

Premier Power Sales Pty Ltd

Audit Report

Electricity Retail Licence Performance Audit

FINAL REPORT
25 November 2008



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Executive Summary

INTRODUCTION

Premier Power Sales Pty Ltd (PPS) has a retail licence issued by the Economic Regulation Authority (ERA) in June 2006 to supply electricity to customers within the South West Interconnected System (SWIS) in Western Australia.

PPS does not market to customers with consumption less than 160MWh per annum, so the provisions relating to “small use customers” as defined in the licence are not applicable.

Section 13 of the Electricity Industry Act 2004 (Act) requires as a condition of every licence that the licensee must, not less than once in every period of 24 months (or any longer period that the Authority allows) calculated from the grant of the licence, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.

PPS engaged Quantum Consulting Australia Pty Ltd to conduct the first Performance Audit in order to assess the licensee’s level of compliance with the conditions of the licence.

The objective of the Performance Audit was to provide an assessment of the effectiveness of measures taken by the licensee to maintain the performance and quality standards referred to in the licence.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The audit covered the period from 26th June 2006 to 30th June 2008 inclusive.

CONCLUSION

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Premier Power Sales Pty Ltd has complied with its Retail Licence performance and quality standards during the audit period 26th June 2006 to 30th June 2008 apart from one relatively minor exception.

This exception was reported by PPS to the Authority in the Compliance Report for the period 1st July 2007 to 30th June 2008, being a non-compliance with the Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b) that requires a network operator and retailer to establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address. A response message to the network operator is sent via the online portal but this must be triggered by a retail employee. The audit recommended that PPS comply with ERA recommendations to rectify this non-compliance.

Although the audit confirmed PPS complied with its compliance reporting obligations for the period 1 July 2008 to 30 June 2008, the audit evidence presented suggests that PPS lacks the documented processes required to ensure that documentation is prepared and submitted to the relevant authorities on time.

While the audit concluded that the licence obligations are being complied with apart from one relatively minor exception detailed above, the audit evidence presented suggest PPS lacks the documented processes required to ensure compliance with the licence obligations. The audit identified a number of opportunities to improve the strength of internal controls to maintain compliance rather than rely upon key staff to ensure that compliance obligations are being met.

SUMMARY OF ISSUES AND RECOMMENDATIONS

The following table provides a summary of the issues and recommendations for the performance audit with provision for management responses from PPS. The main recommendations are:

- Develop and implement a compliance schedule of events to ensure regulatory timeframes are met.
- Include relevant procedures and regulatory response times to events in the operational/procedural manual.
- Develop and implement a Compliance Manual for the organisation in order to manage critical compliance functions and assign responsibilities.

SIGN-OFF

We confirm that the Authority's Audit Guidelines: Electricity, Gas and Water Licences have been complied with in the conduct of this audit and the preparation of the report, and that the audit findings reflect our professional opinion.

GEOFF WHITE
PARTNER

25 NOVEMBER 2008

Post Audit Implementation Plan

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)</p> <p>A network operator and retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.</p>	2	<p>A response message to the network operator is sent via the portal but this must be triggered by a retail employee.</p> <p>This non-compliance of type 2 was reported to the Authority in the PPS Compliance Report for the period 1st July 2007 to 30th June 2008.</p>	<p>1. PPS should conduct an investigation into finding an optimal solution to enable compliance. This should be done within the next 2 - 3 months.</p> <p>2. PPS should aim to implement this and be compliant within 6 months.</p>	<p>We recognise that we are not compliant with the code, but the code assumes a business model which we are unable to follow given the communication methods set out by Western Power. We propose to contact the OOE for an exemption or code amendment.</p>	<p>Anna Giumelli</p> <p>June 2009</p>
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 4.4(1)</p> <p>A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.</p>	3	<p>Current Network Access Agreement between the PPS and WP does not explicitly specify the network as the SWIS.</p> <p>However this will be covered by the new Electricity Transfer Access Contract between PPS and WP, currently in draft version, where network "means those parts of the SWIS that are owned, operated or owned and operated by WP in respect of which access is given under this contract".</p>	<p>Ensure that the network is specified as SWIS in the next service agreement between WP and PPS.</p> <p>Audit noted that a new service agreement is currently in the draft version that will rectify this.</p>	<p>The Electricity Transfer Access Contract will be executed incorporating SWIS as the specified network.</p>	<p>Anna Giumelli,</p> <p>April 2009</p>
Cl.4.1	<p>Fees</p> <p>The licensee must pay the applicable fee in accordance with the</p>	3	<p>In accordance with Electricity Industry Act (s.17), PPS must pay to the Authority the prescribed licence</p>	<p>Develop and implement the compliance schedule with payment dates</p>	<p>A compliance schedule will be developed and implemented.</p>	<p>Anna Giumelli</p> <p>April 2009</p>

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
	Regulations.		<p>fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.</p> <p>Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.</p>	included as part of the schedule of events to ensure regulatory timeframes are met.		
Cl.22.1	<p>Performance Audit</p> <p>The licensee must, unless otherwise notified in writing by the Authority, provide the Authority with a performance audit within 24 months after commencement date, and every 24 months thereafter.</p>	3	<p>This performance audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the audit was reactionary to a note sent by ERA and not planned.</p>	Develop and implement the compliance schedule with audit dates included as part of the schedule of events to ensure regulatory timeframes are met.	A compliance schedule will be developed and implemented.	Anna Giumelli April 2009
Cl.23.1	<p>Reporting</p> <p>The licensee must report to the Authority:</p> <p>a) if the licensee is under external administration as defined by the Corporations Act 2001 (Cwlth) within 2 business days; or</p> <p>if the licensee experiences a significant change in the licensee's corporate, financial or technical circumstances upon which this licence was granted</p>	3	<p>Confirmed with the PPS staff that there has been no significant change to the circumstances upon which the licence was granted which may affect the licensee's ability its obligations under the licence during the audit period.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met.</p>	Include reporting response times to events in the operational/procedural manual to ensure regulatory timeframes are met.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
	which may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.					
CI.24.1	<p>Provision of Information</p> <p>The licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.</p>	3	<p>In accordance with the Electricity Compliance Reporting Manual 2008, PPS must submit compliance reports to the Authority covering all of its type 2 licence obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the financial year that is the subject of the report.</p> <p>Although the audit confirmed that the PPS Compliance Report for the period 1st July 2007 to 30th June 2008 was provided to the Authority in the manner, time and format specified, we did not identify a process in place to ensure that the timeframes would be met.</p>	Develop and implement a compliance schedule with compliance reporting timeframes included as part of the schedule of events to ensure regulatory timeframes are met.	A compliance schedule will be developed and implemented.	Anna Giumelli April 2009
CI.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 3.9(4)</p> <p>A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.</p> <p>Compliance with Electricity Industry Customer Transfer Code clause 4.16</p> <p>An incoming retailer must retain a copy</p>	3	<p>PPS started supplying their first electricity customer in February 2007.</p> <p>Confirmed by enquiry with PPS staff that PPS keeps soft copies of the verifiable consent received from their contestable customers on the system. Sighted sample of 4 verifiable consents received from the contestable customers.</p>	Identify record retention and disposal requirements in the operational/procedural manual to ensure regulatory timeframes are met.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
	of a verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request for two years, except in the case of a customer transfer request to reverse an erroneous transfer.		However, we did not identify a process in place to ensure that the record keeping timeframes would be met.			
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 4.17</p> <p>A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.</p>	3	<p>Confirmed by enquiry with PPS staff that PPS is not a previous retailer in relation to any of their customers.</p> <p>However, we did not identify a process in place ensuring that this would be met.</p>	Include relevant procedures in the operational/procedural manual.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 6.4(1)</p> <p>A retailer must notify its contact details to a network operator within three business days of a request.</p> <p>Compliance with Electricity Industry Metering Code 2005 clause 7.2(4)</p> <p>A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request.</p>	3	Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.	<p>Include notification response times in the operational/procedural manual to ensure regulatory timeframes are met.</p> <p>PPS need to record in a register or file when they receive a request from the network operator for notification of their contact details and record when they notified the network operator of the contact details.</p>	<p>Operational/procedure manual will be developed and implemented to reflect the recommendation.</p> <p>A register to record requests relating to contact details from the network operator will be developed and implemented.</p>	<p>Anna Giumelli April 2009</p> <p>Anna Giumelli April 2009</p>

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 6.4(2)</p> <p>A retailer must notify any change in its contact details to a network operator at least three business days before the change takes effect.</p> <p>Compliance with Electricity Industry Metering Code 2005 clause 7.2(5)</p> <p>A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.</p>	3	<p>Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.</p>	<p>Include notification response times in the operational/procedural manual.</p> <p>Develop and implement a compliance schedule with timeframes included as part of the schedule of events to ensure regulatory timeframes are met.</p> <p>PPS need to record in a register or file when they changed their contact details and record when they notified the network operator of the changes.</p>	<p>Operational/procedure manual will be developed and implemented to reflect the recommendation.</p> <p>A compliance schedule will be developed and implemented and reviewed every 6 months to determine if any change in contact details are likely and when compliance requirements should be scheduled.</p> <p>A register to record when contact details have been changed and when the network operator has been notified will be developed and implemented.</p>	<p>Anna Giumelli April 2009</p> <p>Anna Giumelli April 2009</p> <p>Anna Giumelli April 2009</p>
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 7.1(1)</p> <p>For a dispute in respect of a matter under or in connection with the Electricity Industry Customer Transfer Code, any disputing party must meet within five business days of a request from another disputing party and attempt to resolve the dispute by</p>	3	<p>The Network Access Agreement (NAA) between PPS and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1 July 2007).</p> <p>The draft of the new Electricity</p>	<p>Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.</p>	<p>The dispute resolution clauses in the Electricity Transfer Access Contract will be amended to comply with the code.</p>	<p>Anna Giumelli April 2009</p>

