

Audit Report

Performance Audit
and Asset
Management
Review

Prepared for Newmont Power
Pty Ltd
23 October 2014



Contact Information

Cardno (QLD) Pty Ltd
 ABN 57 051 074 992

Level 11, Green Square North Tower
 515 St Paul's Terrace
 Locked Bag 4006
 Fortitude Valley Qld 4006
 Level 11, Green Square
 North Tower
 515 St Paul's Terrace
 Locked Bag 4006
 Fortitude Valley Qld 4006

Telephone: 07 3369 9822
 Facsimile: 07 3369 9722
 International: +61 7 3369 9822

www.cardno.com.au

Document Information

Prepared for	Newmont Power Pty Ltd
Project Name	Performance Audit and Asset Management Review
File Reference	Newmont Power - Performance Audit and AM review - Report v1.1.docx
Job Reference	3604-56
Date	23 October 2014

Document Control

Version	Date	Description of Revision	Prepared By	Prepared (Signature)	Reviewed By	Reviewed (Signature)
0.1	16/09/14	Draft for comment	Simon Martin		Stephen Walker	SVW
1.0	19/09/14	Final for issue	Simon Martin		Stephen Walker	SVW
1.1	23/10/14	Final	Patrick Lamb	PL	Stephen Walker	SVW

Version	Reason for Issue	Approved for Release By	Approved (Signature)	Approved Release Date
0.1	Draft for comment	Stephen Walker	SVW	16/9/14
1.0	Final for issue	Stephen Walker	SVW	18/09/14
1.1	Final	Stephen Walker	SVW	23/10/14

© Cardno 2014. Copyright in the whole and every part of this document belongs to Cardno and may not be used, sold, transferred, copied or reproduced in whole or in part in any manner or form or in or on any media to any person other than by agreement with Cardno.

This document is produced by Cardno solely for the benefit and use by the client in accordance with the terms of the engagement. Cardno does not and shall not assume any responsibility or liability whatsoever to any third party arising out of any use or reliance by any third party on the content of this document.

Executive Summary

General

Newmont Power Pty Ltd (NPPL) holds an electricity retail licence (ERL9) and an electricity distribution licence (EDL4). NPPL's assets comprise around 20km of 33kV power line that are supplied from Goldfields Power Pty Ltd's (GPPL's) Parkeston Power Station and supply Kalgoorlie Consolidated Gold Mines' (KCGM's) Fimiston Operations and Kaltails. NPPL's only customer is KCGM. The power lines are managed and maintained under an agreement with TEC Operations Pty Ltd. There have been no changes to these licences or the assets since the last audit.

Audit and Review objectives

This audit has been conducted in order to assess:

1. NPPL's level of compliance with the conditions of its electricity licences.
2. The effectiveness of the NPPL's asset management system.

This report outlines the findings of the audit and review of NPPL to fulfil the above objectives, conducted on 25 August 2014. The audit and review cover the period of 1 July 2011 to 30 June 2014.

Performance Audit - Findings

The previous audit identified two non-compliances relating to the timeliness of licence fee payment and audit report submission. These were rectified prior to the current audit.

This audit has identified one issue relating to NPPL's compliance with its operating licenses:

1. 127/2014 – NPPL does not have in place a Priority Restoration Register as required under Section 11 of the Electricity Industry Act and Clause 29 of its Licence. It is recommended that NPPL create a Priority Restoration Register and consider discussing the relevance of this clause to its licensed activities with the ERA.

Performance Audit - Effectiveness of controls

We consider that NPPL has adequate controls in place that are appropriate to the nature and scale of its activities.

Performance Audit - Overall compliance

The overall compliance of NPPL with its licence is summarised in Section 4.2 of this report. As noted, only one item (compliance reference 127) was rated as non-compliant. This was rated as 2, that is, having a minor impact on customers or third parties, All other items were assessed as compliant, not applicable or not able to be rated.

