



Esperance Power Station Pty Ltd

Gas Distribution Licence GDL10

## Performance Audit

Final Report

19 December 2018

## TABLE OF CONTENTS

Executive Summary .....	2
Audit Opinion .....	3
1. Background .....	4
2. Methodology .....	5
2.1 Audit Objectives and Scope .....	5
2.2 Audit Period and Timing .....	5
2.3 Audit Approach .....	5
2.4 Licensee's Representatives Participating in the Audit.....	6
2.5 Key Documents Examined .....	7
2.6 Performance Audit - Compliance Ratings .....	7
2.7 Audit Team and Hours.....	7
3. Summary of Audit Ratings of Control and Compliance.....	8
4. Previous Audit Recommendations.....	11
5. Detailed Audit Results and Recommendations.....	12
6. Recommended Changes to the Licence.....	34
7. Conclusion.....	34
Appendix A: Post-Audit Implementation Plan .....	35

Quantum Management Consulting and Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

---

Level 28 AMP Tower, 140 St Georges Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

**T.** 08 9278 2570 **F.** 08 9278 2571

**E.** [mail@quantumassurance.com.au](mailto:mail@quantumassurance.com.au) **W.** [www.quantumassurance.com.au](http://www.quantumassurance.com.au)

## Executive Summary

---

Esperance Power Station Pty Ltd (EPS) is the licensee of the Economic Regulation Authority (ERA) for the GDL10 licence for the Esperance gas distribution system (GDS) under the provisions contained in the *Energy Coordination Act 1994*.

The licence is for the low pressure Natural Gas distribution system in the Coastal, Great Southern and Goldfields-Esperance supply areas. The licence includes the central business district of Esperance and adjoining suburbs of Chadwick, Nulsen and Sinclair. EPS also operates the Esperance power station. The Esperance GDS is a very small and simple reticulated natural gas network in Esperance town, with only 41 kms of low pressure PE mains and a PRS fed from Mainline Valve No 4 of Kambalda to Esperance Gas Pipeline.

The network has around 380 business and residential customers which is managed by TW Power Services Pty Ltd (TWPS) from an office located at 91 Dempster St Esperance.

EPS also operates the Esperance Power Station which supplies electricity to the greater Esperance region.

EPS is required to comply with the terms and conditions of their licence, including applicable legislative provisions and performance reporting as set out in the 2017 Compendium of Gas Customer Licence Obligations

Not less than once in every period of 24 months unless extended by the ERA, EPS requires a performance audit of compliance with the licence conditions and a review of the asset management system to comply with the licensing requirements of the ERA. This audit period is 1 September 2016 to 31 August 2018. The previous period was 1 September 2013 to 31 August 2016 (report issued on 23 March 2017).

This Performance Audit has been conducted in order to assess the licensee's level of compliance with the conditions of its licence.

### 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 EPS has complied with its Gas Distribution Licence performance and quality standards and obligations during the audit period from 1 September 2016 to 31 August 2018 with no exceptions.

The audit confirmed that EPS has fully complied with its information reporting obligations for the period 1 September 2016 to 31 August 2018.

The control environment is considered to be well-designed and effective. No audit recommendations have been made to strengthen the internal controls.

## Audit Opinion

---

### Limitations

Our review has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE) 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and 3100 “Compliance Engagements”.

Our audit procedures have been included in Section 2 of this report and have been undertaken to form a conclusion as to whether EPS has complied in all material respects, with the procedures and controls over the performance and quality standards and licence obligations of the Gas Distribution Licence (GDL10) for the period 1 September 2016 to 31 August 2018..

This report was prepared for distribution to EPS and ERA for the purpose of fulfilling EPS’s reporting obligations under the Gas Distribution Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than EPS and ERA, or for any purpose other than that for which it was prepared .

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the performance and quality standards and licence obligations of the Gas Distribution Licence, since we do not examine all evidence and every transaction. The audit conclusions expressed in this report have been formed on this basis.

### Statement of Independence

The ERA’s Audit Guidelines require an auditor to provide a declaration of independence. To the best of our knowledge and belief, Quantum Management Assurance and Consulting, its employees and contractors, comply with the ERA’s independence requirements set out in the Audit and Review Guidelines – Electricity and Gas Licences (April 2014).

### Auditor’s Unqualified Opinion

In our opinion, the Esperance Power Station Pty Ltd has complied, in all material respects, with the performance and quality standards and obligations of the Gas Distribution Licence for the period from 1 September 2016 to 31 August 2018.

We confirm that the ERA’s Audit and Review Guidelines: Electricity and Gas Licences (April 2014) 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.

### QUANTUM MANAGEMENT CONSULTING & ASSURANCE

GEOFF WHITE  
DIRECTOR

PERTH, WA  
19 DECEMBER 2018

## 1. Background

---

Esperance Power Station Pty Ltd (EPS) is the licensee of the Economic Regulation Authority (ERA) for the GDL10 licence for the Esperance gas distribution system (GDS) under the provisions contained in the *Energy Coordination Act 1994*.

The licence is for the low pressure Natural Gas distribution system in the Coastal, Great Southern and Goldfields-Esperance supply areas. The licence includes the central business district of Esperance and adjoining suburbs of Chadwick, Nulsen and Sinclair. EPS also operates the Esperance power station. The Esperance GDS is a very small and simple reticulated natural gas network in Esperance town, with only 41 kms of low pressure PE mains and a PRS fed from Mainline Valve No 4 of Kambalda to Esperance Gas Pipeline.