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
	negotiations in good faith.		Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.1 requires parties to the dispute to meet within 10 business days of the dispute notice, instead of 5 business days prescribed by the Code.			
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 7.1(2)</p> <p>If the negotiations in 7.1(1) do not resolve the dispute within 10 days after the first meeting, the dispute must be referred to the senior executive officer to each disputing party who must attempt to resolve the dispute by negotiations in good faith.</p>	3	The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.2 states that if the dispute is not resolved within 20 business days after receipt date then either party "may" refer dispute to senior executives. This clearly does not agree with the letter of the cl.7.2 of the Electricity Industry Customer Transfer Code.	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.	The dispute resolution clauses in the Electricity Transfer Access Contract will be amended to comply with the code.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 7.1(3)</p> <p>If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.</p>	3	The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.2 refers to a written settlement signed by each party however this refers only to the representative negotiations and not to the CEO negotiations. Also the requirement to adhere to the resolution is not stated in ETAC. This clearly does not agree with the letter of the cl.7.3 of the Electricity	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.	The dispute resolution clauses in the Electricity Transfer Access Contract will be amended to comply with the code.	Anna Giumelli April 2009

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
			Industry Customer Transfer Code.			
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 7.2(4)</p> <p>A disputing party that refers a dispute to the Authority must give notice to the Authority of the nature of the dispute, including specified details.</p>	3	The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that there is no process in place ensuring the Authority would be notified.	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.	The dispute resolution clauses in the Electricity Transfer Access Contract will be amended to comply with the code.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Customer Transfer Code clause 7.3(2)</p> <p>A disputing party must at all times conduct itself in a manner which is directed towards achieving the objectives in clause 7.3(1)</p>	3	The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that ETAC does not specifically require a dispute resolution to be conducted in a manner prescribed in clause 7.3(1) of the Electricity Industry Customer Transfer Code.	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.	The dispute resolution clauses in the Electricity Transfer Access Contract will be amended to comply with the code.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 3.11(3)</p> <p>A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.</p>	3	<p>PPS had one case of lost data from a faulty power meter. As soon as the customer queried this, WP responded. Correspondence sighted.</p> <p>However, we did not identify a process in place ensuring that this would be met.</p>	Include relevant procedures in the operational/procedural manual.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 4.5(1)</p> <p>A Code participant must not knowingly permit the registry to be materially inaccurate.</p>	3	<p>The WP Portal contains all the registry information. PPS advised that they would amend/update the information if they found it to be inaccurate. WP portal sighted.</p> <p>However, we did not identify a process in place ensuring that this would be met.</p>	<p>Include relevant procedures in the operational/procedural manual.</p>	<p>Operational/procedure manual will be developed and implemented to reflect the recommendation.</p>	<p>Anna Giumelli April 2009</p>
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 4.5(2)</p> <p>If a code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.</p>	3	<p>The portal has the standing data for each customer.</p> <p>PPS advise they haven't had to change standing data. All data changes transmitted through portal. WP portal sighted.</p> <p>However, we did not identify a process in place ensuring that the timeframes would be met.</p>	<p>Include notification response times in the operational/procedural manual to ensure regulatory timeframes are met.</p>	<p>Operational/procedure manual will be developed and implemented to reflect the recommendation.</p>	<p>Anna Giumelli April 2009</p>
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(3)</p> <p>A user must, after becoming aware of any change in a site's prescribed attributes, notify the network operator of the change within the timeframes prescribed.</p>	3	<p>Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.</p>	<p>Include notification response times in the operational/procedural manual to ensure regulatory timeframes are met.</p> <p>PPS need to record in a register or file when they receive advice of a change in a site's prescribed attributes and record when they notified the network operator of</p>	<p>Operational/procedure manual will be developed and implemented to reflect the recommendation.</p> <p>A register will be development and implemented to reflect the recommendation.</p>	<p>Anna Giumelli April 2009</p> <p>Anna Giumelli April 2009</p>

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
				the changes.		
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(4)</p> <p>A user that becomes aware that there is a sensitive load at a customer's site must immediately notify the network operator's Network Operations Control Centre of the fact.</p>	3	Confirmed by enquiry with PPS staff that they would check if their clients have sensitive loads at the initial sales points initially when through the portal but there is no formal ongoing process for checking sensitive loads. PPS rely on their standard customer relations with their clients to inform PPS of their sensitive loads.	Include procedure for formal annual check with licensee's customers re sensitive loads in the operational/procedural manual.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(6)</p> <p>A user must use reasonable endeavours to ensure that it does notify the network operator of a change in an attribute that results from the provision of standing data by the network operator to the user.</p>	3	<p>Advised by PPS that they haven't had any such problems.</p> <p>There is no formal process in place, but the Western Power portal facilitates the notification of the change in an attributes.</p>	Include relevant procedures in the operational/procedural manual.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 5.27</p> <p>Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.</p>	3	<p>Advised by PPS that they have not been requested to provide information.</p> <p>However, we did not identify a process in place ensuring that the timeframes would be met.</p>	Include regulatory response times in the operational/procedural manual to ensure regulatory timeframes are met.	Operational/procedure manual will be developed and implemented to reflect the recommendation.	Anna Giumelli April 2009
Cl.5.1	<p>Compliance with Electricity Industry Metering Code 2005 clause 6.1(2)</p> <p>A user must, in relation to a network on</p>	3	Sighted the Metering Code Model Service Level Agreement and Network Access Agreement between	Include the requirement to comply with the Metering Code Model Service Level	All requirements detailed in the SLA will be included in the Compliance Manual	Anna Giumelli April 2009

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
	which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.		PPS and WP. However there is no formal process in place to ensure compliance with the agreements.	Agreement and Network Access Agreement between WP and PPS as part of the compliance manual.		
All clauses	N/A	4	<p>Compliance Manual</p> <p>While the audit concluded that the licence obligations are being complied with apart from one relatively minor exception described above, the audit evidence presented suggests PPS lacks the processes required to ensure compliance.</p>	Develop and implement a Compliance Manual for the organisation in order to manage critical compliance functions and assign responsibilities. The Compliance Manual should identify the licensee compliance requirements and briefly describe how each licence condition is being complied with, referencing documents, processes, etc. and linking to the relevant parts of the procedural manual. The schedule of events should also be included in the Compliance Manual.	An internal Compliance Manual will be developed and implemented, including details of how the compliance requirements are being complied with.	Anna Giumelli April 2009
	N/A	4	<p>Contingency Planning</p> <p>PPS's continued operations rely on small number of staff, being a Manager and an Assistant. This risk will be partially offset by the development of an Operations</p>	Include a section in the Operations Manual on contingency planning that sets out the arrangements	Premier Power Sales is a business within Wesfarmers Ltd. The executive and operational functions on a day to day basis are carried	N/a

Licence Condition	Description of Licence Condition	Compliance Rating	Issue	Recommendation	Management Response	Person Responsible and Completion Date
			<p>Manual and a Compliance Manual. However, a more formal arrangement for backup staff from within the Wesfarmers group could be established.</p>	<p>to provide backup staffing.</p>	<p>out by the positions of Manager, Energy Markets Analyst and Executive Assistant.</p> <p>Support services are provided by Wesfarmers in the areas of accounting, legal, IT, audit, and business development on a continual basis.</p> <p>Contingency coverage on day-to-day operations that must occur (ie billing and customer management for contract customers) is shared between the three personnel listed above in the first instance. Anything further to this would be handled by additional Wesfarmers staff however this is seen as extremely low probability. Longer term contingency in terms of growth and customer relationships would be handled by Wesfarmers Premier Coal marketing, and additional Wesfarmers internal resources or external hire as required.</p>	



The Post Audit Implementation Plan has been developed by the audit team in consultation with the licensee. Approval of the report endorses the content of the Post Audit Implementation Plan and assessment of the implementation of the actions will be included in the next audit.

1. Background

The Premier Power Sales Pty Ltd (PPS) has a retail licence issued by the Economic Regulation Authority (ERA) in June 2006 to supply electricity to customers within the South West Interconnected System in Western Australia.

PPS is a wholly-owned subsidiary of Wesfarmers Premier Coal Ltd (Premier Coal) and part of the Wesfarmers Resources Division of Wesfarmers Ltd.

As PPS is essentially a reseller of electricity supplies and does not have any plant and equipment, the Asset Management section of the Audit Guidelines is not applicable to PPS. The distribution network for electricity supplies to PPS customers is provided through a service agreement with Western Power (WP).

PPS started supplying their first electricity customer in February 2007. PPS targets large industrial and commercial customers with an average load in excess of 1MW. No PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed or supplied to customers with consumption less than 160MWh per annum. The target market contains approximately 150 customers and PPS currently supplies a small subset of these (currently 7 customers). All of PPS's customers are based within the South West Interconnected System (SWIS).

All sales and marketing activities are managed through the Perth office of PPS. Business support services including accounts and IT services are provided by Premier Coal, Premier Road, Collie.

2. Audit Approach

2.1 OBJECTIVES AND SCOPE

The objective of the Performance Audit was to provide an assessment of the effectiveness of measures taken by the licensee to maintain the performance and quality standards referred to in the licence.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The scope of the audit covered the following:

- Risk assessment – the risks posed by non-compliance with the licence standards and development of a risk-based audit plan to focus on the higher risk areas, with less intensive coverage of medium and low risk areas;
- Process compliance - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- Outcome compliance – the actual performance against standards prescribed in the licence throughout the audit period;
- Output compliance – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- Integrity of performance reporting – the completeness and accuracy of the performance reporting to the Authority; and
- Compliance with any individual licence conditions – any specific requirements imposed by the Authority or specific issues for follow-up that are advised by the Authority.