Performance Audit - Other issues

A Post Audit Implementation Plan has been prepared by NPPL and is included in Appendix C of this report. This Plan does not fall within the scope of the audit and does not represent the auditor's opinion. It is included in this report for completeness.

Asset Management System Review - Findings

There were no recommendations from the previous audit.

There are no recommendations from the current audit.

Asset Management System Review – Control Environment

We consider that NPPL has adequate controls in place for its asset management functions that are appropriate to the nature and scale of its activities.

Asset Management System Review - Overall effectiveness

A summary of our assessment of the effectiveness of NPPL's Asset Management System is provided in Section 4.3. All elements were rated "A" for policy and procedures. All elements were rated "1" or not able to be rated for performance.

Table of Contents

Executive Summary	iii
1 Introduction	1
1.1 Background	1
1.2 Purpose of this report	1
2 Audit/Review Scope	3
2.1 Audit/Review Objectives	3
2.2 Scope of Works	3
2.2.1 Performance Audit	4
2.2.2 Performance Audit Excluded Conditions	5
2.2.3 Asset Management System Review	5
2.3 Methodology and Approach	6
2.4 Time Period Covered by the Audit/Review	15
2.5 Time Period of the Audit/Review Process	15
2.6 Details of the Licensee Representatives Participating in the Audit/Review	15
2.7 Details of Key Documents and Other Information Sources	15
2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised	16
3 Licensee's Response to Previous Audit Recommendations	17
4 Performance Summary	18
4.1 Assessment Rating Scales	18
4.2 Performance Audit Compliance Summary	19
4.3 Asset Management Review Effectiveness Summary	24
5 Observations	26
5.1 Performance Audit	26
5.2 Asset Management System Review	41
5.2.1 General observations	41
5.2.2 Specific observations	41
6 Recommendations	45
7 Confirmation of the Audit/Review	46

Tables

Table 2-1	Licence Performance Audit Areas	4
Table 2-2	Excluded conditions	5
Table 2-3	Performance Audit Methodology	8
Table 2-4	Asset Management Review Methodology	10
Table 2-5	Details of Licensee Representatives	15
Table 2-6	Details of Audit / Review Team Members	16
Table 5-1	Performance Audit Observations and Recommendations	26
Table 5-2	Observations from asset management system review	41
Table 6-1	Audit recommendations	45

Appendices

Appendix A Risk Management Framework

Appendix B Asset Management Performance Rating Definitions

Appendix C Post Audit Implementation Plan

1 Introduction

1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a competitive and fair environment, particularly where businesses operate as natural monopolies.

Newmont Power Pty Ltd (NPPL) holds an electricity retail licence (ERL9) and an electricity distribution licence (EDL4). NPPL's assets comprise around 20km of 33kV power line that are supplied from Goldfields Power Pty Ltd's (GPPL's) Parkeston Power Station and supply Kalgoorlie Consolidated Gold Mines' (KCGM's) Fimiston Operations and Kaltails. NPPL's only customer is KCGM. The power lines are managed and maintained under an agreement with TEC Operations Pty Ltd.

1.2 Purpose of this report

As a condition of the licences, licensees are required to conduct a performance audit and asset management review that assesses the performance of the licensee against their obligations under the licences.

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- ▶ process compliance;
- ▶ outcome compliance;
- ▶ output compliance;
- ▶ integrity of reporting; and
- ▶ compliance with any individual license conditions.

The asset management system reviews covers:

- ▶ a description of the audit or review objectives and the methodology used to conduct the audit or review;
- ▶ the interval of time covered by the audit or review and the previous audit or review, if applicable;
- ▶ the period over which the audit or review has been performed;
- ▶ details of the licensee's representatives participating in the audit or review;
- ▶ details of key documents and other information sources examined by the auditor during the course of the audit or review;
- ▶ details of the audit or review team members and hours utilised by each member; and
- ▶ any other information the auditor considers relevant to the audit or review scope of work.

The Electricity Industry Act 2004 (WA) obligate the licensee to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority not less than every 24 months period (or such longer period as the Authority allows) and provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the asset management system not less than every 24 month period (or such longer period as the Authority allows).

