

ONSITE ENERGY SOLUTIONS AUDIT REPORT SUMMARY AND COMMISSION RESPONSE

RETAIL AUDIT PROGRAM




The Essential Services Commission ("the Commission") commenced the retail audit program in late 2014. The purpose of the audit program is to provide the Commission and energy consumers with independent assurance that energy retail licensees have appropriate policies, systems and processes in place to comply with their regulatory obligations, that they are complying with their regulatory obligations and that when breaches occurs, the retailer is able to quickly identify and remedied that breach.

Online Energy Solutions Pty Ltd (OES) is undertaking a trial involving battery supported solar power generation with the distributor United Energy (UE). OES holds a restricted energy retail licence authorising it to sell electricity to up to 20 customers.

The audit assessed the retailer's compliance with the regulatory obligations set out in the audit scope. The role of the auditor is to test and assess processes and controls and to form an overall view of the retailer's level of compliance in each of the areas audited. In order to do this, auditors were required to obtain sufficient appropriate evidence on which to base their conclusions. Such evidence could be gathered through enquiry and observation, tests of controls and representations received from management. In addition to this, auditors may also identify specific instances of non-compliance.

BASIS FOR REPORTING

A traffic light system is used to report the auditor's assessment of overall compliance with obligation areas as follows:

Grade	Description	Definition
	Non-compliant	The requirements of the obligation have not been met, or adequate, relevant and suitable information to form an objective determination on compliance was not available to demonstrate compliance. Findings noted are considered material in nature and require urgent remedial action.
	Partially Compliant	Key requirements of the obligation have been met but only minor achievements in compliance have been demonstrated. Findings noted are considered significant and require substantial effort to correct.
	Generally Compliant	Most requirements of the obligation have been met with some minor failures or breaches. Findings noted are considered minor and require routine efforts to correct in the normal course of business.

ONSITE ENERGY SOLUTIONS AUDIT

Given the restricted nature of OES' operations, Commission staff undertook the audit of OES rather than requiring an independent auditor to undertake the audit. The audit focussed on 9 areas.

One area was assessed as Partially Compliant:

- Compliance Program.

Five areas were assessed as Generally Compliant:

- Billing;
- Advanced Metering Infrastructure;
- Financial Hardship Program;

- Marketing Conduct; and
- Complaints and Dispute Resolution.

Three areas were assessed as being not applicable:

- Disconnections and Reconnections;
- Life support; and
- Tariff variation determinations.

No areas were assessed as Non-Compliant.

The section below outlines the key findings, the actions taken by OES to address each issue and the Commission's response.

(a) Key Performance Indicators

The audit identified that biannual performance data had not been submitted to the Commission. The report recommended that OES familiarise themselves with the Energy Retail Performance Indicators document (13 June 2013) and submit retrospective indicators alongside developing procedural documentation to support the compilation of performance data. Retrospective submissions were received on 9 May 2016 and OES has committed to providing biannual performance data. Commission staff will monitor the development of procedural documentation.

(b) Bills

The audit identified that although the greenhouse gas emissions graph used on customer bills was compliant it had not been approved by the Commission as required. The graph was subsequently approved on the 10 May 2016.

(c) Information to consumers

In reviewing the welcome pack sent to customers upon transfer to the retailer, Commission staff undertaking the audit noted that certain information specifications required by the Code of Conduct for Marketing Retail Energy in Victoria were not provided to customers. No further action has been sought on this matter as the missing information has been assessed as minor and therefore updating the welcome pack is deemed unnecessary.