The network has around 380 business and residential customers which is managed by TW Power Services Pty Ltd (TWPS) from an office located at 91 Dempster St Esperance.

EPS also operates the Esperance Power Station.

EPS is required to comply with the terms and conditions of their licence, including applicable legislative provisions and performance reporting as set out in the 2017 Compendium of Gas Customer Licence Obligations.

Not less than once in every period of 24 months unless extended by the ERA, EPS requires a performance audit of compliance with the licence conditions and a review of the asset management system to comply with the licensing requirements of the ERA. This audit period is 1 September 2016 to 31 August 2018. The previous period was 1 September 2013 to 31 August 2016 (report issued on 23 March 2017).

Our performance audit approach is based on the compliance obligations set out in the licence (Gas Distribution Licence GDL10 Version 9 from 1 January 2017 and Version 8 from 1 September 2016 to 31 December 2016 – minor changes by substitution), applicable legislation and the Audit and Review Guidelines – Electricity and Gas Licences (April 2014) issued by the ERA. We have considered any variations between the licences that affect EPS's compliance obligations or other areas covered by the audit.

Under the licensing compliance requirements, the EPS Performance Audit and Asset Management System Review is due for submission to the ERA by 30 November 2018. The Asset Management System Review work will be done by another party and is not part of this report.

## 2. Methodology

---

### 2.1 Audit Objectives and Scope

The objective of the audit was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

The audit will apply a risk-based audit approach. The scope of the audit must include the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **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 reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

The audit will identify any areas where improvement is required and recommend corrective action as necessary. The audit reviewed the status of the previous audit recommendations (Refer Section 4).

### 2.2 Audit Period and Timing

The audit covered the period from 1 September 2016 to 31 August 2018 and was conducted in September/October 2018.

The previous audit covered the period 1 September 2013 to 31 August 2016.

### 2.3 Audit Approach

The Audit was conducted in compliance with the requirements set out in the ERA Audit and Review Guidelines – Electricity and Gas Licences (April 2014).

Our approach to meeting the requirements for the performance audit is set out below.

#### **Audit Planning**

- Contact EPS to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes.
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition).
- Submit a draft **Audit Plan**, including the risk assessment and proposed approach, to EPS for review and approval (and approval by ERA).
- Send a **Pre-Visit Checklist** of information and documentation to EPS to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

#### **Fieldwork**

- Undertake a visit to EPS in Esperance and conduct various meetings with key contacts, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards.

- Review the status of the previous recommendations in the previous audit report dated 23 March 2017.
- Obtain copies of the latest performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the Performance Audit include:
  - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
  - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
    - **control environment** – management’s philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
    - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system;
    - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and prevent instances of non-compliance or under-performance;
    - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management’s attitude towards compliance; and
    - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee’s plan to ensure compliance and recommend any further improvements to achieve compliance.

#### **Audit Reporting**

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with EPS management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to EPS for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to EPS for review and feedback prior to finalising the report (EPS will submit a draft to the ERA).
- Update with any amendments and issue the final report to EPS for distribution to the ERA.

The audit report will comply with the format prescribed in the Audit and Review Guidelines – Electricity and Gas Licences (April 2014) issued by the ERA.

## **2.4 Licensee’s Representatives Participating in the Audit**

- Wynand Ferreira – Esperance Area Manager
- Joanna Loffler – Business Analyst
- Alan Shackleton – Financial Controller
- Lawrence Teo – Technical, Business and Regulatory Manager.

## 2.5 Key Documents Examined

- Energy Coordination Act 1994
- Gas Standards Act 1972
- Compendium of Gas Customer Licence Obligations
- Audit and Review Guidelines – Electricity and Gas Licences April 2014
- Gas Distribution Licence GDL10 (Version 9 from 1 January 2017 and Version 8 from 1 September 2016 to 31 December 2016)
- Performance and Compliance Reports to the ERA for 2016/17 and 2017/18
- ERA letter of approval of previous auditor/reviewer
- Previous Performance Audit and Asset Management Review Report (issued 23 March 2017)
- Post-Audit Implementation Plan update and acknowledgment email from ERA dated 19 February 2018
- EPS Financial Reports for 2016/17 and 2017/18
- EPS website [www.esperance-energy.com](http://www.esperance-energy.com)
- EPS Customer Service Charter (public document/website)
- Esperance Natural Gas Distribution System – Customer Safety Awareness Program
- Information on fees paid to the ERA
- EPS Esperance Gas Distribution System Regulatory Compliance Manual for Documents, Reports and Notifications.
- Environmental Legal Compliance Evaluation and Other Requirements Register (Feb. 2018)
- Consent to be a member of the Gas Ombudsman Scheme (2004)
- Correspondence from Energy Safety re close-out of previous inspection orders.
- Notices of disconnection, disconnection and reconnection data
- Service Orders for New Connections/Reconnections
- Notices of Completion
- Customer Notification and Disconnection Procedure
- Regulator/meter replacement letters
- Training plans and register.