The previous performance Audit of EDL4 was last performed for the period 1 July 2008 to 30 June 2011. The previous asset management review for EDL4 was last performed for the period 1 July 2008 to 30 June 2011. The previous performance Audit of ERL9 was last performed for the period 1 July 2008 to 30 June 2011.

This report covers the period 1 July 2011 to 30 June 2014 for the Performance Audit of EDL4 and ERL9 and an Asset Management Review of EDL4 for. For the period of time covered by the audit, two versions for each license were in force. The most recent version of the EDL4 license, version 5, was issued on 1 January 2013 and the most recent version of the ERL9, version 4, was issued on 19 September 2012.

2 Audit/Review Scope

2.1 Audit/Review Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of a NPPL's compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness of NPPL's asset management system in relation to EDL4.
3. Provide recommendations to address non-compliance.

2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- ▶ Process compliance: assessment of the effectiveness of systems and procedures
- ▶ Outcome compliance: assessment of actual performance against the prescribed licence standards
- ▶ Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- ▶ Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports.

The scope of works of this audit included:

- ▶ Interviews with key staff members from NPPL to:
 - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
 - Performance against licence conditions for EDL4 and ERL9
 - Performance against each asset management process for EDL4
- ▶ Reviews of documents, procedures and policy manuals in relation to financial management and planning, service performance standards, asset management, operations and maintenance functions and reporting
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report (this report) in accordance with the format outlined in the ERA Audit and Review Guidelines: Electricity and Gas Licences (April 2014).

2.2.1 Performance Audit

The audit of the distribution and retail licences covered the entire licences, and contained the following key areas as outlined in Table 2-1 below.

Table 2-1 Licence Performance Audit Areas

Clause	Licence Requirements	EDL4	ERL9
4	Fees	✓	✓
5	Compliance	✓	✓
12	Accounting Records	✓	✓
13	Individual Performance Standards	✓	✓
14	Performance Audit	✓	✓
15	Reporting change in circumstances	✓	✓
16	Provision of information	✓	✓
17	Publishing information	✓	✓
18	Notices	✓	✓
19	Review of the Authority's Decisions	✓	✓
20	Asset Management System	✓	Not used (N/a)
21	Approved Scheme	✓	✓
22	Determination of Default Supplier	✓	Not used (N/a)
23	Marketers	Not used (N/a)	✓
24	Customer Contracts	Not used (N/a)	✓
25	Amending the Standard Form Contract	Not used (N/a)	✓
26	Directions by the Authority	Not used (N/a)	✓
27	Supplier of Last Resort	Not used (N/a)	✓
28	Notification of Default Supply	Not used (N/a)	✓
29	Priority Restoration Register	✓	Not used (N/a)

2.2.2 Performance Audit Excluded Conditions

Some of the reporting obligations for distribution and retail have been excluded from the audit because they are not applicable to Newmont Power. In particular, Newmont power has no small use customers, it is excluded from the electricity industry customer transfer code based on its current customer profile and it is not one of the businesses subject to license specific conditions.

Table 2-2 Excluded conditions

2014 Compliance Manual Reference	Reference	Reason for exclusion
1-71	Electricity Industry Customer Transfer Code	Newmont Power is excluded from the requirements of the Customer Transfer Code because no retail transfer is available/ Only one customer is supplied
72-77	Electricity Industry (Obligation to Connect) Code	No small use customers
78-98 and 100	Electricity Industry (Customer Contracts) Regulations 2005	No small use customers
108-109	Electricity Industry Act: Section 54	No small use customers
110	Electricity Industry Act: Section 76	Newmont power is not a retailer of last resort
111	Electricity Industry Act: Section 101	No small use customers
112	Electricity Industry Act Section 115	Covered networks are not relevant
114-118	Electricity Industry Act: Section 11	No small use customers
120	Electricity Industry Act: Section 11	There are no individual performance standards
127-337	Electricity Industry Act: Code of Conduct	No small use customers
338-359, 361-391, 395-408, 410, 412-421, 424-425, 430, 432-436, 439-455, 457-468, 470, 471, and 473	Electricity Industry Metering Code	No meters on distribution assets therefore metering code does not apply to distribution
493-497	Electricity Industry (Network Quality and Reliability of Supply) Code 2005	Electricity Corporation conditions are not applicable
502-506	Electricity Industry (Network Quality and Reliability of Supply) Code 2005	No small use customers
507-517	Electricity Industry(Licence Conditions) Electricity Industry Act section 61 and 11 Electricity Industry (Customer Contracts) Regulations 2005	Licensee Specific Conditions that don't apply

