



# Notice

30 July 2019

## Esperance Gas Distribution Company Pty Ltd

### 2019 Performance audit

The Economic Regulation Authority has published the 2019 [performance audit report](#) and the [post-audit implementation plan](#) for Esperance Gas Distribution Company Pty Ltd's (EGDC) gas trading licence GTL11.

EGDC holds gas trading licence GTL11 to sell gas in the Goldfields-Esperance region. EGDC has 380 residential and business customers in Esperance.<sup>1</sup>

#### *The ERA's decision*

The 2019 audit showed that EGDC has achieved a high level of compliance with its gas licence.

The ERA has decided to maintain the audit period at 36 months. The next audit will cover the period 1 April 2019 to 31 March 2022, with the report due by 30 June 2022.

#### *Background to the ERA's decision*

#### **Audit ratings**

The auditor assessed 238 licence obligations applicable to EGDC's licence and found:<sup>2</sup>

- 66 were rated A1 (adequate controls, compliant).
- Five were rated A2 (adequate controls, non-compliant – minor effect on customers).
- One was rated B1 (generally adequate controls, compliant).
- Two were rated B2 (generally adequate controls, non-compliant – minor effect on customers).
- Eight were rated A/NR (adequate controls, not rated for compliance as no activity took place).
- 52 were rated NP/1 (controls assessment not performed, compliant).
- 104 were rated NP/NR (no relevant activity took place during the audit period).

<sup>1</sup> 339 residential customers and 41 business customers at 30 June 2018.

<sup>2</sup> Obligations 19-22 and 25 were identified as not applicable during the audit period and therefore were not assessed for compliance.

The audit identified seven non-compliances, six of which were resolved during the audit period.<sup>3</sup>

The single unresolved non-compliance concerns reporting incorrect data to the ERA. Licensees are required to pay applicable fees in accordance with the *Economic Regulation Authority (Licensing Funding) Regulations 2014*. Under the regulations, the standing charge for gas trading licensees is calculated from the number of customers supplied as at 30 June each year. The number of customers reported to the ERA for the year ending 30 June 2018 was incorrect: EGDC reported 339 customers when it should have been 380 customers. The audit found that staff did not follow internal protocol when they prepared the standing charge data report.

### **Audit recommendations**

The auditor made two recommendations, one of which addresses the single non-compliance and the other is a control improvement opportunity.<sup>4</sup>

The post-audit implementation plan states that EGDC will address the two recommendations by October 2019.

### **The ERA's assessment of the audit findings**

The 2019 audit showed that EGDC has achieved a high level of compliance with its gas licence. The ERA considers that the single unresolved non-compliance relates to a minor administrative issue that would not have affected customers.

### **Further information**

General enquiries

Paul Reid

Ph: 08 6557 7976

[licensing@erawa.com.au](mailto:licensing@erawa.com.au)

Media enquiries

Natalie Warnock

Ph: 08 6557 7933 | Mob: 0428 859 826

[media@erawa.com.au](mailto:media@erawa.com.au)

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<sup>3</sup> Obligations 60, 82, 147, 204, 250 and 283. These non-compliances were found in the 2016 audit, but the recommendations to address them were not resolved until the period covered by the 2019 audit.

<sup>4</sup> This audit includes the control improvement opportunity recommendation because the audit is based on the 2014 audit guidelines. The new 2019 guidelines only require the auditor to make recommendations to address non-compliances.