The audit identified areas where improvement is required and recommended corrective action as necessary.

2.2 AUDIT PERIOD AND TIMING

The audit covered the period 26th June 2006 to 30th June 2008 inclusive. The field audit visit was conducted on 29th August 2008.

2.3 LICENSEE'S REPRESENTATIVES PARTICIPATING IN THE AUDIT

- Anna Giumelli – Energy Trading Analyst
- Paul Keay – Manager Premier Power Sales

2.4 KEY DOCUMENTS EXAMINED

- Premier Power Sales Pty Ltd Retail Licence, dated 26th June 2006
- PPS Compliance Report to the Authority for the period 1st July 2007 to 30th June 2008
- Network Access Agreement between Electricity Networks Corporation and PPS dated 24 January 2007
- Draft Electricity Transfer Access Contract between Electricity Networks Corporation and PPS
- Record of negotiations between Electricity Networks Corporation and PPS re Draft Electricity Transfer Access Contract

- ERA letter D/08/2365 to PPS: Electricity Licence Performance Audit – Appointment of Auditors
- ERA letter D/08/7962 to PPS: Electricity Licence Compliance Report 2007/08
- PPS Proforma Electricity Supply Agreement
- Western Power Customer Relationship Plan for PPS dated 18 August 2008
- Ernst & Young Closing Report to Management of Wesfarmers Premier Coal for the year end 30 June 2008
- PPS Profit and Loss Statement and Balance Sheet for 30 June 2008
- PPS Processes: Customer Pricing and Proposal
- ERA Invoice Number ERA024 and ERA072 to PPS
- Western Power Metering Service Centre application version 2.0.8
- Western Power Metering Code Model Service Level Agreement approved by the ERA on the 30 March 2006.
- Correspondence and Operations files as requested

2.5 COMPLIANCE RATINGS

PPS's compliance with the licence obligations was assessed using the following compliance ratings.

NAME	RATING	DESCRIPTION
COMPLIANT	5	Compliant - no further action required
COMPLIANT	4	Compliant apart from minor issues and recommendations
COMPLIANT	3	Meets minimum requirements in most areas but improvements are required to maintain compliance
NON-COMPLIANT	2	Does not meet minimum requirements
SIGNIFICANTLY NON-COMPLIANT	1	Significant weaknesses and/or serious action required

2.6 AUDIT TEAM AND HOURS

CONSULTANT	POSITION	HOURS
Geoff White	Partner	5
Shane Gallagher	Senior Consultant	30
	Total	35

3. Performance Audit

The preliminary risk assessment included in the Audit Plan was reviewed and updated in the course of the audit and a compliance rating using the scale in section 2.5 was assigned to each obligation under the licence, as shown in Section 3.1. Section 3.2 provides details of the current status of key recommendations from the previous audit. Section 3.3 provides further details of the systems and the compliance assessment for each obligation.

3.1 SUMMARY OF COMPLIANCE RATINGS

The audit assessment of the compliance ratings for each licence condition is shown below.

Operating area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)				
						1	2	3	4	5
Grant of licence	Cl.2, Sch.1	1	C	Low	Moderate				✓	
Term	Cl.3	1	C	Low	Moderate				✓	
Fees	Cl.4	1	C	Low	Weak			✓		
Marketers	Cl.6	N/A	N/A	N/A	N/A					
Transfer of licence	Cl.7	1	B	Low	Moderate				✓	
Cancellation of licence	Cl.8	1	B	Low	Moderate				✓	
Surrender of licence	Cl.9	1	B	Low	Moderate				✓	
Renewal of licence	Cl.10	1	C	Low	Moderate				✓	
Amendment of licence on application of licensee	Cl.11	2	B	Medium	Moderate				✓	
Amendment of the licence by the Authority	Cl.12	2	B	Medium	Moderate				✓	
Customer contracts	Cl.13	N/A	N/A	N/A	N/A					
Amending the standard form contract	Cl.14	N/A	N/A	N/A	N/A					
Customer Service Charter	Cl.15	N/A	N/A	N/A	N/A					
Amending the Customer Service Charter	Cl.16	N/A	N/A	N/A	N/A					
Supplier of last resort	Cl.17	N/A	N/A	N/A	N/A					
Directions by the Authority	Cl.18	N/A	N/A	N/A	N/A					
Approved Scheme	Cl.19	N/A	N/A	N/A	N/A					
Accounting Records	Cl.20	2	B	Medium	Moderate				✓	
Individual Performance Standards	Cl.21	N/A	N/A	N/A	N/A					
Performance Audit	Cl.22	2	B	Medium	Weak			✓		
Reporting	Cl.23	2	B	Medium	Weak			✓		
Provision of information	Cl.24	2	B	Medium	Weak			✓		
Publishing information	Cl.25	2	C	Medium	Moderate				✓	
Notices	Cl.26	2	C	Medium	Moderate				✓	
Review of the Authority's decisions	Cl.27	1	C	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.2(2)	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 3.4(1)	Cl.5	2	B	Medium	Strong				✓	

Operating area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4 = compliant, 5=compliant)				
						1	2	3	4	5
Electricity Industry Customer Transfer Code clause 3.5(3)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.6(2)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.9(1)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.9(2)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.9(3)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 3.9(4)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 4.2(2)	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 4.3	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 4.4(1)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 4.4(2)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.5(1)	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 4.6(3)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.7	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 4.8(2)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.9(6)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.11(3)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.12(3)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.15	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 4.16	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 4.17	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 5.1(4)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code clause 6.2	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code clause 6.4(1)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 6.4(2)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Customer Transfer Code clause 6.6	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer	Cl.5	2	B	Medium	Moderate			✓		

Operating area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)				
						1	2	3	4	5
Code clause 7.1(1)										
Electricity Industry Customer Transfer Code clause 7.1(2)	Cl.5	2	B	Medium	Moderate			✓		
Electricity Industry Customer Transfer Code clause 7.1(3)	Cl.5	1	B	Low	Weak			✓		
Electricity Industry Customer Transfer Code clause 7.2(4)	Cl.5	1	B	Low	Weak			✓		
Electricity Industry Customer Transfer Code clause 7.3(2)	Cl.5	1	B	Low	Weak			✓		
Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)	Cl.5	2	B	Medium	Weak		✓			
Electricity Industry Customer Transfer Code Annex 6 clause A6.6	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Customer Transfer Code Annex 6 clause A6.7	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry (Licence Conditions) Regulations regulation 6	Cl.5	N/A	N/A	N/A	N/A					
Electricity Industry (Licence Conditions) Regulations regulation 7	Cl.5	N/A	N/A	N/A	N/A					
Electricity Industry (Licence Conditions) Regulations regulation 8(8)	Cl.5	N/A	N/A	N/A	N/A					
Electricity Industry Act 2004 section 31(3)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Act 2004 section 41(6)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Act 2004 section 115(2)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 3.5(6)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 3.11(3)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 3.16(5)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 3.27	Cl.5	2	C	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 4.4(1)	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Metering Code 2005 clause 4.5(1)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 4.5(2)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 5.4(2)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.5(3)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.16	Cl.5	N/A	N/A	N/A	N/A					
Electricity Industry Metering Code 2005 clause 5.17(1)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.18	Cl.5	N/A	N/A	N/A	N/A					

Operating area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)				
						1	2	3	4	5
Electricity Industry Metering Code 2005 clause 5.19(1)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.19(2)	Cl.5	2	B	Medium	Strong				✓	
Electricity Industry Metering Code 2005 clause 5.19(3)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 5.19(4)	Cl.5	2	B	Medium	Moderate			✓		
Electricity Industry Metering Code 2005 clause 5.19(6)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.21(5)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.21(6)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 5.27	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 6.1(2)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 7.2(1)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 7.2(4)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 7.2(5)	Cl.5	2	B	Medium	Weak			✓		
Electricity Industry Metering Code 2005 clause 7.5	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 7.6(1)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 8.1(1)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 8.1(2)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 8.1(3)	Cl.5	2	B	Medium	Moderate				✓	
Electricity Industry Metering Code 2005 clause 8.1(4)	Cl.5	1	B	Low	Moderate				✓	
Electricity Industry Metering Code 2005 clause 8.3(2)	Cl.5	1	B	Low	Moderate				✓	
Code of Conduct for Supply of Electricity to Small Use Customers 2008	Cl.5	N/A	N/A	N/A	N/A					
Electricity Industry (Network Quality and Reliability of Supply) Code 2005	Cl.5	N/A	N/A	N/A	N/A					

3.2 PREVIOUS AUDIT RECOMMENDATIONS

This is the first performance audit conducted since the issue of the licence and therefore there were no previous performance audit recommendations.