2.2.3 Asset Management System Review

The review of NPPL's asset management system for EDL4 covered the following asset management elements:

- ▶ Asset planning

- ▶ Asset creation and acquisition
- ▶ Asset disposal
- ▶ Environmental analysis
- ▶ Asset operations
- ▶ Asset maintenance
- ▶ Asset management information system
- ▶ Risk management
- ▶ Contingency planning
- ▶ Financial planning
- ▶ Capital expenditure planning
- ▶ Review of AMS.

2.3 Methodology and Approach

This audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- ▶ A start-up discussion (by telephone) with NPPL to:
 - Discuss the main issues to be addressed at audit
 - Identify any issues from the previous audit
 - Identify any new issues arising from changes to the Licence or operating environment requirements
 - Discuss the audit plan.
- ▶ Preparation of a draft audit plan for comment by the licensee. The audit plan will identified the number and location of audits, the information to be addressed and the auditor responsible.
- ▶ Submission of the draft audit plan to the ERA for approval
- ▶ A start-up meeting on-site at the beginning of our audit work
- ▶ On site audit work comprising:
 - Face-to-face interviews with business staff responsible for the audit area
 - Demonstration of key systems
 - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
 - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
 - Controls assessment on obligations that are found to be non-compliant
 - Site visit to Kalgoorlie on 4 September 2014 to meet with the contractor responsible for operating and maintaining NPPL's infrastructure.
- ▶ Preliminary audit feedback at the audit close-out meeting
- ▶ Preparation of a draft report for NPPL's review and comment;
- ▶ Preparation of a final report for submission to the ERA.

Our methodology for completing this audit assignment was based on:

- ▶ A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A
- ▶ Our understanding of the licensees business
- ▶ The experience of our audit team in undertaking regulatory audits
- ▶ The outcome of the previous audit completed of Newmont Power

Our audit methodology, including the key documents and systems requested to be reviewed are summarised in Table 2-3 and Table 2-4.

Table 2-3 Performance Audit Methodology

Audit Area	Priority	Approach	Systems requested for review	Key Documents requested
Performance Audit				
Clause 4 Fees	5	<ul style="list-style-type: none"> Review invoices from Authority and receipts of payment 		<ul style="list-style-type: none"> Invoices and receipts
Clause 5 Compliance	Various	<ul style="list-style-type: none"> Review legislative requirements and confirm compliance Identify any corrective action applied to correct / prevent breaches of compliance 	<ul style="list-style-type: none"> Work scheduling system 	<ul style="list-style-type: none"> Performance standards Compliance Summary Reports (record of breaches)
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> Check that 2011/12 and 2012/13 financial statements are signed off as being to appropriate standards 	<ul style="list-style-type: none"> Finance system 	<ul style="list-style-type: none"> 2010/11 Financial statement 2011/12 Financial statement 2012/13 Financial statement
Clause 13 Individual Performance Standards	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 14 Performance Standards	4	<ul style="list-style-type: none"> Review information reported to the Authority Confirm methodology used to determine performance conforms to legislation and procedures. 		<ul style="list-style-type: none"> Performance Audit Annual Performance Reports Procedures / Policy Manual Post Implementation Audit Reports / Status since previous audit Correspondence between Newmont Power and Authority regarding review requirements
Clause 15 Reporting change in circumstances	5	<ul style="list-style-type: none"> Review any correspondence with the Authority 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Annual compliance reports Correspondence register
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Letters of notification / requests from the Authority Response to the Authority
Clause 18	4	<ul style="list-style-type: none"> Confirm all notices are issued in writing 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Issued notices

