



Notice

5 February 2020

Origin Energy Retail Ltd 2019 performance audit

The Economic Regulation Authority has published the 2019 [performance audit report](#) and the [post-audit implementation plan](#) for Origin Energy Retail Ltd's gas trading licence GTL13.

Origin supplies gas to residential and small business customers in the coastal supply area of Western Australia.

The ERA's decision

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

The ERA has decided to increase the audit period to 36 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

Areas of focus

The ERA selected two areas of focus for the audit: performance reporting and payment difficulties and financial hardship.

The ERA requested Origin to instruct the auditor to review the effectiveness of the processes and systems used to prepare Origin's annual performance data for the ERA. As part of this review, the auditor had to confirm that the processes and procedures used by Origin to collect performance data resulted in accurate data which met the performance indicators in the ERA's gas trading licence performance reporting handbook. The auditor was asked to pay particular attention to the performance indicators for energy bill debt and hardship programs that were introduced over the past two years.

To ensure Origin has effective processes in place to assist customers experiencing payment difficulties and financial hardship, the ERA requested Origin to instruct the auditor to assign a higher auditor priority to obligations related to payment difficulties and financial hardship.

Audit ratings

The auditor assessed 219 licence obligations applicable to Origin's licence and found:

- 14 were rated A1 (adequate controls, compliant).

- 15 were rated B2 (generally adequate controls, minor non-compliance).
- 5 were rated B/NR (generally adequate controls, no activity took place during the audit period).
- 1 was rated C3 (inadequate controls, moderate non-compliance).
- 151 were rated NP/1 (no controls rating performed, compliant).
- 33 were rated NP/NR (no controls rating performed, no activity took place during the audit period)

The auditor found 16 non-compliances. Four of these related to the areas of special focus:

- Two non-compliances were due to Origin submitting its 2017 performance report late. Although the relevant obligation was an area of special focus, the reason for the non-compliance (late submission of the performance report) is not material.
- Two of the non-compliances were due to Origin not advising customers who were experiencing financial hardship that they had the right to have their bills redirected to a third person at no charge.

The auditor found 12 non-compliances that were outside the areas of focus:

- Three of the non-compliances were due to Origin not providing customers the required information prior to entering into a contract with Origin.
- Two of the non-compliances were due to Origin issuing bills outside the prescribed timeframes.
- Two non-compliances were due to Origin not asking the customer for instructions on whether to refund or credit amounts over \$100.
- Four of the non-compliances are no longer relevant due to the recent amendments to the *Compendium of Gas Customer Licence Obligations*.
- One of the non-compliances was due to instances where customers were not notified of their right to refer their complaint to the Ombudsman, and that there is no process in place to notify a customer of their right to refer their complaint to the Ombudsman if they are unsatisfied with Origin's response and to provide the customer with the Freecall number of the ombudsman.

Audit recommendations

The auditor made seven recommendations to address 14 non-compliances. The remaining two non-compliances had been addressed by the time of the audit.

The post-audit implementation plan states that Origin was scheduled to have addressed the audit recommendations by 31 December 2019.

The ERA's assessment of the audit findings

Most of the non-compliances directly affected customers. The ERA is satisfied that Origin has committed to implementing processes and procedures to address the causes of the non-compliances that were identified by the auditor.

The auditor found instances where Origin failed to issue a bill at least once every 105 days. Part of the auditor's recommendation was for Origin to implement a control to detect non-compliances. Origin's post-audit implementation plan does not address this part of the auditor's recommendation. Origin failed to identify and report these non-compliances in the annual compliance return that was submitted for the period covered by the audit. This indicates

that a detective control is required. The ERA has advised Origin that it is required to implement the detective control recommended by the auditor.

Further information

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