

NATIONAL ENERGY RETAIL LAW

Undertaking to the Australian Energy Regulator
given for the purposes of section 288 of the National Energy Retail Law

by

Origin Energy Retail Limited (ABN 22 078 868 425)
Origin Energy Electricity Limited (ABN 33 071 052 287)
Origin Energy LPG Limited (ABN 77 000 508 369)

Persons giving this Undertaking

1. This Undertaking is given to the AER by Origin Energy Retail Limited (ABN 22 078 868 425), Origin Energy Electricity Limited (ABN 33 071 052 287) and Origin Energy LPG Limited (ABN 77 000 508 369) of Level 32, Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000.

Background

De-energisation Obligations

2. As a *retailer*, Origin has certain obligations in relation to the de-energisation of a *small customer's* premises under the Retail Rules as applied in New South Wales, the Australian Capital Territory, South Australia and Queensland by virtue of the NECF Legislation.
3. Origin's obligations include ensuring that it does not arrange for the de-energisation of a *small customer's* premises except in accordance with the De-energisation Obligations.
4. The De-energisation Obligations allow Origin to arrange for the de-energisation of a *small customer's* premises for not paying a bill, not paying a security deposit, denying access to a meter, illegally using energy or non-notification by a *move-in* or *carry-over customer*, provided certain notice and timing requirements have been met and unless an exception applies.
5. The De-energisation Obligations prohibit Origin from de-energising a customer in certain circumstances, including where a customer is adhering to a payment plan, has a complaint related to the reason for de-energisation or has agreed to pay a bill and the outstanding amount is less than \$300.

Conduct of concern

6. From January 2018 to May 2019, Origin arranged for the de-energisation of 54 small customers' premises in breach of the De-energisation Obligations:
 - a. Some of the de-energisations occurred due to Origin's IT system failing to send a de-energisation cancellation request to the distributor. The processes Origin initially implemented to mitigate the IT system failure failed to ensure that several further de-energisation requests were cancelled (the MDH System Failure).
 - b. Some of the de-energisations occurred due to Origin Agents failing to take necessary steps to ensure a de-energisation order was cancelled or arranging a de-energisation on behalf of a customer for a different day to that which the customer requested.

7. For each breach of the De-energisation Obligations, Origin notified the AER.
8. The AER is concerned that Origin's systems and processes are not sufficient to ensure de-energisations occur only in accordance with the Retail Rules.
9. Origin acknowledges that:
 - a. the de-energisations outlined in clause 6 are a contravention of the Retail Rules; and
 - b. it takes its De-energisation Obligations very seriously and has been making systems and training improvements to minimise breaches of these obligations.
10. To address the AER's concerns and to minimise the likelihood of future contraventions of the De-energisation Obligations, Origin offers the Undertaking in clause 15.

Commencement of Undertaking

11. This Undertaking comes into effect on the Commencement Date.

Expiry and variation

12. This Undertaking expires once Origin has implemented the reasonable recommendations of the Independent Auditor.
13. Origin may apply to withdraw or vary the Undertaking at any time, but this Undertaking will only be taken to be withdrawn or varied on the date on which the AER consents to such withdrawal or variation.
14. The AER may, if requested by Origin, expressly waive in writing any of the obligations contained in this Undertaking or extend the date by which any such obligation is to be satisfied.

Undertaking

15. Origin undertakes that:
 - a. Origin will engage an Independent Auditor, approved by the AER, to complete an audit and provide recommendations in relation to the MDH System Failure, De-energisation Training Program and De-energisation Processes and Controls to ensure customers are only de-energised in accordance with the Retail Rules.
 - b. Within 10 Business Days of the Commencement Date Origin will propose at least 2 Independent Auditors for the AER's approval.
 - c. The audit will:
 - i. cover the Audit Scope;
 - ii. be conducted in accordance with ASAE3000 (Assurance Engagements Other than Audits or Review of Historical Financial Information) and ASAE3100 (Compliance Engagements); and
 - iii. be measured against a reasonable assurance engagement level as per standard auditing practice.
 - d. Origin will, within 10 Business Days of receiving notice of the AER's approval of the Independent Auditor, submit to the AER for approval a detailed audit proposal developed in consultation with the Independent Auditor which addresses the requirements of the Audit Scope. The audit proposal is to include recommendations in relation to population identification, sample size calculation and testing plan in order to reach a reasonable assurance opinion.

- e. Origin will use best endeavours to procure that the Independent Auditor will:
 - i. commence the audit within 20 Business Days of receiving notice of the AER's approval of the audit proposal;
 - ii. complete the field work element of the audit within 40 Business days of the audit commencing; and
 - iii. provide Origin with a final audit report within 20 Business Days of completion of the field work.
- f. Within 20 Business Days of receipt of the Independent Auditor's findings and recommendations, Origin will provide the AER with the final audit report and Origin's response to the findings, including the proposed steps Origin will take to implement any reasonable recommendations, and reasonable proposed timing. This response will be from Origin's Chief Executive Officer & Managing Director, unless that person is on leave at the required time, in which case it will be from his/her delegate.
- g. Origin's Chief Executive Officer & Managing Director will be informed about the audit, any findings and recommendations made by the Independent Auditor and any steps Origin proposes to take to implement the Independent Auditor's reasonable recommendations.
- h. Origin will use best endeavours to complete its proposed steps to implement reasonable recommendations made by the Independent Auditor in accordance with the proposed timing.
- i. Origin will provide the AER with regular progress reports on the audit and updates on the implementation of any recommendations at intervals of no more than three months from the commencement of the audit.