Audit Area	Priority	Approach	Systems requested for review	Key Documents requested
Notices				
Clause 19 Review of the Authority's Decisions	4	<ul style="list-style-type: none"> Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response 		<ul style="list-style-type: none"> Requests for review of decision (Correspondence)
Clause 20 Asset Management System	Various	<ul style="list-style-type: none"> Confirm that the asset management policies and procedures meet legislative requirements. 	<ul style="list-style-type: none"> Enterprise Asset Management System Computerised Maintenance Management System 	<ul style="list-style-type: none"> Asset Management Policies Asset Management Plans Asset Management Systems and Procedures Manual Asset Register
Clause 21 Approved Scheme	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 23 Marketers	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 24 Customer Contracts	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 25 Amending the Standard Form Contract	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 26 Directions by the Authority	5	<ul style="list-style-type: none"> Confirm that directions from the authority have been complied with. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 27 Supplier of Last Resort	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 28 Notification of Default Supply	NA	<ul style="list-style-type: none"> Confirm that it's not applicable 		
Clause 29 Priority Restoration Register	5	<ul style="list-style-type: none"> Confirm contents and coverage of Priority Registration Register 		<ul style="list-style-type: none"> Priority Restoration Register

Table 2-4 Asset Management Review Methodology

Audit Area	Effectiveness Criteria	Approach	Systems requested for review	Key Documents requested
Asset Management Review				
Asset planning	<ul style="list-style-type: none"> ▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning ▪ Asset management plan covers key requirements ▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning ▪ Service levels are defined ▪ Non-asset options (eg, demand management) are considered ▪ Lifecycle costs of owning and operating assets are assessed ▪ Funding options are evaluated ▪ Costs are justified and cost drivers identified ▪ Likelihood and consequences of asset failure are predicted ▪ Plans are regularly reviewed and updated 	<ul style="list-style-type: none"> ▪ Review and assess the adequacy of asset planning processes ▪ Review and assess adequacy of asset management plans ▪ Assess if asset management plans are up to date ▪ Assess implementation of asset management plans (status) ▪ Assess whether the asset management plan clearly assigns responsibilities and if these have been applied in practice 	<ul style="list-style-type: none"> ▪ GIS ▪ Asset database / information system 	<ul style="list-style-type: none"> ▪ Overview of planning approach ▪ Population projections ▪ Infrastructure Planning Reports ▪ Asset management plans ▪ Service level agreements ▪ Business Case/project justification
Asset creation and acquisition	<ul style="list-style-type: none"> ▪ Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions ▪ Evaluations include all life-cycle costs ▪ Projects reflect sound engineering and business decisions ▪ Commissioning tests are documented and completed ▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset creation and acquisition ▪ Review examples of creations / acquisitions to check if policies and procedures were followed and check costs against estimates 		<ul style="list-style-type: none"> ▪ Policies and procedures for asset creating and acquisition. Accounting and engineering ▪ Overview of planning approach ▪ Business Case/project justification ▪ Asset management plans ▪ Commissioning certificates

