

Our Ref: D76889

17 October 2011

Mr Doug Aberle
Managing Director
Electricity Networks Corporation (t/a Western Power)
GPO Box L921
PERTH WA 6842

Dear Mr Aberle

Section 32 – Electricity Industry Act 2004 Notice of failure to comply with licence

Reference is made to the documents titled Electricity Networks Corporation (Western Power) Electricity Distribution Licence (EDL1) Performance Audit Report (“the Distribution Report”) and Electricity Networks Corporation (Western Power) Electricity Transmission Licence (ETL2) Performance Audit Report (“the Transmission Report”) (together “the Reports”) submitted to the Economic Regulation Authority (“the Authority”) on 16 September 2011.

Based on its assessment of the Reports, the Authority has formed the opinion that the Electricity Networks Corporation trading as Western Power (“the Corporation”) has contravened Electricity Distribution Licence EDL1 and Electricity Transmission Licence ETL2.

In accordance with section 32(1) of the *Electricity Industry Act 2004*, the Authority hereby serves the attached Notice on the Corporation. The Notice requires the Corporation to rectify the contraventions set out in the Notice (“the Contraventions”) by the dates shown in the attachment to the Notice.

Yours sincerely

LYNDON ROWE
CHAIRMAN

Cc Minister for Energy
Treasurer

Section 32
Electricity Industry Act 2004
NOTICE

TO: Electricity Networks Corporation (t/a Western Power)
363 Wellington Street
PERTH WA 6000

TAKE NOTICE that pursuant to section 32(1) of the *Electricity Industry Act 2004* ("the Act"), that by no later than 30 June 2012, you are hereby required to rectify the contraventions of Electricity Distribution Licence EDL1 and Electricity Transmission Licence ETL2 set out in the Schedule attached to this Notice and marked with the letter "A".

You are hereby notified that if you do not comply with this Notice, then in accordance with section 32(2) of the Act the Economic Regulation Authority ("the Authority") may take one or more of the following actions:

- a. serve the Corporation with a letter of reprimand;
- b. subject to section 33 of the Act, order the Corporation to pay a monetary penalty fixed by the Authority but not exceeding \$100,000; and/or
- c. subject to section 33 of the Act, cause any or all of the contraventions to be rectified to the satisfaction of the Authority at the expense of the Corporation.

The Common Seal of the Economic Regulation Authority was hereto duly affixed by the Chairman of the Economic Regulation Authority on 17 October 2011:

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In the presence of:

Member: _____

Member: _____

Attachment: Schedule of Contraventions

"A"

Schedule of Contraventions

1. Contravention of clause 5.1 of Electricity Distribution Licence EDL1 ("EDL1")

Clause 5.1 of EDL1 states:

"Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation."

In the Authority's opinion, the Corporation has contravened clause 5.1 of EDL1 as follows:

- 1.1 Clause 13.8(1) of the *Code of Conduct for the Supply of Electricity to Small Use Customers* ("**the Code of Conduct**") requires that a distributor must keep a record of the total number of connections provided and connections not provided on or before the agreed date. The Electricity Networks Corporation (Western Power) Electricity Distribution Licence (EDL1) Performance Audit Report ("**the Distribution Report**") discloses that the Corporation is not retaining accurate records of the number of connections provided and connections not provided on or before the agreed date (page 89).

The Authority requires the Corporation to, by 31 December 2011:

- implement a process to ensure that a record of the written agreement against the request for a connection by the customer is retained;
- implement a process to ensure that the timetable for energising a premise commences when a retailer sends an application for energising a premise; and
- take measures to ensure that the records above are only retained for customers who are subject to the Code of Conduct.

- 1.2 Clause 13.8(2) of the Code of Conduct requires that a distributor must keep a record of the total number of reconnections provided, other than those specified in that clause, and the total number of those reconnections not provided within the prescribed timeframe. The Distribution Report discloses that the Corporation is not retaining accurate records of the number of reconnections provided and reconnections not provided within the prescribed timeframe (page 91).

The Authority requires the Corporation to, by 31 December 2011:

- establish processes for managing and recording urgent reconnections accurately; and
- revise the current reconnections reports such that they capture the time at which the field officer completes the job for the particular reporting period.

- 1.3 Clauses 13.10(1) and 13.10(2) of the Code of Conduct require a distributor must keep a record of the customer complaint indicators specified in clause 13.10(1) and also keep a copy of each customer complaint. The Distribution Report discloses that, during the audit period, the Corporation did not retain a record of complaints received in regard to Extended Outage Payments. (page 93).

The Authority requires the Corporation to, by 31 December 2011:

- take appropriate measures to ensure that those customer contacts relating to Extended Outage Payments are classified where appropriate and recorded accurately in accordance with the definition of a complaint as prescribed in the Code of Conduct; and
- retain a record of each complaint as required by clause 13.10(2) of the Code of Conduct.

- 1.4 Clause 5.22(1) of the *Electricity Industry Metering Code 2005* (“**the Metering Code**”) requires that the Corporation must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures. The Distribution Report discloses that the Corporation’s energy data validation process did not validate energy data through a check against a nominated maximum value and a comparison of revenue and check metering data (page 131).

The Authority requires the Corporation to, by 30 April 2012, take the necessary measures to validate energy data using the check meter to verify revenue meter data accuracy and a nominated maximum value for screening purposes.

- 1.5 Clause 5.22(2) of the Metering Code requires that the Corporation must use check metering data, where available, to validate energy data provided that the check metering data has been appropriately adjusted for differences in metering installation accuracy. The Distribution Report discloses that check metering data was available but was not used by the Corporation to validate energy data provided (page 133).

The Authority requires the Corporation to, by 30 April 2012, take the necessary measures to validate energy data using the check metering data.

2. Contravention of clause 5.1 of Electricity Transmission Licence ETL2 (“ETL2”)

Clause 5.1 of ETL2 states:

"Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation."

In the Authority's opinion, the Corporation has contravened clause 5.1 of ETL2 as follows:

- 2.1 Clause 5.22(1) of the Metering Code requires that the Corporation must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures. The Electricity Networks Corporation (Western Power) Electricity Transmission Licence (ETL2) Performance Audit Report (“**the Transmission Report**”) discloses that the Corporation’s energy data validation process did not validate energy data through a check against a nominated maximum value and a comparison of revenue and check metering data (page 88).

The Authority requires the Corporation to, by 30 April 2012, take the necessary measures to validate energy data using the check meter to verify revenue meter data accuracy and a nominated maximum value for screening purposes.

- 2.2 Clause 5.22(2) of the Metering Code requires that the Corporation must use check metering data, where available, to validate energy data provided that the check metering data has been appropriately adjusted for differences in metering installation accuracy. The Transmission Report discloses that check metering data was available but was not used by the Corporation to validate energy data provided (page 90).

The Authority requires the Corporation to, by 30 April 2012, take the necessary measures to validate energy data using the check metering data.