3.3 AUDIT RESULTS AND RECOMMENDATIONS

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
<p>That Grant of Licence</p> <p>The licensee is granted a licence for the licence area to supply electricity to customers in accordance with the terms and conditions of this licence.</p> <p>Licence area is the area stated in Schedule 1 of this licence.</p>	Cl.2.1 Sch.1	4	<p>Confirmed with PPS staff that services are limited to the designated areas within the South West Interconnected System in Western Australia as set out in Plan No. ERA-EL-099.</p> <p>Sighted Plan No. ERA-EL-099.</p>	
<p>Term</p> <p>This licence commences on the commencement date and continues until the earlier of:</p> <ul style="list-style-type: none"> a) The cancelation of the licence pursuant to clause 8 of this licence; b) The surrender of the licence pursuant to clause 9 of this licence; or 	Cl.3.1	4	<p>As specified in Schedule 1 of the licence, the commencement date of the licence was 26th June 2006. The expiry date of the licence is 25th June 2021.</p> <p>There has been no cancellation of the licence pursuant to clause 8, nor any surrender of the licence pursuant to clause 9 of this licence.</p> <p>Therefore deemed compliant.</p>	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
c) The expiry date.				
Fees The licensee must pay the applicable fee in accordance with the Regulations.	Cl.4.1	3	<p>In accordance with Electricity Industry Act (s.17), PPS must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.</p> <p>Licence granted on 26 June 2006 and the requirement is for the invoices to be paid by 27 July of each year.</p> <p>Sighted invoices for 2007 and 2008 period. The 2007 invoice – Inv ERA024 – was issued by ERA on 26 June 2007 and paid by PPS on 28 June 2007. The 2008 invoice – Inv ERA072 – was issued by ERA on 16 June 2008 and paid on 16 July 2008.</p> <p>The audit confirmed that the PPS paid the licence fee in accordance with the Regulation. However, we did not identify a process in place to ensure that the timeframes would be met.</p>	<p>Develop and implement a compliance schedule with payment dates included as part of the schedule of events to ensure regulatory timeframes are met.</p>
Marketers The licensee must ensure that an electricity marketing agent of the licensee complies with the Code of Conduct for the Supply of Electricity to Small Use Customers 2004.	Cl.6.1	N/A	<p>Confirmed with PPS staff that no PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed to or supplied to such Customers.</p> <p>Sighted 2007/08 power usage sales figures for all PPS</p>	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
			customers and confirmed that all PPS customer consumed more than 160MWh of electricity per annum.	
The licensee must report a breach by the electricity marketing agent of the applicable conditions of the Code of Conduct for the Supply of Electricity to Small Use Customers 2004 to the Authority within 3 business days of becoming aware of the breach.	Cl.6.2	N/A	As above.	
Transfer of Licence This licence may be transferred only in accordance with the Act.	Cl.7.1	4	No transfer of licence has occurred in the reporting period. Therefore deemed compliant.	
Cancellation of Licence This licence may be cancelled only on accordance with the Act.	Cl.8.1	4	No cancellation of the licence occurred in the reporting period. Therefore deemed compliant.	
Surrender of the Licence The licensee may surrender the licence at any time by written notice to the Authority.	Cl.9.1	4	No surrender of the licence by the licensee in the reporting period. Therefore deemed compliant.	
The surrender of the licence will take effect on the day that the Authority publishes a notice of the surrender in the Gazette.	Cl.9.2	4	As above.	
The licensee will not be entitled to a refund of any fees by the Authority.	Cl.9.3	4	As above.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
Renewal of Licence This licence may be renewed only in accordance with the Act.	Cl.10.1	4	Renewal of the licence is not due as yet. Expiry date of the licence is 25 th June 2021. Therefore deemed compliant.	
Amendment of Licence on Application of the Licensee The licensee may apply to the Authority to amend the licence in accordance with the Act.	Cl.11.1	4	Confirmed with PPS staff that there have been no amendments to the licence on application of the PPS. Therefore deemed compliant.	
Amendment of the Licence by the Authority Subject to any applicable legislation, the Authority may amend the licence at any time in accordance with this clause 12.	Cl.12.1	4	Confirmed with PPS staff that there have been no amendments to the licence by the Authority. Therefore deemed compliant.	
Before amending the licence under clause 12.1, the Authority must: <ul style="list-style-type: none"> a) provide the licensee with written notice of the proposed amendments under consideration by the Authority; b) allow 15 business days for the licensee to make submissions on the proposed amendments; and c) take into consideration those submissions. 	Cl.12.2	4	As above.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4 = compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
This clause also applies to the substitution of the existing licence.	Cl.12.3	4	There has been no substitution of the existing licence.	
For avoidance of doubt, the licensee will not have to pay an associated application fee or licence fee for the purpose of clause 12.1.	Cl.12.4	4	Confirmed with PPS staff that there have been no amendments to the licence by the Authority.	
Customer Contracts Subject to the Regulations, the licensee must not supply electricity to a small use customers otherwise than under: <ul style="list-style-type: none"> a) a standard form contract; or b) a non-standard contract. 	Cl.13.1	N/A	Confirmed with PPS staff that no PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed to or supplied to such Customers.	
The licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority.	Cl.13.2	N/A	As above.	
The licensee must comply with any direction given by the Authority in relation to the scope, process or methodology of the review referred to in clause 13.2.	Cl.13.3	N/A	As above.	
Amending the Standard Form Contract The licensee may only amend the standard form contract with the Authority's approval.	Cl.14.1	N/A	PPS is not required to have a standard form contract as it does not supply electricity to small use customers.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
<p>The licensee may amend the standard form contract at any time by submitting to the Authority:</p> <ul style="list-style-type: none"> a) a proposed amendment to the standard form contract; or b) a proposed substituted standard form contract. 	Cl.14..2	N/A	As above.	
<p>The Authority may:</p> <ul style="list-style-type: none"> a) approve the amendment to the standard form contract or substituted standard form contract, or b) specify the amendments the licensee must make to the amended or substituted standard form contract before the Authority will amend the standard form contract, <p>and notify the licensee of its decision within a reasonable time.</p>	Cl.14.3	N/A	As above.	
<p>The Authority may, at any time, by notice in writing, direct the licensee to amend the standard form contract by specifying:</p> <ul style="list-style-type: none"> a) the amendments to be made to the standard form contract; and b) the latest date at which the amendments will 	Cl.14.4	N/A	As above.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
come into force.				
Customer Service Charter The licensee must prepare a customer service charter if it supplies electricity to small use customers.	Cl.15.1	N/A	Confirmed with PPS staff that no PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed to or supplied to such Customers. Therefore, no Customer Service Charter is required to be prepared by PPS.	
The licensee must, unless otherwise notified in writing by the Authority, review the customer service charter at least once every 36 months from the grant of the licence and submit to the Authority the results of that review within 5 business days after it is completed.	Cl.15.2	N/A	As above.	
The licensee may, at any time, review the customer service charter and submit to the Authority the results of that review within 5 business days after it is completed.	Cl.15.3	N/A	As above.	
Any review of the customer service charter must have regard to the review guidelines.	Cl.15.4	N/A	As above.	
When the licensee has reviewed the customer service charter pursuant to clause 15.2 or 15.3 of this licence, the Authority will examine: <ul style="list-style-type: none"> a) the review pursuant to clauses 15.2 or 15.3 of this licence; and 	Cl.15.5	N/A	As above.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
b) the customer service charter, and publish the review and the Authority's assessment of the review on the Authority's website within a reasonable time of receiving the review.				
Amending the Customer Service Charter The licensee may amend the customer service charter at any time by submitting to the Authority: <ul style="list-style-type: none"> a) an amendment to the customer service charter; or b) a substituted customer service charter. 	Cl.16.1	N/A	PPS is not required to have a Customer Service Charter as it does not supply electricity to small use customers.	
The Authority may examine the amendment and publish the Authority's assessment of the amendment on the Authority's website within a reasonable time of receiving the amendments.	Cl.16.2	N/A	As above.	
Supplier of Last Resort If the licensee is designated a supplier of last resort under the Act, the licensee must perform the functions of the supplier of last resort.	Cl.17.1	N/A	Confirmed with PPS staff that PPS is not designated a supplier of last resort under the Act.	
Directions by the Authority The licensee must comply with any direction given by	Cl.18.1	N/A	Under the section 53 of the Act, the Authority may direct retail licensee to submit an appropriate amendment to the form of contract to the Authority for approval.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
the Authority pursuant to section 53 of the Act.			PPS is not required to have a standard form contract as it does not supply electricity to small use customers.	
Approved Scheme The licensee must not supply electricity to small use customers unless the licensee is: <ul style="list-style-type: none"> a) a member of an approved scheme; and b) bound by, and compliant with, any direction of the electricity ombudsman under the approved scheme. 	Cl.19.1	N/A	Confirmed with PPS staff that no PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed to or supplied to such Customers. Therefore, PPS is not required to be a member of an approved scheme.	
Accounting Records The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	Cl.20.1	4	Sighted the draft report from Ernst & Young titled "Wesfarmers Premier Coal Closing Report to Management Year End 30 June 2008". The draft report confirms that the accounts have been financially audited and comply with AASB standards.	
Individual Performance Standards Performance standards are contained in applicable legislation.	Cl.21.1	N/A	There are no individual performance standards prescribed in the PPS's Retail Licence.	
The Authority may prescribe individual performance standards in relation to the licensee of its obligations under this licence or the applicable legislation.	Cl.21.2	N/A	There are no individual performance standards prescribed in the PPS's Retail Licence.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
<p>Before approving any individual performance standards under this clause, the Authority will:</p> <ul style="list-style-type: none"> a) provide the licensee with a copy of the proposed individual performance standards; b) allow 15 business days for the licensee to make submissions on the proposed individual performance standards; and c) take into consideration those submissions. 	Cl.21.3	N/A	As above.	
<p>Once approved by the Authority, the performance standards are included as additional terms and conditions to this licence.</p>	Cl.21.4	N/A	As above.	
<p>Performance Audit</p> <p>The licensee must, unless otherwise notified in writing by the Authority, provide the Authority with a performance audit within 24 months after commencement date, and every 24 months thereafter.</p>	Cl.22.1	3	<p>Performance audit is now being undertaken and will be completed within the prescribed time.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met. The implementation of the audit was reactionary to a note sent by ERA and not planned.</p>	<p>Develop and implement a compliance schedule with audit dates included as part of the schedule of events to ensure regulatory timeframes are met.</p>
<p>The licensee must comply, and must require the licensee's auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit, including any minimum requirements relating to the appointment of the auditor, the scope of the audit, the conduct of the audit and the reporting of the results</p>	Cl.22.2	4	<p>Direct instructions from PPS to auditor to comply with the ERA Audit Guidelines: Electricity, Gas and Water Licences.</p> <p>The requirement that "The supplier will pay particular regard to the audit guidelines set out in the Audit</p>	

