



# Notice

27 March 2015

## Wesfarmers Kleenheat Gas Pty Ltd

### 2014 PERFORMANCE AUDIT

The Economic Regulation Authority (Authority) has published the 2014 performance audit (Audit) report and the post-audit implementation plan for Wesfarmers Kleenheat Gas Pty Ltd's (Kleenheat) gas trading licence (GTL10).

- [2014 Audit Report](#)
- [Post-Audit Implementation Plan](#)

### Action by the Authority

The Authority is satisfied that Kleenheat has demonstrated an acceptable level of compliance with its licence.

The Authority has decided to retain the period of time until the next Audit at 24 months. The next Audit will cover the period 1 September 2014 to 31 August 2016, with the report on the Audit to be provided to the Authority by 30 November 2016.

### BACKGROUND

#### Kleenheat's Retail Operations

Kleenheat retails Liquefied Petroleum Gas (**LPG**) to customers in Oyster Harbour (Albany) and Margaret River. The distribution systems that supply these customers are also owned and operated by Kleenheat.

In March 2013, Kleenheat commenced retailing natural gas (**NG**) to customers in the South-West of the State (including the Perth Metropolitan area) who are supplied through the ATCO Gas Australia gas distribution systems.

Kleenheat has deployed separate processes and systems to support their NG and LPG retail businesses.

Because the processes and systems that Kleenheat has deployed to manage their NG and LPG retail operations are quite different, the auditor has reported separately on the compliance of their NG and LPG operations.

Also, at the request of Kleenheat, the auditor has provided a controls assessment of all 252 obligations that were audited.<sup>1</sup> This has identified a number of obligations that were rated compliant, but the related controls were rated as inadequate.

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<sup>1</sup> The Authority's *Audit and Review Guidelines: Electricity and Gas Licences* only require the auditor to provide a controls assessment for obligations that are rated non-compliant, or have a high audit priority.



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## **Audit Findings - Natural Gas Retail Operations**

The audit of the NG retail operations identified a total of 27 licence obligations that were rated non-compliant, or compliant with inadequate controls, the majority of which derive from obligations under the *Energy Coordination (Customer Contracts) Regulations 2000* or the *Compendium of Gas Customer Licence Obligations*. The causes of the non-compliance, or inadequate controls, can be categorised as being the result of inadequate process documentation or IT system deficiencies (i.e. the system design did not have sufficient controls to prevent non-compliances occurring).

By the time of the Audit, Kleenheat had rectified 11 of the obligations that were rated non-compliant, leaving a further 16 obligations that were rated non-compliant, or compliant with inadequate controls. The post-audit implementation plan prepared by Kleenheat contains 16 recommendations, of which four recommendations have been completed and the remaining 12 obligations are due to be rectified by April 2015.

## **Audit Findings - Liquefied Petroleum Gas Retail Operations**

The audit of the LPG retail operations identified a total of 15 licence obligations that were rated non-compliant, or compliant with inadequate controls. A number of the obligations that were rated non-compliant and/or having inadequate controls relate to customer billing, metering data issues and reporting performance data to the Authority on time.

By the time of the Audit, Kleenheat had rectified four of the obligations that were rated non-compliant, leaving a further 11 obligations that were rated non-compliant, or compliant with inadequate controls. The post-audit implementation plan prepared by Kleenheat contains 11 recommendations, of which five recommendations have been completed and the remaining six obligations are due to be rectified by April 2015.

For further information contact:

### **General Enquiries**

Paul Reid  
Economic Regulation Authority  
Phone: 08 6557 7900  
Email: [records@erawa.com.au](mailto:records@erawa.com.au)

### **Media Enquiries**

Richard Taylor  
Riley Mathewson Public Relations  
Phone: 08 9381 2144  
Email: [admin@rmpr.com.au](mailto:admin@rmpr.com.au)