## 2.6 Performance Audit - Compliance Ratings

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

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
N/P	Not performed – controls not assessed in the audit.	N/R	Not rated – no activity in current period

## 2.7 Audit Team and Hours

NAME AND POSITION	HOURS
Geoff White – Director	35
Susan Smith – Manager	20
TOTAL	55

### 3. Summary of Audit Ratings of Control and Compliance

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 2.6 was assigned to each obligation under the licence, as shown below. Section 4 provides details of the current status of the previous audit recommendations. Section 5 provides further details of the systems and the compliance assessment for each obligation.

The audit assessment of the ratings for the adequacy of controls and compliance with the legislative obligations is shown below.

No. <sup>1</sup>	Licence reference	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup> (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating <sup>3</sup> (1=Compliant 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	N/P	1	2	3	4	N/R
<b>Energy Coordination Act 1994</b>													
1	Clause 4.1	Section 11Q(1-2)	4	✓					✓				
6	Clause 5.1	Section 11X(3)	4	✓								✓	
7	Clause 14.1	Section 11Y(1)(a)	4					✓	✓				
8	Clause 14.1 and 14.2	Section 11Y(1)(b)	4					✓				✓	
9	Clause 14.3	Section 11Y(1)(c)	4	✓					✓				
10	Clause 15.1	Section 11ZA(1)	4	✓					✓				
17	Clause 5.1	Section 11ZK(3)	4					✓				✓	
23	Clause 5.1	Schedule 3, Section 2(1)	4					✓				✓	
24	Clause 17	Section 11ZQH	4					✓	✓				
<b>Gas Standards Act 1972</b>													
25	Clause 5.1	Energy Coordination Act Section 11Z	2	✓						✓			
26	Clause 5.1	Section 8(1)	2	✓					✓				
27	Clause 5.1	Section 9(1)	2					✓				✓	
28	Clause 5.1	Section 13(1)	2	✓					✓				
<b>Energy Coordination Act (Customer Contracts) Regulations 2004</b>													
87	Clause 5.1	Reg 28, clause 3.1.2 AGA Code	4	✓					✓				
88	Clause 5.1	Reg 28, clause 3.1.3.1 AGA Code	4	✓					✓				
89	Clause 5.1	Reg 33 (3), clause 3.5.2.1 AGA Code	4	✓					✓				
90	Clause 5.1	Reg 33 (3), clause 3.5.2.2 AGA Code	4	✓					✓				
<b>Energy Coordination Act 1994</b>													
92	Clause 12	Section 11M	2	✓					✓				
93	Clause 13	Section 11M	4					✓				✓	

<sup>1</sup> The number refers to the item reference in the 2017 Gas Compliance Reporting Manual (Note: Only obligations applicable to the Gas Distribution Licence are shown)

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 2.6.

<sup>3</sup> Refer Controls and Compliance Rating Scales in Section 2.6.

No.1	Licence reference	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup> (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating <sup>3</sup> (1=Compliant 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	N/P	1	2	3	4	N/R	
94	Clause 14.4	Section 11M	4					✓	✓					
95	Clause 14.6	Section 11M	4					✓	✓					
96	Clause 16.2	Section 11M	4					✓	✓					
97	Clause 16.4	Section 11M	4					✓	✓					
98	Clause 16	Section 11M	4					✓						✓
99	Clause 20	Section 11M	4					✓	✓					
100	Clause 21.1	Section 11M	4					✓	✓					
101	Clause 22.1	Section 11M	4					✓						✓
102	Clause 23.1	Section 11M	4	✓					✓					
103	Clause 24	Section 11M	4					✓	✓					
104	Schedule 3 Clause 1	Section 11M	4					N/A						N/A
105	Schedule 3 Clause 2	Section 11M	4					✓	✓					
<b>Compendium of Gas Customer Licence Obligations</b>														
226	Clause 2.1 & Schedule 2 Compendium clause 7.5	Energy Coordination Act Section 11M	2	✓					✓					
227	Clause 2.1 & Schedule 2 Compendium clause 7.6	Section 11M	2	✓					✓					
230	Clause 2.1 & Schedule 2 Compendium clause 8.2(1)-(3)	Section 11M	2	✓					✓					
230A	Clause 2.1 & Schedule 2 Compendium clause 8.2(4)	Section 11M	2	✓										✓
230B	Clause 2.1 & Schedule 2 Compendium clause 8.2(5)	Section 11M	2	✓					✓					
244	Clause 2.1 & Schedule 2 Compendium clause 10.6	Section 11M	4					✓						✓
245	Clause 2.1 & Schedule 2 Compendium clause 10.9	Section 11M	4					✓	✓					
247	Clause 2.1 & Schedule 2 Compendium clause 10.10(2)	Section 11M	4					✓						✓
249	Clause 2.1 & Schedule 2 Compendium clause 10.11(1)	Section 11M	4					✓						✓
250	Clause 2.1 & Schedule 2 Compendium clause 10.11(2)	Section 11M	4					N/A						N/A
251	Clause 2.1 & Schedule 2 Compendium clause 12.1(1)	Section 11M	4	✓					✓					
252	Clause 2.1 & Schedule 2 Compendium clause 12.1(2)	Section 11M	4	✓					✓					
254	Clause 2.1 & Schedule 2 Compendium clause 12.1(3)(a)	Section 11M	4	✓										✓
255	Clause 2.1 & Schedule 2 Compendium clause 12.1(3)(b)	Section 11M	4	✓										✓
255A	Clause 2.1 & Schedule 2 Compendium clause 12.1(4)	Section 11M	4	✓										✓
257	Clause 2.1 & Schedule 2	Section 11M	4					✓						✓

