



14 June 2017

Mr Joe Dimasi
Tasmanian Economic Regulator
Office of the Tasmanian Economic Regulator
GPO Box 770
HOBART TAS 7001

Dear Joe

PROPOSAL TO AMEND TASMANIAN GAS RETAIL CODE

Aurora Energy refers to its letter dated 10 March 2017 regarding the acceptance by Aurora Energy of four of the six recommendations made by Ascension Consulting (Ascension) as part of its independent appraisal of Aurora Energy's Gas Retail Compliance Plan.

Two of these recommendations require amendments to the Tasmanian Gas Retail Code (Code), Version 6. This letter is Aurora Energy's formal request to the Tasmanian Economic Regulator for the Code to be amended.

Firstly, Aurora Energy is requesting that Clause 8.1 'Account Cycle of the Code', which requires a gas account to be provided to a customer at least once every 3 months, be amended to "every 100 days".

Secondly, Aurora Energy is requesting that Clause 15.1 'Definitions in the Code' be amended to reflect the current Australian Standard for Compliance, being AS ISO 19600:2015 Compliance Management Systems - Guidelines.

Further explanation of Aurora Energy's rationale for making these Code change requests is detailed in Appendix A to this letter.

If you have any questions regarding this letter, please contact Kate Spencer on 6237 3293 or by email to Kate.Spencer@auroraenergy.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read "Rebecca Kardos".

Rebecca Kardos
Chief Executive Officer

Encl.

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AURORA ENERGY: PROPOSAL TO AMEND TASMANIAN GAS RETAIL CODE

Recommendation of Independent Appraiser: Aurora Energy should under Clause 1.6 of the Tasmanian Gas Code submit to the Regulator a proposal to amend Clause 8.1 of the Code (Account Cycle) from 3 months to 100 days.

Agreed Action by Aurora Energy

"By 30 June 2017, Aurora Energy will submit a proposal to the Tasmanian Economic Regulator for the amendment of Clause 8.1 of the Tasmanian Gas Retail Code to change the billing period from 3 months to 100 days. Aurora Energy considers that such a change will not result in any reduced level of service for customers, but will help retailers achieve compliance with the Code."

Regulatory Review Aurora Energy Gas Retail Compliance Final Report issued 17 December 2017

In its Final Report, the Independent Appraiser made the following observation regarding Clause 8.1:

"The use of a 3 month period provides little latitude for delays a Retailer might experience because of late supply of meter reading data from the Distributor. The non-compliance recorded by Aurora Energy for exceeding 3 months was due to meter reading delay by the Distributor.

A 100 day limit would provide a more workable assurance that non-compliances would be kept to a minimum.

Aurora Energy processes ensure that meters not read in 90 days are flagged up and an extension to 100 days in the Code would ensure that the requirement is met."

The following response was provided by Aurora Energy to the Independent Appraiser and was also included in their final report:

"For a Retailer there is no reason to withhold issuing an account once a meter read is received. However the receipt of meter readings is largely dependent on actions of the Distributor. Since having a non-compliance in early 2015 for the delayed issuing of accounts i.e. outside the 3-month timeframe, Aurora Energy has worked on its relationship with the Distributor and has been proactive in the monitoring of receipt of gas meter readings. A change from "3 month period" to 100 days would be of assistance to Aurora Energy in maintaining compliance with clause 8.1 of the Code and not have any adverse consequences for customers."

Additional Comments from Aurora Energy in support of the Proposed Amendment to the Code

Aurora Energy agrees with the recommendation made by the Independent Appraiser in its final report and reiterates its initial response quoted above. Based on current and continuing business practices of Aurora Energy, there would be no negative customer impacts as a result of this change. Customers would be more likely to receive a bill based on an actual read, as opposed to an estimated read, which is a positive benefit resulting from the change. It should also be noted that a similar change was made in June 2016 for the National Energy Retail Rules (NERR) where the frequency of billing changed from 3 months to at least once every 100 days, for similar reasons. Although the NERR does not apply in Tasmania for gas customers, a change to Clause 8.1 of the Tasmanian Gas Retail Code would achieve consistency with the National Electricity Market.

Recommendation of Independent Appraiser: A useful enhancement to the Plan would be the addition of a section dealing with the specifics of the compliance guidelines contained in AS19600:2015.

Agreed Action by Aurora Energy

“By 30 June 2017, Aurora Energy will submit a proposal to the Tasmanian Economic Regulator for the amendment of Clause 15.1 of the Tasmanian Gas Retail Code. Aurora Energy will propose changing the reference to the Australian Standard AS3806, which has been superseded, to Australian Standard AS19600. Following such a change, Aurora Energy will update its Gas Retail Compliance Plan to incorporate the specifics of the compliance guidelines contained in Australian Standard AS19600”.

Regulatory Review Aurora Energy Gas Retail Compliance Final Report issued 17 December 2017

In its Final Report, the Independent Appraiser made the following observation regarding AS19600:2015:

“This approach would provide a focus for the compliance efforts across all seven guidelines recommended in the standard.

It provides a business with a check on the appropriateness of the compliance system as well as a reference point as to how Aurora Energy is executing its compliance efforts.”

The following response was provided by Aurora Energy to the Independent Appraiser and was included in their final report:

“Aurora Energy will ensure its Gas retail Compliance Plan is consistent with AS19600:2015 however the Gas Retail Code will need to be amended to reflect the change in requirements based on Australian Standards. Currently, the definition of a compliance plan in the Code is: “means a written plan developed by a retailer outlining the retailer’s procedures, practices and strategies for managing and auditing the retailer’s compliance under the Gas Act, its retail licence, the Gas Distribution Code, this Code, the customer charter, relevant Australian Standards and any standards and codes which must include (among other things) details of standards, indicators and targets for measuring the retailer’s compliance performance and which must be in accordance with Australian Standard (AS 3806). “

Additional Comments from Aurora Energy in support of the Proposed Amendment to the Code

Aurora Energy agrees with the recommendation made by the Independent Appraiser in its final report and reiterates its initial response quoted above. Aurora Energy notes that within the terms of reference issued by OTTER for Review of Aurora Energy’s Gas Retail Compliance Plan by an Independent Appraiser, one of the principal objectives was to “report on the extent to which the plan meets sound compliance practice as detailed in the current Australian Standard *AS ISO19600-2015 Compliance Management Systems – Guidelines*.”