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Australian Energy Market Operator

Gas Retail Consultative Forum

Gas Retail Market Audit discussion with Market Participants

April 2023

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Important Notice

This document is intended solely for the use of the Gas Retail Consultative Forum for the purpose of communicating significant issues identified in performing our audits. It should not be relied upon as disclosing all risks or deficiencies that may exist and may not be used for any other purpose or disclosed to anyone else without our prior written consent.

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1. FY22 Summary

Objectives

PwC were engaged to review the control procedures maintained by the Australian Energy Market Operator (AEMO) for the year ended 30 June 2022. Our primary responsibility was to deliver a review which fulfilled our obligations to AEMO's Risk and Audit Committee, AEMO Management and Market Participants.

Gas Retail Markets

We have reviewed the AEMO internal control procedures in relation to compliance with the Retail Market Procedures for the following markets:

- **NSW/ACT Gas Retail**
- **SA Gas Retail**

The review covered the following areas:

- AEMO's compliance processes and compliance with the Procedures
- IT Controls, including software management, and business continuity
- Integrity of the AEMO meter register
- Profiling and allocation processes and systems
- Retail billing and information systems.

Our review also considered compliance with Information Technology procedures, focusing on the following IT General Computer Control domains:

- Security & User Access Management
- Program Development
- Change Management
- Computer Operations including Backup and Disaster Recovery Planning

Three markets were out of scope for FY22: Vic, Qld and WA Gas Retail. Our review for these markets was limited to following up the implementation status of prior market findings and considering non-compliances reported by AEMO only.

Summary of qualifications for the period 1 July 2021 to 30 June 2022

There were no findings for the period 1 July 2021 to 30 June 2022 which represent qualifications to the NSW/ACT or SA Gas Retail Market Review Statements.

We have considered materiality when determining the nature, timing and extent of our procedures and evaluating the impact of identified control weaknesses on our conclusion. Materiality is considered in the context of AEMO's objectives relevant to the area of activity being examined including qualitative and quantitative factors.

Summary of the Gas Retail findings

There were no medium, high or critical rated findings reported in FY22.

There were sixteen (16) reported findings for FY22 across all gas retail markets, all being non-compliances which were identified and reported by AEMO management. All of these were 'low' rated findings.

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2. FY22 Results

Scope

The gas retail markets are audited on a rotational basis in accordance with the Retail Market Procedures. The markets in scope for FY22 were:

- **NSW/ACT Gas Retail**
- **South Australia Gas Retail.**

Our procedures for the other gas retail markets were limited to follow up of prior reported findings and review of AEMO Management reported non-compliances for the period.

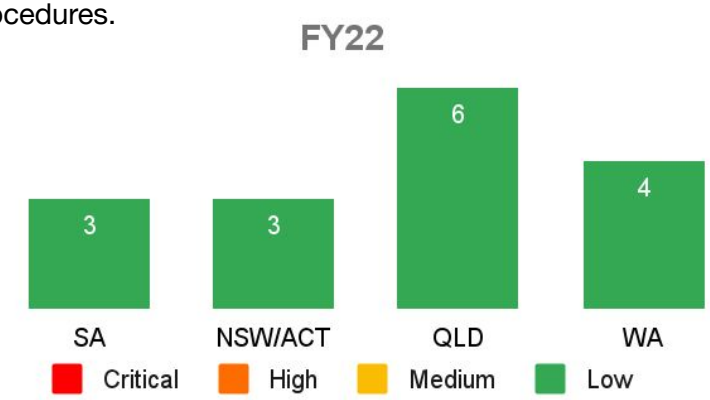
The NSW/ACT, South Australia and Western Australia Gas Retail Markets are managed by CGI, AEMO's service provider.

FY22 Overall Results

Sixteen (16) new findings (shown beside) were reported through management's self-assessment process during FY22. All were 'low' rated and related to non-compliances with:

- Market management and information processes (15)
- Forecasting processes (1).

No additional non-compliances were identified by PwC through the market audit procedures.