No. <sup>1</sup>	Licence reference	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup> (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating <sup>3</sup> (1=Compliant 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	N/P	1	2	3	4	N/R
	Compendium clause 12.3												
258	Clause 2.1 & Schedule 2 Compendium clause 12.4	Section 11M	4					✓					✓
281	Clause 2.1 & Schedule 2 Compendium clause 13.1	Section 11M	4	✓					✓				
282	Clause 2.1 & Schedule 2 Compendium clause 13.2	Section 11M	4	✓					✓				
283	Clause 2.1 & Schedule 2 Compendium clause 13.3	Section 11M	4	✓					✓				

## 4. Previous Audit Recommendations

The previous audit recommendations have been completed as shown below.

Ref.	Licence Condition Previous Audit Findings	Prev. Comp. Rating	Recommended Corrective Action	Post Audit Action Plan (Implementation Responsibility & Date)	Action Taken	Status
1/2016 (Obl. 28)	<i>Energy Coordination Act section 11Z, Gas Standards Act 1972 Section 13(1)</i>  The Licensee was not inspecting the premises thoroughly before connecting.	B2	Make changes required by EnergySafety to remove the Inspectors Orders.	To be completed by mid-2017 to remove the Inspection Orders.  <i>Esperance Area Manager – July 2017</i>	The Licensee confirmed that all Inspection Orders have been completed.  The audit sighted correspondence from Energy Safety confirming completion	COMPLETED
2/2016 (Obl. 89)	<i>Energy Coordination (Customer Contracts) Reg. 28, clause 3.5.2.2 AGA Code</i>  The Licensee was not providing the required notice to customers for inspections or repairs.	B2	Issue notices when accessing the supply address for inspections, repairs, testing or maintenance.  <i>(Provide 4 days' notice as per Regulation 33 of the Energy Coordination (Customer Contracts) Regulations 2004 in conjunction with clause 3.5.2.1 of the AGA Code.)</i>	To be completed by mid-2017 to remove the Inspection Orders.  <i>Esperance Area Manager – July 2017</i>	The audit sighted correspondence from Energy Safety confirming completion  Customer Charter states that at least 4 business days' written notice will be given, for any access to customer premises. Audit sighted a sample of letters advising 4 business days' notice to customers of any maintenance or repairs.	COMPLETED

## 5. Detailed Audit Results and Recommendations

---

<b>SUMMARY OF COMPLIANCE OBLIGATIONS</b>	
<b>LEGISLATION:</b>	
ENERGY COORDINATION ACT 1994	Refer Compliance Obligations 1 to 24. Licence Obligations 92 to 105
GAS STANDARDS ACT 1972	Refer Compliance Obligations 25 to 28
<b>REGULATIONS:</b>	
ENERGY COORDINATION ACT (CUSTOMER CONTRACTS) REGULATIONS 2004	Refer Compliance Obligations 87 to 90
<b>CODES:</b>	
COMPENDIUM OF GAS CUSTOMER LICENCE OBLIGATIONS	Refer Compliance Obligations 226 to 283

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
<b>DETAILED COMPLIANCE OBLIGATIONS</b>							
<b>ENERGY COORDINATION ACT 1994</b>							
1	Clause 4.1	Section 11Q(1-2)	A licensee must pay the applicable fees in accordance with the Regulations. <i>Economic Regulation Authority (Licensing Funding) Regulations 2014.</i>	4	Reviewed payments to the ERA for 2016/17 and 2017/18 and confirm fees paid by due dates. The obligation is documented in the EPS EGDS Regulatory Compliance Manual for Documents, Reports and Notifications.	A	1
6	Clause 5.1	Section 11X(3)	A licensee must take reasonable steps to minimise the extent of the duration of any interruption, suspension or restriction of the supply of gas due to an accident, emergency, potential danger or other unavoidable cause.	4	Interviewed Licensee staff and confirmed there have been no interruptions from the prescribed causes and no complaints have been received about gas interruptions. There is a well-documented EPS Gas Distribution System Emergency Response Plan and an annual training plan showing staff received regular training during the audit period.	A	N/R

<sup>4</sup> Number refers to the item reference in the 2017 Gas Compliance Reporting Manual.

<sup>5</sup> Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, N/P=Not performed.

<sup>6</sup> Compliance Rating Scale: 1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, N/R=Not rated.