Acknowledgments

- 16. Origin consents and acknowledges that:
 - a. the AER will make this Undertaking publicly available including by publishing it on the AER's website;
 - b. the AER will, from time to time, make public reference to the Undertaking, including the findings of the audit referred to in clause 15, including in news media statements and in AER publications; and
 - c. this Undertaking in no way derogates from the rights and remedies available to any person arising from the alleged conduct.

Definitions

- 17. Defined terms used in this Undertaking are set out below. Italicised terms used in this Undertaking have the meaning given to those terms in the National Energy Retail Law or Retail Rules, as the case requires.

Term	Meaning
AEMO	Australian Energy Market Operator.
AER	Australian Energy Regulator.
Agent	A person who acts on behalf of Origin, including officers, employees and contractors.

Term	Meaning
Audit Scope	<p>The audit scope is to include:</p> <ol style="list-style-type: none"> 1. An assessment of the root cause of the MDH System Failure and whether rectification action taken to date is sufficient to mitigate the risk of future breaches arising from the same issue. 2. An audit of Origin's systems, processes and controls currently in place to ensure that customers are only de-energised in accordance with the Retail Rules. 3. An audit of systems, processes and controls currently in place which facilitate the identification, escalation and remediation of any detected instances of wrongful de-energisation caused by IT systems or Agent error. 4. An audit of Origin's current training programs and associated materials in relation to the De-energisation Obligations. This is to include: <ol style="list-style-type: none"> a. An assessment of the completeness and currency of Origin's training materials (including work instructions) and programs in relation to the De-energisation Obligations. b. As assessment of the adequacy of training registers, coaching, performance management and assessments of responsible staff understanding of the De-energisation Obligations.
Business Day	A business day in the state of Victoria.
Commencement Date	<p>When:</p> <ul style="list-style-type: none"> • the Undertaking is executed by Origin; and • the AER accepts the Undertaking so executed by signing this document.
De-energisation Obligations	The obligations in Division 2 of Part 6 of the Retail Rules.
De-energisation Processes and Controls	Origin's current processes used to minimise the risk of a breach of its De-energisation Obligations caused by Agent error.
De-energisation Training Program	Origin's current training program for Agents in relation to de-energisation including the content and frequency of training relating to Origin's De-energisation Obligations.
Independent Auditor	<p>A third party who is not a Related Body Corporate of Origin Energy Limited (ABN 30 000 051 696).</p> <p>The third party carrying out the compliance audit must:</p> <ul style="list-style-type: none"> • be able to act without bias and without any actual or potential conflicts of interest; • have professional competence to apply established audit standards and techniques to carry out the compliance audit to a high standard;

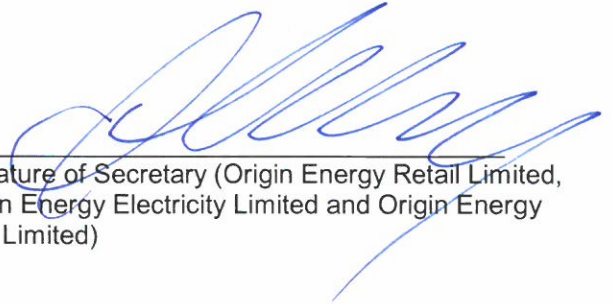
Term	Meaning
	<ul style="list-style-type: none"> • have a system of quality controls to ensure audit reports are of a professional standard; • have relevant expertise; and • be able to conduct the audit in accordance with the Audit Scope.
MDH System Failure	The failure of Origin's MDH system in 2018 which led to de-energisations in breach of the De-energisation Obligations. This occurred because Origin did not have a process to identify and re-process disconnection service order cancellation requests which were not received by distributors due to their inboxes being full prior to AEMO applying a stop file.
NECF Legislation	<p>In:</p> <p>Australian Capital Territory – the National Energy Retail Law (ACT) Act 2012</p> <p>New South Wales – the National Energy Retail Law (Adoption) Act 2012 (NSW);</p> <p>Queensland – the National Energy Retail Law (Queensland) Act 2014; and</p> <p>South Australia – the National Energy Retail Law (South Australia) Act 2011.</p>
Origin	Origin Energy Electricity Limited, Origin Energy Retail Limited and Origin Energy LPG Limited or their successors and assigns.
Related Body Corporate	Has the meaning given in the <i>Corporations Act 2001</i> (Cth).
Retail Rules	The National Energy Retail Rules.
Undertaking	This document, as varied from time to time under section 288 of the National Energy Retail Law.

Executed as an Undertaking

Executed by Origin Energy Retail Limited (ABN 22 078 868 425), Origin Energy Electricity Limited (ABN 33 071 052 287) and Origin Energy LPG Limited (ABN 77 000 508 369) by their common authorised officers pursuant to section 127(1) of the *Corporations Act 2001* (Cth):



Signature of Director (Origin Energy Retail Limited, Origin Energy Electricity Limited and Origin Energy LPG Limited)



Signature of Secretary (Origin Energy Retail Limited, Origin Energy Electricity Limited and Origin Energy LPG Limited)

FRANK G CALABRIA

HELEN HARDY

Name of Director

Name of Secretary

This 27th day of June 2019.

This 27th day of June 2019.

Accepted by the Australian Energy Regulator pursuant to section 288 of the National Energy Retail Law.



Paula Conboy, Chair

This 12 day of August 2019.