

AEMO WA COMPLIANCE QUARTERLY REPORT: WA GAS RETAIL MARKET PROCEDURES

PREPARED BY: Markets
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Introduction

Role of AEMO

Chapter 6 of the WA Retail Market Procedures (“Procedures”) deals with Compliance and Interpretation and places a number of obligations on AEMO. AEMO’s role under Chapter 6 of the Procedures includes:

- to create a Compliance Panel and support that panel¹; and
- to make determinations on whether to refer Procedure compliance and interpretation matters to the Compliance Panel.

The Compliance Panel makes all decisions under Chapter 6, except that it may delegate authority to AEMO to make determinations on whether a Procedure breach is material².

Purpose

This report includes all the immaterial breaches identified in the last quarter, i.e. between April and June 2018. Any breaches that are referred to the Economic Regulation Authority (“ERA”) or have material impact on any other market participants, the market as a whole, or end use customers are reported separately and are included as a line item in this report for completeness.

¹ The Compliance Panel has established the “WA Gas Retail Market Compliance Panel Guidelines” to set out its governance and administrative arrangements, as required by clause 338 of the Procedures. The WA Gas Retail Market Compliance Panel Guidelines are available on the AEMO website (www.aemo.com.au), and should be read in conjunction with the WA Gas Retail Market Compliance Guidelines.

² Clause 343(3) of the Procedures.

Quarterly Report – Immaterial Breaches

Date of breach	AEMO/Market Participant	Procedures clause	Summary	Decision
01/08/2017, 18/09/2017 and 14/12/2017	AGL Sales Pty Ltd	Clause 72 and 79 of the WA Retail Market Procedures (RMP)	<p><u>Description</u> AGL identified instances in which it had signed up customers without explicit informed consent (EIC):</p> <ul style="list-style-type: none"> two customers via telesales activities in quarter one (July to September 2017) identified as part of a proactive internal assurance review completed in January 2018; and a third customer in December 2017 identified via a complaint. <p>AGL's investigation of the three instances found the following:</p> <ul style="list-style-type: none"> On 01/08/2017, a customer was signed up without expressly providing EIC by AGL's call centre agent. The agent read the scripting to the customer during this call but the customer did not specifically acknowledge that they were signing up to AGL and were under the impression they would receive a quote. The customer later called back to advise they did not want to switch to AGL. The transfer was immediately cancelled and the site was returned to the original retailer as of the date it was won in error. On 18/09/2017, a customer was signed up without expressly providing explicit informed consent by the AGL call centre agent. The agent read the scripting to the customer during this call but the customer did not specifically acknowledge that they were signing up to AGL and were under the impression they would receive a quote. The customer later called back before the transfer occurred. The site was never won by AGL. On 14/12/2017, a customer was signed up without expressly providing explicit informed consent by the AGL call centre agent. The agent read the scripting to the customer during this call but the customer did not specifically acknowledge that they were signing up to AGL and were under the impression they would receive a quote. The customer later called back to advise they 	<p>Immaterial</p> <p>On 20/04/2018, AEMO requested participants to provide their feedback on this breach by 04/05/2018.</p> <p>AEMO received one feedback from Agora Retail confirming there was no impact.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

			<p>did not want to switch to AGL. The transfer was cancelled and returned to the original retailer as of the date it was won in error.</p> <p>This appears to be a breach of clause 72 and 79 of the WA RMP by AGL.</p> <p>AGL immediately acted on the customers' requests to cancel the transfers to AGL. As detailed above, the impact to the customers was low, the instances were resolved by AGL in a timely manner, and the customers accepted the resolutions offered by AGL. AGL believes other retailers were not affected as the customer transfers were cancelled and the sites returned to the original retailer in accordance with established business-to-business processes.</p> <p><u>Cause</u> The three incidents were caused by errors made by the call centre agents.</p> <p><u>Actions</u> AGL has taken the following actions:</p> <ul style="list-style-type: none"> • issued the relevant instructions to the call centre agents; • ensured the context and requirements of EIC are accommodated in the call centre agent onboarding and refresher training sessions; • regular compliance coaching and annual refresher training is delivered to all call centre agents; and • the three instances were flagged with the relevant team managers and feedback was provided via AGL's Quality Assurance program. 	
July 2017	Wesfarmers Kleenheat Gas Pty Ltd	Clause 55A, 72(1), 79(1), 166A and 349 of the WA Retail Market Procedures (RMP)	<p><u>Description</u> Kleenheat was made aware through customer complaints that one of Kleenheat shopping centre kiosk agents had signed up nine customers to Kleenheat's standard form contract without customer explicit informed consent, in July 2017. Kleenheat investigated all customer sign ups from this particular agent to ascertain the extent of the impact, and found that nine customers had switched to Kleenheat without the customers' knowledge.</p> <p>This appears to be a breach of clause 55A, 72(1), 79(1), 166A</p>	<p>Immaterial</p> <p>On 02/05/2018, AEMO requested participants to provide their feedback on this breach by 16/05/2018.</p> <p>AEMO received one feedback from Alinta Energy noting the lengthy delay in reporting the</p>

		<p>and 349 of the WA RMP by Kleenheat.</p> <p>Kleenheat self-reported these breaches to its auditors during the course of its AEMO Explicit Informed Consent (EIC) audit and subsequently these breaches have been reflected in Kleenheat's EIC audit report to AEMO on 29 March 2018. Kleenheat also notified the Economic Regulation Authority in late August 2017 through its self-reported 'Annual Compliance Report'.</p> <p><u>Cause</u> A Kleenheat shopping centre kiosk agent had signed up nine customers to Kleenheat without their explicit informed consent.</p> <p><u>Actions</u> Kleenheat immediately contacted these nine customers, explained the situation, apologised, and ascertained whether they would prefer to return to their original retailer. All customers affected were satisfied with Kleenheat's explanation and accepted the apology. All nine customers agreed to be retrospectively transferred back to their original retailer via an 'Error Correction Notice'. The agent involved in the incident had the employment terminated.</p> <p>Kleenheat undertook compliance refresher training for all of its kiosk agents in August 2017 to reinforce the importance of compliance against the WA RMP and the ERA's Gas Marketing Code of Conduct, as well as outlining the consequences for non-compliance under those regulatory instruments.</p> <p>Kleenheat has also strengthened its preventative controls in light of this incident to analyse cancellation trends arising from its kiosks agents sign-up channels and has introduced confirmation calls to 25 percent of all Kleenheat's Standard Form Contract customer sign ups originated from Kleenheat kiosk agents.</p>	<p>alleged breach. Alinta Energy would encourage Kleenheat to provide notice of any future alleged breach in a timelier manner.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>
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