

AUSNET SERVICES ADMINISTRATIVE UNDERTAKING AUDIT SUMMARY AND COMMISSION'S RESPONSE

1. BACKGROUND

In late 2014, the Essential Services Commission (“the Commission”) received the findings from the independent audits of Victorian energy distributors’ compliance with their Advanced Metering Infrastructure (“AMI”) obligations under the AMI Cost Recovery Order in Council. The Commission concluded from those findings that AusNet Services (“AusNet”) had not complied with its obligations, namely that it had not used best endeavours to have installed fully operational smart meters by 31 December 2013.

In July 2015, AusNet entered into an administrative undertaking (“undertaking”) with the Commission setting out the timing by which it would meet its AMI obligations. The undertaking committed AusNet to meet a series of targets for the operation of smart meters, with meters meeting the required service standards by 31 March 2017. The undertaking included the provision of quarterly compliance reports by AusNet to the Commission and the requirement to undertake two audits to assess the progress of the undertaking.

This document outlines the findings and the Commission’s response to the final independent audit conducted by Grant Thornton of AusNet’s progress in achieving the compliance targets specified in the undertaking for the period ending 31 December 2016.

The audit examined the following areas:

- Achievement of the targets for the installation of smart meters and service levels
- The accuracy of compliance reports submitted to the Commission
- An assessment of the controls in place to ensure achievement of the remaining compliance targets.

2. AUDIT FINDINGS

All areas examined by the audit were graded compliant.

While AusNet met the 31 December 2016 overall compliance target for the logical conversion of meters and service levels, the auditors identified an improvement opportunity in regards to the reporting of service levels. This finding is described in the following section.

2.1 IMPROVEMENT OPPORTUNITY

2.1.1 Service level reporting to the Commission

An assessment of AusNet's achievement of the service level standards and the accuracy of reports provided to the Commission was conducted.

Although AusNet met all the required standards, the audit identified that the service level for data delivery had been rounded, resulting in an inaccurate representation of actual performance. The auditors recommended that AusNet resubmit the report with the unrounded service level result.

AusNet accepted the recommendation and resubmitted the report with the unrounded service level result for the 31 December period.

The Commission acknowledges the finding and seeks no further action as the recommendation has been implemented.

3. COMMISSION RESPONSE

Smart meters provide numerous benefits to consumers, such as making connecting electricity easier or switching to a new electricity retailer faster. The Commission acknowledges the progress AusNet has made to date in achieving the targets and service levels in the undertaking. In particular, the attainment of the compliance targets for the logical conversion of meters and service levels for the period ending 31 December 2016 as independently confirmed by this audit.

The Commission will continue to monitor AusNet's progress in achieving the final compliance targets for the period ending 31 March 2017 as part of the distribution audit program to be completed by 30 June 2017.

The Commission would like to acknowledge both AusNet and Grant Thornton for their collaborative approach while working on this audit.