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of the audit.			Guidelines: Electricity, Gas and Water Licences" was also outlined in section 1.2 Scope of Work of the PPS Request for Proposal for Audit Services.	
The licensee may seek a review of any of the requirements of the Authority's standard audit guidelines in accordance with clause 27.1.	Cl.22.3	4	Confirmed with PPS staff that there has been no review request made by PPS. Therefore deemed compliant.	
Independent auditor may be nominated by the licensee but must be approved by the Authority prior to the audit pursuant to clause 22.1. Should the Authority reject the licensee's nomination of an independent auditor twice, or in the event that no nomination has been made by the licensee within 1 month of the date the audit was due, the Authority may choose an independent auditor who will conduct the audit.	Cl.22.4	4	Sighted a letter from ERA (Ref: D/08/2365) advising that the Authority has approved the appointment of Quantum Consulting, to undertake the 2008 performance audit of PPS, electricity retail licence ERL5.	
<p>Reporting</p> <p>The licensee must report to the Authority:</p> <ul style="list-style-type: none"> b) if the licensee is under external administration as defined by the Corporations Act 2001 (Cwlth) within 2 business days; or c) if the licensee experiences a significant change in the licensee's corporate, financial or technical circumstances upon which this 	Cl. 23.1	3	Confirmed with the PPS staff that there has been no significant change to the circumstances upon which the licence was granted which may affect the licensee's ability its obligations under the licence during the audit period. However, we did not identify a process in place to ensure that the timeframes would be met.	Include reporting response times to events in the operational/procedural regulatory manual to ensure regulatory timeframes are met.

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licence was granted which may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.				
<p>Provision of Information</p> <p>The licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.</p>	Cl.24.1	3	<p>In accordance with the Electricity Compliance Reporting Manual 2008, PPS must submit compliance reports to the Authority covering all of its type 2 licence obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the financial year that is the subject of the report.</p> <p>Sighted the PPS Compliance Report for the period 1st July 2007 to 30th June 2008 and confirmed that the report was provided in the manner, time and format specified by the Authority.</p> <p>However, we did not identify a process in place to ensure that the timeframes would be met.</p>	<p>Develop and implement a compliance schedule with compliance reporting timeframes included as part of the schedule of events to ensure regulatory timeframes are met.</p>
<p>Publishing Information</p> <p>The Authority may direct the licensee to publish any information within a specified timeframe it considers relevant in connection with the licensee or the performance by the licensee of its obligations under this licence.</p>	Cl.25.1	4	<p>Confirmed with the PPS staff that there has been no direction by the Authority made for PPS to publish any information.</p> <p>The licensee does not specifically have a website established for the PPS. PPS is a wholly-owned subsidiary of Wesfarmers Premier Coal Ltd and part of the Wesfarmers Resources Division of Wesfarmers Ltd. The publishing of information would be facilitated through</p>	

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			the Wesfarmers Resources website. Therefore deemed compliant.	
Subject to clause 25.3, the licensee must publish the information referred to in clause 25.1.	Cl.25.2	4	As above.	
If the licensee considers that the information is confidential it must: a) immediately notify the Authority; and b) seek a review of the Authority's decision in accordance with clause 27.1.	Cl.25.3	4	As above.	
Once it has reviewed the decision, the Authority will direct the licensee in accordance with the review to: a) publish the information; b) publish the information with the confidential information removed or modified; or c) not publish the information.	Cl.25.4	4	As above.	
Notices Unless otherwise specified, all notices must be in writing.	Cl.26.1	4	The requirement of notices be in writing is specified in the Network Access Agreement between WP and PPS. Sighted the Network Access Agreement. Confirmed with the PPS staff that all communication is in writing through Western Power online portal and all other communication is via emails.	

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<p>Review of the Authority's Decisions</p> <p>The licensee may seek a review of a reviewable decision by the Authority pursuant to this licence in accordance with the following procedure:</p> <ul style="list-style-type: none"> a) The licensee shall make a submission on the subject of the reviewable decision within 10 business days (or other period as approved by the Authority) of the decision; and b) The Authority will consider the submission and provide the licensee with a written response within 20 business days. 	Cl.27.1	4	<p>Confirmed with the PPS staff that there have been no reviews of the Authority's reviewable decision requested by PPS.</p> <p>Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 3.2(2)</p> <p>A retailer must submit a separate data request for each exit point unless otherwise agreed.</p>	Cl.5.1	4	<p>Confirmed via observation that the WP's online portal (Metering Service Centre) does not allow to request data for more than one exit point at the time.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 3.4(1)</p> <p>A retailer, unless otherwise agreed, must submit a data request electronically and must not submit more than a prescribed number of standing or historical data requests in a business day.</p>	Cl.5.1	4	<p>Confirmed with the PPS staff that all data requests are submitted electronically via WP's online portal. PPS advised that portal does not allow submitting more than 20 data requests in a business day.</p> <p>Confirmed with WP that PPS data requests are submitted only through web portal and portal only allows 20 data requests to be submitted each business day.</p>	

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			Sighted portal and confirmed limit of 20 data requests per business day. Screenshot obtained.	
Compliance with Electricity Industry Customer Transfer Code clause 3.5(3) A retailer must withdraw a request for historical consumption data if the contestable customer's verifiable consent ceases to apply before the network operator provides the historical consumption data.	Cl.5.1	4	PPS advised that there wasn't a situation when the contestable customer's verifiable consent ceased to apply. Therefore no withdrawal of request for data was necessary. Reviewed the PPS's customer records. Therefore deemed compliant.	
Compliance with Electricity Industry Customer Transfer Code clause 3.6(2) A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data.	Cl.5.1	4	As above	
Compliance with Electricity Industry Customer Transfer Code clause 3.9(1) A retailer may only use data relating to a contestable customer to provide a contestable customer with a quotation for the supply of electricity by the retailer to the contestable customer or to initiate a transfer in relation to the contestable customer.	Cl.5.1	4	Use of a contestable customer's data is governed by the Electricity Supply Agreement. PPS Proforma Electricity Supply Agreement sighted. Confirmed with the PPS staff that there is no other use of data relating to a contestable customer. Therefore deemed compliant.	
Compliance with Electricity Industry Customer Transfer Code clause 3.9(2)	Cl.5.1	4	Confirmed with the PPS staff that no customer requested not to do so. Reviewed the PPS's customer records.	

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A retailer must not aggregate a contestable customer's historical consumption data with that of other contestable customers for the purposes of internal business development, if requested not to do so by the customer.			Therefore deemed compliant.	
Compliance with Electricity Industry Customer Transfer Code clause 3.9(3) A retailer must not disclose a contestable customer's data to any other person without the verifiable consent of the contestable customer, except in the circumstances defined.	Cl.5.1	4	This is covered by the Electricity Supply Agreement. Sighted a PPS Proforma Electricity Supply Agreement.	
Compliance with Electricity Industry Customer Transfer Code clause 3.9(4) A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	Cl.5.1	3	PPS started supplying their first electricity customer in February 2007. Confirmed by enquiry with PPS staff that PPS keeps soft copies of the verifiable consent received from their contestable customers on the system. Sighted sample of 4 verifiable consents received from the contestable customers. However, we did not identify a process in place to ensure that the record keeping timeframes would be met.	Identify record retention and disposal requirements in the operational/procedural manual to ensure regulatory timeframes are met.
Compliance with Electricity Industry Customer Transfer Code clause 4.2(2)	Cl.5.1	4	Confirmed via observation that the WP's online portal only allows submitting a separate customer transfer	

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A retailer must submit a separate customer transfer request for each exit point unless otherwise agreed.			request for each exit point.	
Compliance with Electricity Industry Customer Transfer Code clause 4.3 A retailer's reason for a transfer must be specified in the customer transfer request form as either to transfer a contestable customer to the retailer which submitted the customer transfer request or to reverse an erroneous transfer.	Cl.5.1	4	Confirmed via observation that the reason for customer transfer request or to reverse an erroneous transfer must be completed (pick list) on the portal, mandatory field, otherwise cannot proceed.	
Compliance with Electricity Industry Customer Transfer Code clause 4.4(1) A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.	Cl.5.1	3	Current Network Access Agreement between the PPS and WP does not explicitly specify the network as the SWIS. However this will be covered by the new Electricity Transfer Access Contract between PPS and WP, currently in draft version, where network "means those parts of the SWIS that are owned, operated or owned and operated by WP in respect of which access is given under this contract". Sighted the current Network Access Agreement as well as the draft Electricity Transfer Agreement Contract.	Ensure that the network is specified as SWIS in the next service agreement between WP and PPS. Audit noted that a new service agreement is currently in the draft version that will rectify this.
Compliance with Electricity Industry Customer Transfer Code clause 4.4(2)	Cl.5.1	4	PPS advised that they made 1 customer transfer request in error to the wrong customer. This transfer request was	

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A retailer that submits a customer transfer request to reverse an erroneous transfer must ensure the transfer was made in error and, if it is an incoming retailer, confirm the identity of the previous retailer.			<p>subsequently withdrawn before the actual transfer was made. Therefore no erroneous transfer ever occurred.</p> <p>Sighted transfer request withdrawal in the transfer list on the WP's online portal. Screenshot obtained.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.5(1)</p> <p>A retailer, unless otherwise agreed, must submit a customer transfer request electronically and must not submit more than a prescribed number of customer transfer requests in a business day or with the same nominated transfer date.</p>	Cl.5.1	4	<p>PPS advised that all customer transfer requests are submitted electronically via online portal. Portal does not allow more than 20 requests to be submitted within one business day.</p> <p>Sighted PPS transfer list on the portal and confirmed compliant.</p> <p>Confirmed with WP all customer transfer requests are submitted through web portal and that portal has a limit of 20 transfer requests per business day.</p> <p>Sighted the portal and confirmed that error message will display indicating number of requests submitted was exceeded when over 20 requests a day. Screenshot obtained.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.6(3)</p> <p>A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.</p>	Cl.5.1	4	<p>Confirmed by enquiry with PPS that none of their contestable customer's verifiable consent ceases to apply before the transfer occurred. Reviewed the PPS's customer records.</p> <p>Therefore deemed compliant.</p>	