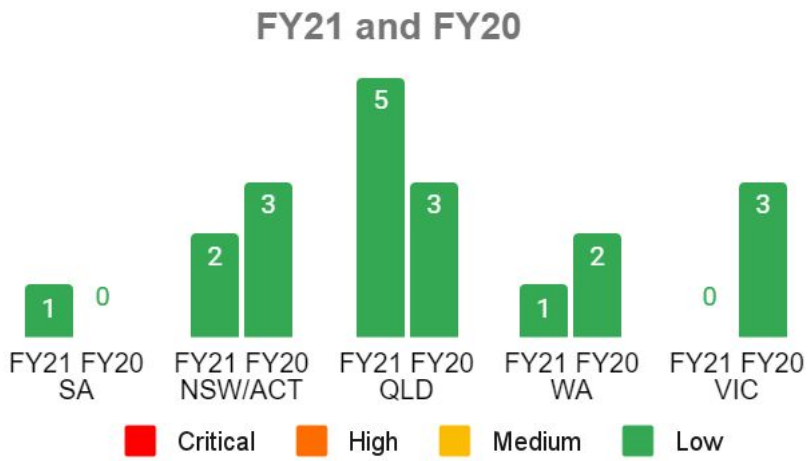


In addition, **twelve (12)** AEMO Information Technology findings were reported in FY22, 7 medium and 5 low rated. A further **ten (10)** CGI Information Technology findings were reported for FY22, 2 medium and 8 low rated.

Comparison of prior period results (Non-compliance with Retail Market Procedures)

Good progress has been made in closing prior period findings, with all **nine (9)** of the prior year (FY21) findings closed during FY22.

Following completion of our review, only one finding remains open as at 30 June 2022. This finding was reported within the FY22 period by AEMO Management and is low rated.



Markets in scope for FY21 were QLD & VIC.
Markets in scope for FY20 were NSW, SA & WA.

3. FY23 Approach

PwC has been engaged to review the control procedures maintained by the Australian Energy Market Operator (AEMO) for the year ended 30 June 2023. Our primary responsibility is to deliver a review which fulfils our obligations to AEMO's Risk and Audit Committee, AEMO Management and Market Participants. Our review will be undertaken for the following markets:

National Electricity Market	Wholesale Electricity Market	Wholesale Gas Markets	Retail Gas Markets
NEM SRA	WEM GSI	DWGM STTM	VIC QLD WA

Information Technology

Gas Retail Markets

The objective of the Gas Retail Market audits is to form a conclusion as to whether anything has come to our attention that AEMO did not maintain, in all material respects, effective control procedures for the Gas Retail Markets for the year ending 30 June 2023.

The FY23 audit will cover the Victoria, Queensland and Western Australia Gas Retail Markets.

Coverage of the NSW/ACT and South Australia Gas Retail Markets will be limited to follow up of prior findings and review of AEMO Management reported non-compliances.

Information Technology

The scope of work includes IT General Controls supporting each Market, focusing on compliance with AEMO Information Technology policies and procedures in the areas of:

- Change Management
- Access to programs and data (including physical security, network security, environmental security and logical access management)
- Computer Operations (including backups and recovery, disaster recovery planning, batch processing).

Our review will involve the following activities:

- Review of non-compliances reported by AEMO management
- Follow up of implementation status of prior period actions
- Understanding design effectiveness of key controls procedures, including changes or developments since out last assessment
- Risk-based sample testing and data analysis to understand the operating effective of key controls for the period 1 July 2022 to 30 June 2023

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4. Next Steps

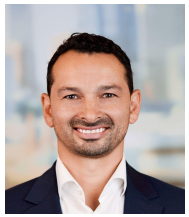
Further areas of focus or comments?

Provide comment now

Email to AEMO:
supporthub@aemo.com.au

Contact PwC

Key PwC Contacts



Nick Burjorjee
Partner
Phone: +61 411 037 557
nick.burjorjee@pwc.com

Charlotte Kendal Parker
Senior Manager
Phone: +61 407 797 927
charlotte.a.kendal.parker@pwc.com

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Thank you

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