



# Notice

4 November 2019

## **AGL Sales Pty Ltd** 2019 performance audit

The Economic Regulation Authority has published the 2019 [performance audit report](#) and [post-audit implementation plan](#) for AGL Sales Pty Ltd's gas trading licence GTL14.

AGL is an integrated energy provider that provides natural gas, electricity and related products and services to about 3.6 million customers across Australia. AGL entered the Western Australian gas retail market in 2017 and currently supplies about 41,200 local gas customers.<sup>1</sup>

### *The ERA's decision*

The ERA considers that AGL has achieved an adequate level of compliance with its licence.

The ERA has decided to increase the audit period by 12 months. The next audit will cover the period 1 June 2019 to 31 May 2022, with the report due by 31 August 2022.

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

#### **Audit ratings**

The auditor assessed 192 licence obligations applicable to AGL's licence:

- 19 were rated A1 (adequate controls, compliant)
- Two were rated A2 (adequate controls, minor non-compliance)
- Two were rated A/NR (adequate controls, no activity took place during the audit period)
- One was rated B1 (generally adequate controls, compliant)
- Five were rated B2 (generally adequate controls, minor non-compliance)
- One was rated B3 (generally adequate controls, moderate non-compliance)
- One was rated D3 (no controls evident, moderate non-compliance)
- 126 were rated NP/1 (no controls rating performed, compliant)
- 35 were rated NP/NR (no controls rating performed, no activity took place during the audit period)

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<sup>1</sup> As at 30 June 2019.

The auditor found nine non-compliances. Six of the non-compliances concerned three customers who did not receive the required information when they became AGL customers.

Two of the non-compliances concerned billing. Fourteen customers did not receive their bill at least once every 105 days and nine customers did not receive a bill based on an actual meter reading at least once a year.

The remaining non-compliance concerned a failure by AGL to refund late payment fees. The auditor sampled 13 customers who were assessed as experiencing financial hardship and were on AGL's Staying Connected program. In six cases, AGL charged the customer a late payment fee, but failed to refund the fee after the customer was assessed as experiencing financial hardship. AGL did not have any processes or controls in place to ensure late payment fees were retrospectively waived.

### ***Audit recommendations***

The auditor made six recommendations to address the nine non-compliances and the control deficiency.

The post-audit implementation plan states that AGL will address the audit recommendations between now and 29 November 2019.

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

The non-compliances directly affected customers, especially the failure to refund late payment fees. AGL must improve its processes to ensure customers receive the protections they are entitled to.

The auditor has advised that AGL has already refunded those customers who were entitled to a refund of their late payment fee. The process and system changes proposed by AGL should reduce the likelihood of any future non-compliances.

### **Further information**

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