



Notice

13 January 2021

Wesfarmers Kleenheat Gas Pty Ltd

2020 performance audit

The Economic Regulation Authority has published the 2020 [performance audit report](#) and [post-audit implementation plan](#) for Wesfarmers Kleenheat Gas Pty Ltd's gas trading licence GTL10.

Kleenheat retails natural gas on ATCO Gas Australia's gas distribution systems to over 200,000 small use customers in the Coastal, Great Southern, Goldfields-Esperance and Wheatbelt gas supply areas.

Kleenheat also supplies liquefied petroleum gas to 806 customers in Albany (Oyster Harbour) and Margaret River (Riverslea and Rapids Landing).

The ERA's decision

The ERA considers that Kleenheat 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 September 2020 to 31 August 2023, with the report due by 30 November 2023.

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 Kleenheat to instruct the auditor to review the effectiveness of the processes and systems that Kleenheat uses to prepare its annual performance data for the ERA. As part of this review, the auditor had to confirm that Kleenheat's processes and procedures to collect performance data resulted in accurate data that 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 Kleenheat has effective processes in place to assist customers experiencing payment difficulties and financial hardship, the ERA requested Kleenheat to instruct the auditor to assign a higher auditor priority to obligations related to payment difficulties and financial hardship.

Audit ratings

The auditor assessed 217 licence obligations applicable to Kleenheat's licence and found:

- 19 were rated A1 (adequate controls; compliant).
- 15 were rated A2 (adequate controls; minor non-compliance).
- One was rated A/NR (adequate controls; not rated for compliance due to lack of relevant activity).
- Two were rated B2 (generally adequate controls; minor non-compliance).
- 143 were rated NP/1 (controls assessment not performed; compliant).
- 37 were rated NP/NR (controls assessment not performed; not rated for compliance due to lack of relevant activity).

The audit found 17 non-compliances. Three of these were related to the areas of special focus:

- One non-compliance was due to Kleenheat submitting its data for the licence standing charges late.
- One non-compliance was due to Kleenheat failing to provide a customer with a temporary suspension of actions for a period of at least 15 business days. Kleenheat disconnected the customer before the expiry of this period.
- One non-compliance was due to Kleenheat failing to send the details of an agreed payment arrangement to a customer.

The auditor found 14 non-compliances that were outside the areas of special focus:

- One non-compliance was due to a gas marketing agent failing to wear their identity card.
- One non-compliance was due to Kleenheat failing to forward new connection requests to the distributor within the required timeframe.
- Two non-compliances were due to Kleenheat issuing bills outside the prescribed timeframes.
- Three non-compliances were due to Kleenheat issuing bills that did not contain all the required information.
- One non-compliance was due to Kleenheat not obtaining instructions from customers on how to deal with a credit on a final bill or not following those instructions within the prescribed timeframe.
- Two non-compliances were due to Kleenheat wrongfully disconnecting customers.
- Two non-compliances were due to Kleenheat incorrectly reconnecting a customer or failing to reconnect customers within the prescribed timeframe.
- Two non-compliances were due to Kleenheat failing to include a statement regarding customer information in its financial hardship policy.

Audit recommendations

The auditor found that Kleenheat resolved 15 of the 17 non-compliances during the audit period. The auditor made two recommendations to address the remaining two non-compliances.

The post-audit implementation plan states that Kleenheat will address the audit recommendations by January 2021.

The ERA's assessment of the audit findings

Eleven of the non-compliances were isolated incidents that affected a very small number of customers. Kleenheat self-identified most of the non-compliances before the audit and has implemented processes and procedures to address the causes of the non-compliances, including improvements to its billing system. Although the billing non-compliances affected a large number of customers, the effect of the non-compliances were likely to have been relatively minor. Very few customers were affected by more serious non-compliances involving wrongful disconnection or late re-connection.

The audits of Kleenheat's compliance with GTL10 since it first entered the natural gas market in 2014 have shown that Kleenheat's compliance controls have continued to improve. The ERA accepts that for retailers with high volumes of customer transactions, there are likely to be non-compliances that affect customers. The improvements to Kleenheat's compliance controls has meant it has been able to self-identify and resolve the causes of the non-compliances.

Further information

General enquiries

Paul Reid

Ph: 08 6557 7976

licensing@erawa.com.au

Media enquiries

Natalie Warnock

Ph: 08 6557 7933 | Mob: 0428 859 826

media@erawa.com.au