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<p>Compliance with Electricity Industry Customer Transfer Code clause 4.7</p> <p>A retailer must nominate a transfer date in a customer transfer request in accordance with specified timeframes, except if the customer transfer is to reverse an erroneous transfer.</p>	Cl.5.1	4	<p>Confirmed with the PPS staff that PPS nominate transfer date via WP's online portal, 3 days for business areas and 5 days for country areas.</p> <p>Confirmed with WP that web portal does not allow nominating transfer date that is less than allowed number of days. Each PPS customer is classified as metropolitan.</p> <p>Sighted portal and confirmed that error message will display indicating date not within allowed number of days. Screenshot obtained.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.8(2)</p> <p>A retailer must pay any reasonable costs incurred by a network operator for providing and/or installing a meter if a customer transfer request is withdrawn.</p>	Cl.5.1	4	<p>PPS advised that this did not happen during the reporting period. If this would happen, PPS would pay cost of the meter.</p> <p>This is covered by the Metering Code Model Service Level Agreement (SLA) between WP and PPS. Sighted the SLA.</p> <p>Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.9(6)</p> <p>A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.</p>	Cl.5.1	4	<p>PPS advised that there was no revised nominated transfer date.</p> <p>This was confirmed with WP. WP provided set of screenshots taken from the back-end of the web portal, where the 'Nominated Transfer Date' and 'Actual Change Date' are the same, it can be concluded that</p>	

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			there has been no revision in the original transfer date. The screenshot provided capture all successfully submitted CTR's by PPS.	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.11(3)</p> <p>A network operator and the retailer must take certain action if the contestable customer's meter is not read on the nominated transfer date.</p>	Cl.5.1	4	<p>PPS advised that this did not happen during the reporting period.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS sets out the terms and conditions upon which WP will provide metering services to PPS. Sighted the SLA.</p> <p>Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.12(3)</p> <p>The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.</p>	Cl.5.1	4	Sighted record of negotiations between PPS and WP regarding proposed amendments to the current Network Access Agreement.	
<p>Compliance with Electricity Industry Customer Transfer Code clause 4.15</p> <p>In the case of a transfer to reverse an erroneous transfer, a network operator and all affected retailers (and the independent operator if applicable) must act in good faith to ensure that the rights and obligations of the affected contestable customer are as they would</p>	Cl.5.1	4	PPS advised that there was only one transfer request made in error to the wrong customer. Synergy found out that the transfer is to the wrong customer, advised WP, and WP advised PPS. Customer was consulted in the process and PPS withdrawn the customer transfer request before the actual transfer occurred. Therefore no erroneous transfer happened and customer was not affected in any way.	

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have been had the erroneous transfer not occurred.			This was confirmed by enquiry with WP. WP provided screenshot showing the CTR was 'Withdrawn' and the "Modified Date" preceded the "Transfer Date" which indicates the transfer never went ahead.	
Compliance with Electricity Industry Customer Transfer Code clause 4.16 An incoming retailer must retain a copy of a verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request for two years, except in the case of a customer transfer request to reverse an erroneous transfer.	Cl.5.1	3	PPS started supplying their first electricity customer in February 2007. Confirmed by enquiry with PPS staff that PPS keeps soft copies of the verifiable consent received from their contestable customers on the system. Sighted sample of 4 verifiable consents received from the contestable customers. However, we did not identify a process in place to ensure that the record keeping timeframes would be met.	Identify record retention and disposal requirements in the operational/procedural manual to ensure regulatory timeframes are met.
Compliance with Electricity Industry Customer Transfer Code clause 4.17 A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.	Cl.5.1	3	Confirmed by enquiry with PPS staff that PPS is not a previous retailer in relation to any of their customers. However, we did not identify a process in place ensuring that this would be met.	Include relevant procedures in the operational/procedural manual.
Compliance with Electricity Industry Customer Transfer Code clause 5.1(4) A network operator and a retailer must comply with approved communication rules.	Cl.5.1	4	The current Network Access Agreement as well as draft Electricity Transfer Access Contract outlines WP's communication rules. PPS advised that communication with WP is mainly through the portal and emails.	

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			Sighted NAA, ETA Contract and WP's portal.	
Compliance with Electricity Industry Customer Transfer Code clause 6.2 A licensee's notice in relation to a data request or customer transfer request must identify the exit point to which it relates.	Cl.5.1	4	PPS cannot request data or customer transfer without entering NMI in the WP's portal. WP's portal sighted.	
Compliance with Electricity Industry Customer Transfer Code clause 6.4(1) A retailer must notify its contact details to a network operator within three business days of a request.	Cl.5.1	3	WP requested confirmation of the correct contact details. PPS provided response the same day. Sighted email conversation between WP and PPS. Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.	Include notification response times in the operational/procedural manual to ensure regulatory timeframes are met. PPS need to record in a register or file when they received request from the network operator for notification its contact details and record when they notified the network operator of the contact details.
Compliance with Electricity Industry Customer Transfer Code clause 6.4(2) A retailer must notify any change in its contact details to a network operator at least three business days	Cl.5.1	3	PPS has notified WP of the change in email address. The old email address will continue to operate for the next 6 months, which is well within the 3 day notice period.	Include notification response times in the operational/procedural manual.

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before the change takes effect.			Sighted the notification of the change in email address. Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.	Develop and implement a compliance schedule with timeframes included as part of the schedule of events to ensure regulatory timeframes are met. PPS need to record in a register or file when they changed its contact details and record when they notified the network operator of the changes.
Compliance with Electricity Industry Customer Transfer Code clause 6.6 A network operator or a retailer must send required electronic communication address, in accordance with Annex 6.	Cl.5.1	4	PPS advised that they have registered an email address with WPN. WP's Customer Relationship Plan with PPS have email address contact details for both main contacts from PPS and WP's email addresses. WP have registered the portal. WP's portal and Customer Relationship Plan sighted.	
Compliance with Electricity Industry Customer Transfer Code clause 7.1(1) For a dispute in respect of a matter under or in connection with the Electricity Industry Customer Transfer Code, any disputing party must meet within	Cl.5.1	3	PPS advised that there was no dispute during the reporting period. The dispute resolution between PPS and IMO is governed by Market Rules. The Network Access Agreement (NAA) between PPS	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the

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<p>five business days of a request from another disputing party and attempt to resolve the dispute by negotiations in good faith.</p>			<p>and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1 July 2007).</p> <p>The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.1 requires parties to the dispute to meet within 10 business days of the dispute notice, instead of 5 business days prescribed by the Code.</p>	<p>Electricity Industry Customer Transfer Code.</p>
<p>Compliance with Electricity Industry Customer Transfer Code clause 7.1(2)</p> <p>If the negotiations in 7.1(1) do not resolve the dispute within 10 days after the first meeting, the dispute must be referred to the senior executive officer to each disputing party who must attempt to resolve the dispute by negotiations in good faith.</p>	Cl.5.1	3	<p>PPS advised that there was no dispute during the reporting period.</p> <p>The dispute resolution between PPS and IMO is governed by Market Rules.</p> <p>The Network Access Agreement (NAA) between PPS and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1 July 2007).</p> <p>The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.2 states</p>	<p>Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.</p>

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			that if the dispute is not resolved within 20 business days after receipt date then either party “may” refer dispute to senior executives. This clearly does not agree with the letter of the cl.7.2 of the Electricity Industry Customer Transfer Code.	
<p>Compliance with Electricity Industry Customer Transfer Code clause 7.1(3)</p> <p>If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.</p>	Cl.5.1	3	<p>PPS advised that there was no dispute during the reporting period.</p> <p>The dispute resolution between PPS and IMO is governed by Market Rules.</p> <p>The Network Access Agreement (NAA) between PPS and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1 July 2007).</p> <p>The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that Cl.28.2 refers to a written settlement signed by each party however this refers only to the representative negotiations and not to the CEO negotiations. Also the requirement to adhere to the resolution is not stated in ETAC. This clearly does not agree with the letter of the cl.7.3 of the Electricity Industry Customer Transfer Code.</p>	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.

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<p>Compliance with Electricity Industry Customer Transfer Code clause 7.2(4)</p> <p>A disputing party that refers a dispute to the Authority must give notice to the Authority of the nature of the dispute, including specified details.</p>	Cl.5.1	3	<p>PPS advised that there was no dispute during the reporting period.</p> <p>The dispute resolution between PPS and IMO is governed by Market Rules.</p> <p>The Network Access Agreement (NAA) between PPS and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1 July 2007).</p> <p>The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that there is no process in place ensuring the Authority would be notified.</p>	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.
<p>Compliance with Electricity Industry Customer Transfer Code clause 7.3(2)</p> <p>A disputing party must at all times conduct itself in a manner which is directed towards achieving the objectives in clause 7.3(1)</p>	Cl.5.1	3	<p>PPS advised that there was no dispute during the reporting period.</p> <p>The dispute resolution between PPS and IMO is governed by Market Rules.</p> <p>The Network Access Agreement (NAA) between PPS and WP outlines the dispute procedures. Cl. 16 of NAA refers to the Electricity Referee and Dispute Resolution Regulations 1997 to be applied to any prescribed dispute. This legislation has been repealed (effective 1</p>	Update the dispute resolution procedure in the draft Electricity Transfer Access Contract between Western Power and PPS in accordance with Part 7 of the Electricity Industry Customer Transfer Code.