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
7	Clause 14.1	Section 11Y(1)(a)	A licensee must provide for an asset management system in respect of its assets within 2 business days from the commencement date, or from the completion of construction of the distribution system, whichever is later.	4	Confirmed that the Licensee has an asset management system as detailed in the previous audit and review report.	N/P	1
8	Clause 14.1 and 14.2	Section 11Y(1)(b)	A licensee must notify details of the asset management system and any substantial changes to it to the ERA within 10 business days.	4	Interviewed Licensee staff and confirmed there have been no substantial changes to the asset management system in the audit period.	N/P	N/R
9	Clause 14.3	Section 11Y(1)(c)	A licensee must provide the ERA with a report by an independent expert acceptable to the ERA within 24 months of commencement and every 24 months thereafter (or longer if the ERA allows) as to the effectiveness of the asset management system.	4	Confirmed previous asset management review report provided to ERA in March 2017. The concurrent asset management review also satisfies this requirement. Confirmed the control being the Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
10	Clause 15.1	Section 11ZA(1)	A licensee must provide the ERA with a performance audit by an independent expert acceptable to the ERA within 24 months of commencement and every 24 months thereafter (or longer if the ERA allows).	4	Confirmed previous performance audit report provided to ERA in March 2017. This audit satisfies this requirement.  Confirmed the control being the Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.	A	1
17	Clause 5.1	Section 11ZK(3)	A licensee must pay the costs and expenses incurred in the taking of an interest or easement in respect of land held by a public authority.	4	Interviewed Licensee staff and confirmed no interests or easements occurred in respect of land held by a public authority.	N/P	N/R
23	Clause 5.1	Schedule 3, Section 2(1)	A licensee, as the operator of a supply system, must notify the Minister if a state of emergency exists in relation to a supply system as soon as practicable after becoming aware of it.	4	Interviewed Licensee staff and confirmed there were no state of emergencies during the audit period.	N/P	N/R
24	Clause 17	Section 11ZQH	The licensee must not supply gas to customers unless the licensee is a member of an approved Gas Industry	4	Confirmed with the Energy and Water Ombudsman WA website that EPS is a member of the Scheme. Interviewed	N/P	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			Ombudsman Scheme and is bound by any decision or direction of the ombudsman under the Scheme.		Licensee staff and confirmed no decisions made that affected EPS in the audit period.		
<b>GAS STANDARDS ACT 1972</b>							
25	Clause 5.1	Energy Coordination Act Section 11Z	A licensee must comply with the applicable standards of the <i>Gas Standards Act 1972</i> .	2	The audit confirmed there have been no non-compliances with the applicable standards of the Gas Standards Act 1972 – refer details and sample testing in obligations 26 to 28 below.  Sighted a letter from Energy Safety dated 1 August 2017 confirming that the previous non-compliances identified in an audit in November 2015 have been rectified as confirmed by their audit in July 2017. There were no new inspection orders issued. The Compliance Rating is due to the previous non-compliances not being rectified until part way through this audit period.	A	2
26	Clause 5.1	Energy Coordination Act Section 11Z Gas Standards	A licensee must not supply gas at less than the relevant approved minimum heating value.	2	Licensee staff confirmed there is a daily report of heating value from the gas plant which is upstream from the gas distribution system. Monthly samples are also taken at 3 locations in the gas distribution system. The	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
		Act 1972 Section 8(1)			audit sighted examples of the testing reports. There have been no deviations from the approved minimum heating value.		
27	Clause 5.1	Energy Coordination Act Section 11Z Gas Standards Act 1972 Section 9(1)	A licensee shall not cause or permit any alteration to be made in the specific gravity, flame, speed or other prescribed characteristic of gas supplied by him unless he has first applied for, and obtained, the written approval of the Minister.	2	EPS obtains gas supply from upstream Kambalda to Esperance Gas Pipeline and Goldfields Gas Pipeline and is unable to make any alterations to gas specifications. The Licensee confirmed there have been no alterations to the characteristics of gas supplied during the audit period. This is monitored through the testing noted in obligation 26 above.	N/P	N/R
28	Clause 5.1	Energy Coordination Act Section 11Z Gas Standards Act 1972 Section 13(1)	A licensee shall not commence to supply gas to a customer's gas installation unless that installation meets the requirements prescribed in respect of that installation.	2	There is a detailed Service Order for New Connections and Notice of Completion form with the requirements for an installation. The audit reviewed a sample of forms for new installations over the audit period and confirmed the forms had been completed and signed off prior to connection.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
<b>ENERGY COORDINATION ACT (CUSTOMER CONTRACTS) REGULATIONS 2004</b>							
87	Clause 5.1	Energy Coordination (Customer Contract) Reg 28, clause 3.1.2 AGA Code	The licensee must re-connect to a supply address (subject to supply, available gas installations, adherence to regulatory requirements and a meter) within 1 business day or period agreed with the customer from the date of the application and subject to the customer meeting the requirements in clause 3.1.2.2 of the AGA code.	4	There is a detailed Service Order for Current Connections and Notice of Completion form with the requirements for an installation. The audit reviewed a sample of forms for reconnections over the audit period and confirmed the forms had been completed and signed off prior to connection. The reconnections were performed within one business day.	A	1
88	Clause 5.1	Energy Coordination Act Section 11M, Energy Coordination (Customer Contract) Reg 28, clause 3.1.3.1 AGA Code	A licensee must connect a new supply address (subject to supply, available gas installations, adherence to regulatory requirements and a meter) within an agreed date, or where no date is agreed then within 20 business days from the date of the application.	4	The EPS Standard Contract provides for a connection time of 20 business days from order date. All connections sampled were made within 20 business days.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
89	Clause 5.1	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.1 AGA Code	A licensee must give at least four days' notice to a customer of its intentions to undertake inspections, repairs, testing or maintenance at the customer's supply address.	4	Interviewed Licensee staff and confirmed at least four business days' notice is given. This is documented in the Customer Service Charter and in the Customer Notification and Disconnection procedure. All maintenance orders sampled had provided at least four business days' notice.	A	1
90	Clause 5.1	Energy Coordination (Customer Contract) Reg 33 (3), clause 3.5.2.2 AGA Code	A licensee must ensure that any representatives seeking access to the supply address on its behalf wear, carry and show official identification.	4	Interviewed Licensee staff and confirmed work uniforms of service staff include their names and they carry EPS identification cards. Sighted examples.	A	1
