

Australian Energy Market Operator

COMPLIANCE ISSUES FOR DECISION

DATE: 02 June 2017
RESPONSIBILITY: Group Manager Market Management

COMPLIANCE ISSUES SUMMARY TABLE:

Breach	Description	Recommendation
Retail Market Procedures (WA) 79 and 166A by Wesfarmers Kleenheat Gas Pty Ltd in 2016 (EIC audit 2017)	<p>Clause 350(2) of the WA Retail Market Procedures (“Procedures”) requires a user to appoint an auditor each calendar year to undertake a “negative assurance audit” of its compliance with certain clauses during the year.</p> <p>Wesfarmers Kleenheat Gas Pty Ltd (“Kleenheat”) has breaches of clauses 79 and 166A of the Procedures in August 2016. Kleenheat self-reported these instances to its auditors during the audit and subsequently these breaches have been reflected in Kleenheat’s EIC audit report to AEMO on 29 March 2017.</p> <p>Kleenheat was made aware of a series of customer sign ups without explicit informed consent through its shopping centre kiosks by one agent in August 2016 after being made aware by customer complaints in late August and September 2016. Kleenheat investigated all customer sign ups from this particular agent to ascertain the extent of the impact, to find seven customers were affected. Kleenheat immediately cancelled the customer transfer requests to ensure there was only minimal inconvenience to the customers affected, and none of the customers switched retailers.</p> <p>The breaches occurred in August 2016 on the dates of the 9th, 11th, twice on 15th and 19th, and 25th of August 2016.</p> <p>These appear to be a breach of clauses 79 and 166A of the Procedures by Kleenheat.</p>	<p>Submissions were called for, and the submission window closed on 26/05/2017.</p> <p>No submissions were received.</p> <p>After having regard to the other matters in clause 329(1) of the WA Retail Market Procedures (“Procedures”), AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

COMPLIANCE ISSUES:

1. Procedures breaches self-reported by Kleenheat:

Retail Market Procedures (WA) 79 and 166(A) by Kleenheat in August 2016 (EIC audit 2017).

Description	See the description above.
Action taken	<p>Kleenheat advised that it has taken the following actions:</p> <ul style="list-style-type: none">• Immediately terminated the employment of the kiosk agent who signed up customers without their explicit informed consent to Kleenheat's Standard Form Contracts.• Contacted each of the seven affected customers to explain and apologise for the situation. All customers accepted were satisfied with the explanation and accepted the apology.• Compliance refresher training was delivered to all kiosk staff warning of the presence of fraud and the seriousness of the offence including instant dismissal by Kleenheat.
Impact	<p>Kleenheat advised AEMO that there was no adverse customer impact on the seven affected customers as the transfer requests were cancelled within days of the original sign up date, meaning none of the affected customers switched retailers. Kleenheat believes that no other retailers were affected as the customer transfers were cancelled immediately after they were discovered and none of the affected customers switched retailers.</p> <p>No submissions were received from participants in response to the request for submissions.</p>
Decision	<p>After having regard to the matters in clause 329(1) of the Procedures, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>