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
			<p>July 2007).</p> <p>The draft Electricity Transfer Access Contract (ETAC) between PPS and WP addresses the dispute resolution. Reviewed the draft ETAC and noted that ETAC does not specifically require a dispute resolution to be conducted in a manner prescribed in clause 7.3(1) of the Electricity Industry Customer Transfer Code.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)</p> <p>A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week.</p>	Cl.5.1	4	<p>Main communications systems to WP are their online portal and email. Both PPS representatives have Blackberries for sending and receiving emails at any time. Portal and Blackberries sighted.</p> <p>Confirmed with PPS IT staff that the mail server is a virtual server run on one of four physical servers, the virtual servers are hardware independent of the physical servers "Hosts". If one physical server fails any VM's running on it will be restarted on another host. Physical servers have redundant hard disks (mirrored), power supplies, and network cards. All disk storage is on a fibre channel Storage Area Network (SAN) which has built in redundancy, and everything is fed power by two different UPS's.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)</p> <p>A network operator and retailer must establish a</p>	Cl.5.1	2	Confirmed with PPS staff that this is done through WP's online portal but this is must be triggered by a retail employee. There is a button to click to send an	PPS to comply with the ERA recommendations in regards to the non-compliance.

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.			<p>acknowledgement by PPS staff.</p> <p>Reviewed the portal's ability to generate an automated response message for each electronic communication received and confirmed the response must be triggered by a retail employee.</p> <p>This non-compliance of type 2 was reported to the Authority in the PPS Compliance Report for the period 1st July 2007 to 30th June 2008.</p> <p>Sighted the PPS Compliance Report dated 26 August 2008.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code Annex 6 clause A6.6</p> <p>The originator of an electronic communication must identify itself in the communication.</p>	Cl.5.1	4	<p>Confirmed via observation that WP's online portal requires all users to logon with a unique username and a password. Confirmed that PPS's staff names are noted in the email addresses listed on the WP's Customer Relationship Plan with PPS and in the email addresses sent to WP.</p> <p>Portal and Customer Relationship Plan sighted.</p>	
<p>Compliance with Electricity Industry Customer Transfer Code Annex 6 clause A6.7</p> <p>The originator of an electronic communication must use reasonable endeavours to adopt a consistent data format for information over time, to facilitate any automated processing of the information by the</p>	Cl.5.1	4	<p>WP's portal forces rules over data entry to ensure consistency over time. Portal sighted.</p>	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
addressee.				
Compliance with Electricity Industry (Licence Conditions) Regulations regulation 6 The electricity corporation must offer to purchase renewable source electricity, under an approved contract, from an eligible customer who wishes to sell such electricity to the corporation.	Cl.5.1	N/A	PPS is not the electricity corporation.	
Compliance with Electricity Industry (Licence Conditions) Regulations regulation 7 The electricity corporation must, as soon as practicable after the end of each financial year, submit a written report to the Coordinator regarding its costs in purchasing renewable source electricity under approved contracts.	Cl.5.1	N/A	PPS is not the electricity corporation.	
Compliance with Electricity Industry (Licence Conditions) Regulations regulation 8(8) The electricity corporation must comply with a direction given by the Coordinator under regulation 8(5) of the Electricity Industry (Licence Conditions) Regulations to submit an appropriate amendment to its contract to provide for the purchase of renewable source electricity.	Cl.5.1	N/A	PPS is not the electricity corporation.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
<p>Compliance with Electricity Industry Act 2004 section 31(3)</p> <p>A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of the electricity due to an accident, emergency, potential danger or other unavoidable cause.</p>	Cl.5.1	4	<p>PPS advised that one site had experienced an outage but for a different reason to those listed in 31(3).</p> <p>This is outside of the PPS control as PPS is essentially a reseller of electricity supplies and does not have any plant and equipment The distribution network for electricity supplies to PPS customers is provided through a service agreement with Western Power (WP).</p> <p>Sighted Network Access Agreement with WP.</p>	
<p>Compliance with Electricity Industry Act 2004 section 41(6)</p> <p>A licensee must pay the costs of taking an interest in land or an assessment over land.</p>	Cl.5.1	4	<p>PPS advised that they have no interest in land and no assessment over land took place.</p> <p>Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Act 2004 section 115(2)</p> <p>A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access.</p>	Cl.5.1	4	<p>Checked customer Electricity Supply Agreement for clauses that would result in the hindering or prohibiting of access. None found.</p> <p>Electricity Supply Agreement sighted.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 3.5(6)</p> <p>A network operator may only impose a charge for providing, installing, operating or maintaining a</p>	Cl.5.1	4	<p>Confirmed with WP that this is covered by WP's Metering Code Model Service Level Agreement.</p> <p>WP's Metering Code Model Service Level Agreement sighted.</p>	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
metering installation in accordance with the applicable service level agreement between it and the user.				
Compliance with Electricity Industry Metering Code 2005 clause 3.11(3) A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	Cl.5.1	3	PPS had one case of lost data from a faulty power meter. As soon as the customer queried this, WP responded. Correspondence sighted. However, we did not identify a process in place ensuring that this would be met.	Include relevant procedures in the operational/procedural manual.
Compliance with Electricity Industry Metering Code 2005 clause 3.16(5) A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16 (4) of the Code.	Cl.5.1	4	WP's Metering Code Model Service Level Agreement sighted.	
Compliance with Electricity Industry Metering Code 2005 clause 3.27 A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.	Cl.5.1	4	Confirmed with PPS and WP that WP manages installation of meters under the Metering Code Model Service Level Agreement. WP's Metering Code Model Service Level Agreement sighted.	
Compliance with Electricity Industry Metering Code 2005 clause 4.4(1)	Cl.5.1	4	Confirmed with PPS that there is a process in the Electricity Supply Agreement whereby the customer and	

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A network operator and affected Code participants must liaise together to determine the most appropriate way to resolve a discrepancy between energy data held in a metering installation and data held in the metering database.			WP agree to what the consumption should have been. Large customers may also have sub-meters. PPS Proforma Electricity Supply Agreement sighted.	
Compliance with Electricity Industry Metering Code 2005 clause 4.5(1) A Code participant must not knowingly permit the registry to be materially inaccurate.	Cl.5.1	3	The WP Portal contains all the registry information. PPS advised that they would amend/update the information if they found it to be inaccurate. WP portal sighted. However, we did not identify a process in place ensuring that this would be met.	Include relevant procedures in the operational/procedural manual.
Compliance with Electricity Industry Metering Code 2005 clause 4.5(2) If a code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	Cl.5.1	3	The portal has the standing data for each customer. PPS advise they haven't had to change standing data. All data changes transmitted through portal. WP portal sighted. However, we did not identify a process in place ensuring that the timeframes would be met.	Include notification response times in the operational/procedural manual to ensure regulatory timeframes are met.
Compliance with Electricity Industry Metering Code 2005 clause 5.4(2) A user must, when reasonably requested by a network operator, use reasonable endeavours to assist the network operator to comply with the network operator's obligations.	Cl.5.1	4	PPS advised there have been no requests. Therefore deemed compliant. WP confirmed that no such requests were made and all the PPS customers would be contacted directly by WP in case such need would arise.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
Compliance with Electricity Industry Metering Code 2005 clause 5.5(3) A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment.	Cl.5.1	4	PPS advised that they don't charge for providing data to the customers. Reviewed the PPS billing processes and confirmed compliant.	
Compliance with Electricity Industry Metering Code 2005 clause 5.16 A user that collects or receives energy data from a metering installation must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	Cl.5.1	N/A	WP confirmed that all PPS customers have automatic meters and no physical reading is required. PPS does not collect or receive any energy data from a metering installation.	
Compliance with Electricity Industry Metering Code 2005 clause 5.17(1) A user must provide standing data and validated (and where necessary substituted or estimated) energy data to the user's customer, to which that information relates, where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	Cl.5.1	4	This is covered by the Electricity Supply Agreement. Sighted PPS Proforma Electricity Supply Agreement.	
Compliance with Electricity Industry Metering Code 2005 clause 5.18	Cl.5.1	N/A	PPS may trigger a change but do not collect any of the data.	

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
A user that collects or receives information regarding a change in the energisation status of a metering point must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.			Confirm with WP that changes in energisation status are conducted by WP based on the PPS request.	
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(1)</p> <p>A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere.</p>	Cl.5.1	4	<p>PPS have not been requested by WP to do this. Therefore deemed compliant.</p> <p>Confirm with WP that PPS have never been asked to do so. If would have been requested WP have no reason to believe PPS would not comply.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(2)</p> <p>A user must, to the extent that it is able, collect and maintain a record of the address, site and customer attributes, prescribed in relation to the site of each connection point, with which the user is associated.</p>	Cl.5.1	4	<p>Front page of the contract with customers has this. The WP portal requires all of these details as compulsory fields.</p> <p>WP Portal sighted.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(3)</p> <p>A user must, after becoming aware of any change in a site's prescribed attributes, notify the network operator</p>	Cl.5.1	3	<p>Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.</p> <p>Sighted Network Access Agreement.</p>	Include notification response times in the operational/procedural manual to ensure regulatory

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
of the change within the timeframes prescribed.				timeframes are met. PPS need to record in a register or file when they receive advice of a change in a site's prescribed attributes and record when they notified the network operator of the changes.
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(4)</p> <p>A user that becomes aware that there is a sensitive load at a customer's site must immediately notify the network operator's Network Operations Control Centre of the fact.</p>	Cl.5.1	4	<p>PPS advise they do not have any customers of this nature. The online WP Portal allows user to indicate if a client has a sensitive load. Confirmed the Portal has this ability.</p> <p>Confirmed by enquiry with PPS staff that they would check if their clients have sensitive loads at the initial sales points initially when through the portal but there is no formal ongoing process for checking sensitive loads. PPS rely on their standard customer relations with their clients to inform PPS of their sensitive loads.</p>	Include procedure for formal annual check with licensee's customers re sensitive loads in the operational/procedural manual.
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.19(6)</p> <p>A user must use reasonable endeavours to ensure that it does notify the network operator of a change in an attribute that results from the provision of standing data by the network operator to the user.</p>	Cl.5.1	4	<p>Advised by PPS that they haven't had any such problems.</p> <p>There is no formal process in place, but WP portal facilitates the notification of the change in an attributes.</p>	Include relevant procedures in the operational/procedural manual.