<b>ENERGY COORDINATION ACT 1994</b>							
92	Clause 12	Energy Coordination Act Section 11M	A licensee must continuously operate those parts of the distribution system required to meet its obligations to supply gas, except to the extent necessary for compliance with the <i>Gas Standards (Gas</i>	2	From the Performance Reports and interview of Licensee staff, there have been no unplanned interruptions to supply in the audit period. From interviews and review of the Regulatory Compliance Manual and training plans completed, the audit concluded there is	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			<i>Supply and System Safety) Regulations 2000.</i>		an adequate control environment to maintain supplies.		
93	Clause 13	Energy Coordination Act Section 11M	A licensee must give the ERA written notice where it proposes to permanently cease or substantially decrease its activities under the licence 6 months before the cessation or decrease or, if this is not practicable, as soon as possible.	4	Interview Licensee staff and confirmed there has been no change in activity over the audit period.	N/P	N/R
94	Clause 14.4	Energy Coordination Act Section 11M	A licensee must comply and require its expert to comply with the ERA's standard guidelines dealing with the asset management review.	4	The previous asset management review report (March 2017) was accepted by the ERA.	N/P	1
95	Clause 14.6	Energy Coordination Act Section 11M	A licensee's independent expert must be approved by the ERA prior to reviewing the effectiveness of the asset management system.	4	Sighted the ERA letter approving the previous auditor/reviewer.	N/P	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
96	Clause 16.2	Energy Coordination Act Section 11M	A licensee must comply and require its expert to comply with the ERA's standard guidelines dealing with the performance audit.	4	The previous performance audit report (March 2017) was accepted by the ERA. This audit has complied.	N/P	1
97	Clause 16.4	Energy Coordination Act Section 11M	A licensee's independent auditor must be approved by the ERA prior to the audit.	4	Sighted the ERA letter approving the previous auditor/reviewer.	N/P	1
98	Clause 16	Energy Coordination Act Section 11M	A licensee may be subject to individual performance standards.	4	There are no individual performance standards in the licence.	N/P	N/R
99	Clause 20	Energy Coordination Act Section 11M	Unless otherwise specified, all notices must be in writing and will be regarded as having been sent and received in accordance with defined parameters.	4	Confirmed by interview of Licensee staff and review of correspondence with ERA that all material communication is in writing.	N/P	1
100	Clause 21.1	Energy Coordination Act Section 11M	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or	4	Reviewed the EPS Financial Reports 2016/17 and 2017/18 and confirmed compliance with the accounting standards. Both had unqualified external audit opinions.	N/P	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			equivalent International Accounting Standards.				
101	Clause 22.1	Energy Coordination Act Section 11M	A licensee must report to the ERA if the licensee is under external administration or experiences a significant change in its corporate, financial or technical circumstances that may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.	4	Interviewed Licensee staff and reviewed the Financial Reports for 2016/17 and 2017/18 and confirmed no external administration or going concern issues.	N/P	N/R
102	Clause 23.1	Energy Coordination Act Section 11M	A licensee must provide to the ERA any information that the ERA may require in connection with its functions under the <i>Energy Coordination Act 1994</i> in the time, manner and form specified by the ERA.	4	Sighted annual Compliance and Performance reports provided to the ERA for 2016/17 and 2017/18 and confirmed provided in the form required and by the due dates.  Confirmed the control being the Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
103	Clause 24	Energy Coordination Act Section 11M	A licensee must publish any information it is directed by the ERA to publish, within the timeframes specified.	4	The ERA has required the annual Performance Report to be published on the EPS website. Confirmed the 2018 report has been published on the website.	N/P	1
104	Schedule 3 Clause 1	Energy Coordination Act Section 11M	A licensee must, in relation to pipelines not covered by the National Access Code, exchange information with a trading licensee under section 5.9 of the National Access Code as if they were covered pipelines.	4	The Licensee has no pipelines that are "Covered" pipelines under the Code so this does not apply.	N/A	N/A
105	Schedule 3 Clause 2	Energy Coordination Act Section 11M	A licensee must offer to connect residential premises located within the licence area to the distribution system if requested by a trader, subject to certain defined conditions.	4	Confirmed with the Licensee that they have offered to connect all requests by the trader.	N/P	1
<b>COMPENDIUM OF GAS CUSTOMER LICENCE OBLIGATIONS</b>							
226	Clause 2.1 & Schedule 2 Compendium clause 7.5	Energy Coordination Act Section 11M	A distributor who disconnects a customer's supply address for emergency reasons must provide a 24 hour emergency line and use its best	2	Interviewed Licensee staff and confirmed there have been no disconnections for emergency reasons during the audit period. Also, confirmed by Performance Reports for 2016/17 and 2017/18. The emergency telephone number is on the EPS website, in	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			endeavours to restore supply as soon as possible.		the Customer Service Charter and in the Customer Safety Awareness Program.		
227	Clause 2.1 & Schedule 2 Compendium clause 7.6	Energy Coordination Act Section 11M	A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified in clause 7.6.	2	The limitations on disconnection are stated in the EPS Customer Service Charter. Interviewed Licensee staff and confirmed there have been no disconnections where there was a complaint or outside the prescribed times. Also confirmed by Complaints Register (nil complaints). Any disconnections are recorded in the Asset Register. The audit tested a sample of disconnections by review of the work orders and notices of completion and confirmed the disconnections were within the prescribed times.	A	1
230	Clause 2.1 & Schedule 2 Compendium clause 8.2(1)-(3)	Energy Coordination Act Section 11M	A distributor must reconnect the customer's supply address upon the request of a retailer and subject to the retailer complying with the retail market rules, within 2 business days of receipt of the request, or where the retailer has notified the distributor of a later date for	2	The requirement to reconnect is stated in the EPS Customer Service Charter and the Standard Form Contract. Any disconnections and reconnections are recorded in the Asset Register. Interviewed Licensee staff and confirmed the controls. The audit tested a sample of reconnections and confirmed completed within 2 business days or other agreed dates.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			<p>reconnection, within 2 business days of that later date.</p> <p>In the event of an emergency or where access to the customer's supply address has been restricted or where it is unsafe to reconnect the customer's supply address, the distributor must reconnect the customer's supply address within 2 business days from becoming aware that the relevant issue has been resolved.</p> <p>Where reconnection requires excavation, the distributor must reconnect the customer's supply address within 10 business days of receipt of the request to reconnect.</p>				

