 1 non-compliance

During the audit period, Synergy reported one Type 1 non-compliance.[2] In 2022 it removed a customer from its life support equipment register in error. The customer was removed on 4 October 2022 and remained deregistered until 12 October 2022.

The error was due to a customer service agent removing the customer from the register when they were dealing with an account query raised by the customer. During the period that the customer was de-registered, Synergy advised that the customer was not at risk of being disconnected, as the account was in credit and no planned outages were scheduled.

Synergy implemented several control improvements at the time and no further breaches have since been reported. More information about the Type 1 non-compliance is on the ERA's website.

Auditor recommendations

The auditor made two recommendations to address two non-compliances. The auditor determined that the remaining 34 non-compliances did not require a recommendation due to Synergy resolving the non-compliances during the audit period. The ERA will monitor Synergy's progress with addressing the auditor's recommendations.

The ERA's assessment of the audit findings

Synergy's overall compliance with its licence has improved since the 2021 audit, with the 2023 audit finding fewer instances of non-compliance (the number of times Synergy breached an obligation), fewer system and processes errors, and fewer customer service agent errors.

Synergy has implemented processes and procedures to address the causes of the non-compliances. The instances of non-compliance with those obligations that can have a material effect on customers were low and have continued to decrease over the past three audit periods for most obligations.

The auditor found that Synergy had adequate controls and training and mentoring programs that support customer service agents, which has resulted in the low instances of non-compliance and Synergy's improved performance. Synergy is also efficient at identifying non-compliances when they occur and addressing the causes of the non-compliance.

The auditor noted that the scope for it to make recommendations to improve Synergy's controls was limited, as Synergy is doing what would reasonably be expected to comply with its licence.

The ERA acknowledges that Synergy processes millions of customer transactions each year, which makes achieving absolute compliance with some obligations very difficult. However, Synergy achieved a high compliance rate with most of its obligations over the two-year audit period (greater than 99 per cent).

As Synergy achieved a good level of compliance with its licence and continues to improve, the ERA has increased the audit period from 24 to 36 months.

[2] Obligations rated Type 1 are obligations that can have a serious effect on a customer if they are breached and must be reported to the ERA as soon as the licensee becomes aware of it. As these occur during audit periods and they are serious, the ERA addresses them outside of the audit at the time the non-compliance occurs.

Further information

General enquiries

Alex Kroon
Ph: 08 6557 7989
info@erawa.com.au

Media enquiries

Ph: +61 428 859 826
media@erawa.com.au