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<p>Compliance with Electricity Industry Metering Code 2005 clause 5.21(5)</p> <p>A Code participant must not request a test or audit unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.</p>	Cl.5.1	4	<p>PPS advise they have only had one meter test on a current customer. Correspondence sighted.</p> <p>WP's Metering Code Model Service Level Agreement sets out terms and conditions upon which WP will provide the metering services to the user. SLA sighted.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.21(6)</p> <p>A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement.</p>	Cl.5.1	4	<p>PPS advise that they have not completed or requested a test or audit that would be inconsistent with any access arrangement or agreement.</p> <p>WP's Metering Code Model Service Level Agreement sets out terms and conditions upon which WP will provide the metering services to the user. SLA sighted.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 5.27</p> <p>Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.</p>	Cl.5.1	3	<p>Advised by PPS that they have not been requested to provide information.</p> <p>Confirm with WP that there was no such request made to PPS However, there was one instance were WP identified wrong distance from power station for one of the PPS customers. PPS customer was however contacted directly and this was resolved.</p> <p>WP's Metering Code Model Service Level Agreement sets out terms and conditions upon which WP will provide the metering services to the user. SLA sighted.</p> <p>However, we did not identify a process in place ensuring</p>	<p>Include regulatory response times in the operational/procedure manual to ensure regulatory timeframes are met.</p>

Operating Area	Operating Licence reference (Cl.=clause, Sch.=schedule)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant)	System established to comply with licence obligation and the issue(s) identified that have resulted in the nominated compliance rating	The recommended action(s) to improve compliance to an acceptable level
			that the timeframes would be met.	
Compliance with Electricity Industry Metering Code 2005 clause 6.1(2) A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	Cl.5.1	3	Sighted the Metering Code Model Service Level Agreement and Network Access Agreement between PPS and WP. However there is no formal process in place to ensure compliance with the agreements.	Include the requirement to comply with the Metering Code Model Service Level Agreement and Network Access Agreement between WP and PPS as part of the compliance manual.
Compliance with Electricity Industry Metering Code 2005 clause 7.2(1) Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	Cl.5.1	4	The Network Access Agreement has PPS contact details including address, telephone and facsimile number. The draft Electricity Transfer Access Contract has contact details for both main contacts from PPS including name, email, address and fax number. There is no phone number listed in the ETA. However, the WP's Customer Relationship Plan with PPS contains contact details for both main contacts from PPS including telephone and mobile numbers and email addresses. The Network Access Agreement, the draft Electricity Transfer Access Contract and Customer Relationship Plan were sighted.	
Compliance with Electricity Industry Metering Code 2005 clause 7.2(4)	Cl.5.1	3	WP requested confirmation of the correct contact details. PPS provided response the same day.	Include notification response times in the operational/procedural

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A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request.			Sighted email conversation between WP and PPS. Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.	manual to ensure regulatory timeframes are met. PPS need to record in a register or file when they received request from the network operator for notification its contact details and record when they notified the network operator of the contact details.
Compliance with Electricity Industry Metering Code 2005 clause 7.2(5) A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.	Cl.5.1	3	PPS has notified WP of the change in email address. The old email address will continue to operate for the next 6 months, which is well within the 3 day notice period. Sighted the notification of the change in email address. Although the audit confirmed compliance with this requirement we did not identify a process in place to ensure that the timeframes would be met.	Include notification response times in the operational/procedural manual. Develop and implement a compliance schedule with timeframes included as part of the schedule of events to ensure regulatory timeframes are met. PPS need to register in a register or file when they changed its contact details and record when they notified the network operator of the

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				changes.
<p>Compliance with Electricity Industry Metering Code 2005 clause 7.5</p> <p>A Code participant must disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.</p>	Cl.5.1	4	<p>The Network Access Agreement between PPS and WP contains provisions on exchanging and disclosing confidential information.</p> <p>Network Access Agreement sighted.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 7.6(1)</p> <p>A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.</p>	Cl.5.1	4	As above.	
<p>Compliance with Electricity Industry Metering Code 2005 clause 8.1(1)</p> <p>Representatives of disputing parties must meet 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute under or in connection with the Electricity Industry Metering Code by negotiations in good faith.</p>	Cl.5.1	4	<p>Advised by PPS that there had not been any disputes at the time of the audit.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS outlines the dispute procedure. Reviewed the SLA for adequacy of the dispute procedure and confirmed that the SLA requires any dispute in connection to the SLA to be resolved in accordance with the provisions set out in Part 8 of the Code. Therefore deemed compliant</p>	

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<p>Compliance with Electricity Industry Metering Code 2005 clause 8.1(2)</p> <p>If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.</p>	Cl.5.1	4	<p>Advised by PPS that there had not been any disputes at the time of the audit.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS outlines the dispute procedure. Reviewed the SLA for adequacy of the dispute procedure and confirmed that the SLA requires any dispute in connection to the SLA to be resolved in accordance with the provisions set out in Part 8 of the Code. Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 8.1(3)</p> <p>If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.</p>	Cl.5.1	4	<p>Advised by PPS that there had not been any disputes at the time of the audit.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS outlines the dispute procedure. Reviewed the SLA for adequacy of the dispute procedure and confirmed that the SLA requires any dispute in connection to the SLA to be resolved in accordance with the provisions set out in Part 8 of the Code. Therefore deemed compliant.</p>	
<p>Compliance with Electricity Industry Metering Code 2005 clause 8.1(4)</p> <p>If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere</p>	Cl.5.1	4	<p>Advised by PPS that there had not been any disputes at the time of the audit.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS outlines the dispute procedure. Reviewed the SLA for adequacy of the dispute procedure and confirmed that the SLA requires any</p>	

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to the resolution.			dispute in connection to the SLA to be resolved in accordance with the provisions set out in Part 8 of the Code. Therefore deemed compliant.	
<p>Compliance with Electricity Industry Metering Code 2005 clause 8.3(2)</p> <p>The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objectives of dispute resolution with as little formality and technicality and with as much expedition as the requirements of Part 8 of the Code and a proper hearing and determination of the dispute, permit.</p>	Cl.5.1	4	<p>Advised by PPS that there had not been any disputes at the time of the audit.</p> <p>The Metering Code Model Service Level Agreement between WP and PPS outlines the dispute procedure. Reviewed the SLA for adequacy of the dispute procedure and confirmed that the SLA requires any dispute in connection to the SLA to be resolved in accordance with the provisions set out in Part 8 of the Code. Therefore deemed compliant.</p>	
<p>Compliance with Code of Conduct for Supply of Electricity to Small Use Customers 2008</p>	Cl.5.1	N/A	Confirmed with PPS staff that no PPS customer is a Customer as defined in the Code of Conduct for the Supply of Electricity to Small Use Customers 2008 and PPS has never marketed to or supplied to such Customers.	
<p>Compliance with Electricity Industry (Network Quality and Reliability of Supply) Code 2005</p>	Cl.5.1	N/A	Not applicable.	
<p>Subject to the provision of any applicable legislation, the Authority may direct the licensee in writing to do any measure necessary to:</p> <p>a) correct the breach of any legislation; or</p>	Cl.5.2	4	<p>There has been no direction made by the Authority to PPS to correct or prevent breach of any applicable legislation during the audit period.</p> <p>Therefore deemed compliant.</p>	

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b) prevent the breach of any applicable legislation occurring again, and specify a time limit by which such action must be taken.				

3.4 INTEGRITY OF PERFORMANCE REPORTING

In accordance with the Electricity Compliance Reporting Manual 2008, PPS must submit compliance reports to the Authority covering all of its type 2 licence obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the financial year that is the subject of the report.

Whilst the audit confirmed that PPS has complied with its compliance reporting obligation for the period 1 July 2008 to 30 June 2008, the audit evidence presented suggests PPS lacks the processes required to ensure that documentation is prepared and submitted to the relevant authorities on time.

The audit made a recommendation to PPS to improve the strength of its internal controls to maintain compliance with its compliance reporting obligations (see Post Audit Implementation Plan).

3.5 RECOMMENDED CHANGES TO THE LICENCE

No changes to the licence are considered necessary.

3.6 CONCLUSION

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Premier Power Sales Pty Ltd has complied with its Retail Licence performance and quality standards during the audit period 26th June 2006 to 30th June 2008 apart from one relatively minor exception.

This exception was reported by PPS to the Authority in the Compliance Report for the period 1st July 2007 to 30th June 2008, being a non-compliance with the Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b) that requires a network operator and retailer to establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address. A response message to the network operator is sent via the online portal but this must be triggered by a retail employee. The audit recommended that PPS comply with ERA recommendations to rectify this non-compliance.

Although the audit confirmed PPS complied with its compliance reporting obligations for the period 1 July 2008 to 30 June 2008, the audit evidence presented suggests that PPS lacks the documented processes required to ensure that documentation is prepared and submitted to the relevant authorities on time.

While the audit concluded that the licence obligations are being complied with apart from one relatively minor exception detailed above, the audit evidence presented suggest PPS lacks the documented processes required to ensure compliance with the licence obligations, The audit identified a number of opportunities to improve the strength of internal controls to maintain compliance rather than rely upon key staff to ensure that compliance obligations are being met.

END OF REPORT