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
230A	Clause 2.1 & Schedule 2 Compendium clause 8.2(4)	Energy Coordination Act Section 11M	If any of the circumstances described in clauses 8.2(3)(b)-(e) apply, the distributor must notify the retailer of the relevant circumstance within 2 business days of receipt of the reconnection request made under clause 8.2(1).	2	The controls are as per obligation 230 above. None of the conditions (later date advised by retailer, emergency, unsafe or restricted access) applied, so notice was not required to be given to the retailer in the audit period .	A	N/R
230B	Clause 2.1 & Schedule 2 Compendium clause 8.2(5)	Energy Coordination Act Section 11M	Notwithstanding clause 8.2(1), if a distributor becomes aware that there has been an unauthorised utilisation of gas at the customer's supply address, the distributor must notify the retailer as soon as practicable, and is not obliged to reconnect the supply address until the issue is resolved.	2	The Licensee confirmed the retailer would be notified if there was any unauthorised utilisation of gas. If customers move in to a residence and don't establish an account, they are sent a letter to establish an account or the supply will be disconnected (by disc in meter).  There was one occurrence of unauthorised utilisation of gas during the audit period. EPS advised the retailer and the gas supply was disconnected. The outstanding bill was subsequently paid and the supply was reconnected. The audit concluded there are adequate controls.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
244	Clause 2.1 & Schedule 2 Compendium clause 10.6	Energy Coordination Act Section 11M	A distributor must give a customer on request, at no charge, or direct the customer to a person or class of persons who can provide, the information specified in clause 10.6(c)-(i).	4	The information specified in 10.6(c) – (i) is available at the EPS office free on request and on the EPS website. No requests were received in the audit period.	N/P	N/R
245	Clause 2.1 & Schedule 2 Compendium clause 10.9	Energy Coordination Act Section 11M	A retailer and distributor must, to the extent practicable, ensure that any written information that must be given to a customer by the retailer, distributor or gas marketing agent under the Gas Marketing Code and the Compendium is expressed in clear, simple and concise language and is in a format that makes it easy to understand.	4	The written information given to the customer and sighted in the audit, complies.	N/P	1
247	Clause 2.1 & Schedule 2 Compendium clause 10.10(2)	Energy Coordination Act Section 11M	A distributor must advise a customer on request how the customer can obtain a copy of the Compendium; and make a copy of the	4	The Gas Compendium is available at the EPS office free on request and on the EPS website. No requests were received in the audit period.	N/P	N/R