Audit Area	Effectiveness Criteria	Approach	Systems requested for review	Key Documents requested
Asset disposal	<ul style="list-style-type: none"> ▪ Under-utilised and under-performing assets are identified as part of a regular systematic review process ▪ The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken ▪ Disposal alternatives are evaluated ▪ There is a replacement strategy for assets 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset disposal, asset replacement, identification of under-performing assets ▪ Determine if a review on the usefulness of assets are undertaken ▪ Review examples to check that policies and procedures are being followed 		<ul style="list-style-type: none"> ▪ Policies and procedures for asset disposal. Accounting and engineering ▪ Asset management plans ▪ Decommissioning certificates
Environmental analysis	<ul style="list-style-type: none"> ▪ Opportunities and threats in the system environment are assessed ▪ Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved ▪ Compliance with statutory and regulatory requirements ▪ Achievement of customer service levels 	<ul style="list-style-type: none"> ▪ Review performance and service standards over audit period ▪ Review performance / identify any breaches and non-compliances and corrective action taken ▪ Review adequacy of reporting and monitoring tools 		<ul style="list-style-type: none"> ▪ Relevant policies and procedures ▪ Planning reports ▪ Performance standards ▪ Compliance reports ▪ Strategic plans (if appropriate) ▪ Monthly KPI reports
Asset operations	<ul style="list-style-type: none"> ▪ Operational policies and procedures are documented and linked to service levels required ▪ Risk management is applied to prioritise operations tasks ▪ Assets are documented in an Asset Register, including asset assessment of assets' physical, structural condition and accounting data ▪ Operational costs are measured and monitored ▪ Staff receive training commensurate with their responsibilities 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset operations ▪ Review staff skills / training and resources available ▪ Check that operations procedures are being followed including testing of the asset register, observation of operational procedures and analysis of costs ▪ Identify any operational events and corrective actions 	<ul style="list-style-type: none"> ▪ Asset information system ▪ SCADA ▪ Finance system ▪ Works management system ▪ HR system 	<ul style="list-style-type: none"> ▪ Asset register ▪ Operations procedures ▪ Operational costs ▪ Daily / weekly / monthly check sheets ▪ Staff skills / resourcing structure ▪ Asset management plan ▪ Incident register
Asset maintenance	<ul style="list-style-type: none"> ▪ Maintenance policies and procedures are documented and linked to service levels required ▪ Regular inspections are undertaken of asset performance and condition 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset maintenance / maintenance functions ▪ Check that policies and procedures have been followed including testing 	<ul style="list-style-type: none"> ▪ Asset information system ▪ Works management system 	<ul style="list-style-type: none"> ▪ Maintenance procedures and schedules ▪ Record of maintenance ▪ Maintenance costs

Audit Area	Effectiveness Criteria	Approach	Systems requested for review	Key Documents requested
	<ul style="list-style-type: none"> ▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule ▪ Failures are analysed and operational / maintenance plans adjusted where necessary ▪ Risk management is applied to prioritise maintenance tasks ▪ Maintenance costs are measured and monitored 	<ul style="list-style-type: none"> of maintenance schedules, analysis of costs, ▪ Review maintenance schedules / plans ▪ Identify any maintenance events and corrective actions 		
Asset Management Information System	<ul style="list-style-type: none"> ▪ Adequate system documentation for users and IT operators ▪ Input controls include appropriate verification and validation of data entered into the system ▪ Logical security access controls appear adequate, such as passwords and that appropriate system access and functionality is provided to users ▪ Physical security access controls appear adequate ▪ Data backup procedures appear adequate ▪ Key computations related to licensee performance reporting are materially accurate ▪ Management reports appear adequate for the licensee to monitor licence obligations 	<ul style="list-style-type: none"> ▪ Review adequacy of asset information system: <ul style="list-style-type: none"> – Asset coverage – Functionality – Data coverage – Security – User functionality granted is appropriate ▪ Review outputs / reports generated by systems and assess suitability for reporting against performance standards / licence obligations 	<ul style="list-style-type: none"> ▪ Asset Management Information system 	<ul style="list-style-type: none"> ▪ Asset Management Information System manual ▪ AMIS data coverage and quality report ▪ Asset reports
Risk management	<ul style="list-style-type: none"> ▪ Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system ▪ Risks are documented in a risk register and treatment plans are actioned and monitored 	<ul style="list-style-type: none"> ▪ Review risk assessment coverage ▪ Review sample of risk mitigation to check policies and procedures are followed ▪ Assess staff understanding of risk management and adequacy of risk management training for staff 		<ul style="list-style-type: none"> ▪ Corporate Risk management framework ▪ Risk assessment ▪ Risk Register