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			Compendium available on the distributor's website.				
249	Clause 2.1 & Schedule 2 Compendium clause 10.11(1)	Energy Coordination Act Section 11M	A retailer and distributor must make available to a residential customer on request, at no charge, services that assist the residential customer in interpreting information provided by the retailer or distributor (including independent multi-lingual and TTY services, and large print copies).	4	The information is in the Customer Charter available at the EPS office free on request and on the EPS website. No requests were received in the audit period.	N/P	N/R
250	Clause 2.1 & Schedule 2 Compendium clause 10.11(2)	Energy Coordination Act Section 11M	A retailer and, if appropriate, a distributor must include on a residential customer's bill and bill related information, reminder notice and disconnection warning, the telephone numbers for: <ul style="list-style-type: none"> <li>• its TTY services;</li> </ul>	4	EPS has not issued bills to customers. Only gas traders issue bills to customers.	N/A	N/A

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			<ul style="list-style-type: none"> <li>• independent multi-lingual services; and</li> <li>• interpreter services with the National Interpreter Symbol and the words "Interpreter Services".</li> </ul>				
251	Clause 2.1 & Schedule 2 Compendium clause 12.1(1)	Energy Coordination Act Section 11M	A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.	4	Sighted the Customer Service Charter on the website and Complaints Handling Form. The process complies with AS/NZS 1002:2004. The EPS website sets out the complaints process for EPS complaints. In practice, any complaints would be made to the retailer (EGDC) and referred internally to EPS staff in the same office. Considered compliant. There have been no complaints received in the audit period.	A	1
252	Clause 2.1 & Schedule 2 Compendium clause 12.1(2)	Energy Coordination Act Section 11M	The complaints handling process under clause 12.1(1) must comply with AS/NZS 10002:2014 and address, at the least, the criteria specified in subclauses 12.1(2)(b)- (c). The complaints handling process	4	As per 251.	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			must be available at no cost to customers.				
254	Clause 2.1 & Schedule 2 Compendium clause 12.1(3)(a)	Energy Coordination Act Section 11M	When responding to a complaint, a retailer or distributor must advise the customer that the customer has the right to have the complaint considered by a senior employee within the retailer or distributor (in accordance with its complaints handling process).	4	As per 251. The Customer Service Charter includes provision for the complaint to be reviewed at a higher level.	A	N/R
255	Clause 2.1 & Schedule 2 Compendium clause 12.1(3)(b)	Energy Coordination Act Section 11M	When a complaint has not been resolved internally in a manner acceptable to the customer, a retailer or distributor must advise the customer of the reasons for the outcome (on request, the retailer or distributor must supply such reasons in writing); and that the customer has the right to raise the complaint with the gas ombudsman or another relevant external dispute resolution body	4	As per 251.. The Customer Service Charter includes the provision for the complaint to be reviewed and a written response provided. Also, that the customer may refer the complaint to the Energy Ombudsman with contact details provided.	A	N/R

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			and provide the Freecall telephone number of the gas ombudsman.				
255A	Clause 2.1 & Schedule 2 Compendium clause 12.1(4)	Energy Coordination Act Section 11M	A retailer or distributor must, on receipt of a written complaint by a customer, acknowledge the complaint within 10 business days and respond to the complaint within 20 business days.	4	As per 251. The Customer Service Charter includes response within 20 business days. Confirmed by interview that any complaints would be acknowledged immediately (e.g. telephone) or within 10 days (mail). There were no complaints received in the audit period.	A	N/R
257	Clause 2.1 & Schedule 2 Compendium clause 12.3	Energy Coordination Act Section 11M	A retailer, distributor and gas marketing agent must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.	4	As per 251. There is no provision in the Customer Service Charter for any charge to be made for any information. Confirmed by interview that any requests for information would be free of charge. The licensee did not receive any requests for information that would assist the customer in utilising its complaints handling processes.	N/P	N/R
258	Clause 2.1 & Schedule 2 Compendium clause 12.4	Energy Coordination Act Section 11M	When a retailer, distributor or gas marketing agent receives a complaint that does not relate to its functions, it must advise the customer of	4	As per 251. There is no provision in the Customer Service Charter re transfer of complaints to another entity. Confirmed by interview that the customer would be advised if the complaint related to another entity such	N/P	N/R

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
			the entity that it reasonably considers to be the appropriate entity to deal with the complaint (if known).		as EGDC. There were no complaints received in the audit period.		
281	Clause 2.1 & Schedule 2 Compendium clause 13.1	Energy Coordination Act Section 11M	A retailer and a distributor must prepare a report in respect of each reporting year setting out the information specified by the ERA.	4	The Performance Reports to the ERA for 2016/17 and 2017/18 include the information specified by the ERA. The reports were provided by the due dates. Confirmed the control being the Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.	A	1
282	Clause 2.1 & Schedule 2 Compendium clause 13.2	Energy Coordination Act Section 11M	A report referred to in clause 13.1 must be provided to the ERA by the date, and in the manner and form, specified by the ERA.	4	As per 281. The due dates for reports are included in the EGDS Regulatory Compliance Manual for Documents, Reports and Notifications. Confirmed the control being the Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.	A	1
283	Clause 2.1 & Schedule 2 Compendium clause 13.3	Energy Coordination Act Section 11M	A report referred to in clause 13.1 must be published by the date specified by the ERA.	4	The Licensee confirmed the Performance Reports were available at the EPS office prior to the due date of 1 October each year and are also published in the EPS website. Confirmed the control being the	A	1

No. <sup>4</sup>	Licence Condition	Obligation Under Legislation	Description	Audit Priority (1=highest, 5=lowest)	Observations (including any potential improvements)	Adequacy of Controls Rating <sup>5</sup>	Compliance rating <sup>6</sup>
					Environmental Legal Compliance Evaluation and Other Requirements Register includes this obligation.		

## **6. Recommended Changes to the Licence**

---

No changes to the licence are considered necessary.

## **7. 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 EPS has complied with its Gas Distribution Licence performance and quality standards and obligations during the audit period 1 September 2016 to 31 August 2018 with no exceptions.

The audit confirmed that EPS has fully complied with its information reporting obligations for the period 1 September 2016 to 31 August 2018.

The control environment is considered to be well-designed and effective. No audit recommendations have been made to strengthen the internal controls.

**Appendix A: Post-Audit Implementation Plan**

---

No.	Issue	Priority (High Medium Low)	Recommendation	Management Response	Person Responsible & Completion Date
	There were no recommendations.				

END OF REPORT