Audit Area	Effectiveness Criteria	Approach	Systems requested for review	Key Documents requested
Contingency Planning	<ul style="list-style-type: none"> ▪ The probability and consequence of risk failure are regularly assessed ▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<ul style="list-style-type: none"> ▪ Review adequacy / relevance and currency of contingency plans ▪ Review if plans have been tested and report on findings ▪ Identify any improvements that have been actioned as a result of testing of the contingency plans 		<ul style="list-style-type: none"> ▪ Contingency plans
Financial Planning	<ul style="list-style-type: none"> ▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives ▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs ▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) ▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period ▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services ▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 	<ul style="list-style-type: none"> ▪ Review adequacy and effectiveness of financial planning and reporting processes ▪ Review current financial plan and assess whether the process is being followed 		<ul style="list-style-type: none"> ▪ Financial Plan
Capital expenditure planning	<ul style="list-style-type: none"> ▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates ▪ The plan provides reasons for capital expenditure and timing of expenditure ▪ The capital expenditure plan is consistent with the asset life and 	<ul style="list-style-type: none"> ▪ Review adequacy and effectiveness of capital planning processes through examination of application of process and example documents ▪ Review a copy of the capital expenditure plan for the current year 	<ul style="list-style-type: none"> ▪ Spreadsheets for capital planning and prioritisation 	<ul style="list-style-type: none"> ▪ Capital expenditure planning process outline ▪ Value engineering documents ▪ Risk management applied to investment planning ▪ Program management documents ▪ Review of capex estimate v outturn

Audit Area	Effectiveness Criteria	Approach	Systems requested for review	Key Documents requested
	condition identified in the asset management plan <ul style="list-style-type: none"> ▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	and assess whether the process is being followed		
Asset management system	<ul style="list-style-type: none"> ▪ A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current ▪ Independent reviews (e.g. internal audit) are performed of the asset management system 	<ul style="list-style-type: none"> ▪ Determine when the asset management plan was last updated and assess whether any significant changes have occurred ▪ Determine whether any independent reviews have been performed. If so, review results and action taken ▪ Consider the need to update the asset management plan based on the results of this review ▪ Determine when the AMS was last reviewed. 	<ul style="list-style-type: none"> ▪ Asset management system 	<ul style="list-style-type: none"> ▪ Asset management plans ▪ Asset management improvement plans ▪ Internal audits of asset management plan/system

2.4 Time Period Covered by the Audit/Review

This audit covers the period from 1 July 2011 to 30 June 2014.

2.5 Time Period of the Audit/Review Process

The audit/review commenced in August 2014 with preparation of the draft Audit Plan. Interviews with NPPL staff were carried out on 25 August 2014 at NPPL office in Subiaco, WA.

2.6 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from NPPL who participated in the audit and review process are provided in Table 2-5.

Table 2-5 Details of Licensee Representatives

Name	Organisation	Role
Tim Gordon	NPPL	Senior Advisor, Power and Joint Ventures
David Lyne	Powranna Consulting	Energy Consultant to NPPL

2.7 Details of Key Documents and Other Information Sources

The following documents were reviewed as part of this audit:

- ▶ Electricity Retail License Newmont Power Pty. Ltd. ERL9, Version 4, 19 September 2012
- ▶ Electricity Distribution License Newmont Power Pty. Ltd. EDL4, Version 5, 1 January 2013
- ▶ Annual Financial Report for the year ending 31 December 2011
- ▶ Annual Financial Report for the year ending 31 December 2012
- ▶ Annual Financial Report for the year ending 31 December 2013
- ▶ Sitewide power & Communications HV Distribution' drawing 180-E-3021
- ▶ Power Purchase Agreement between Newmont Power and Kalgoorlie Consolidated Gold Mines Pty Ltd
- ▶ Electricity Transfer Access Contract between Electricity Networks Corporation (t/a Western Power) and Newmont Power Pty Ltd and NP Kalgoorlie Pty Ltd dated November 2013
- ▶ Network Access Agreement between Western Power and Newmont Power Pty Ltd and NP Kalgoorlie Ltd dated 31 July 2002
- ▶ Amendment to Network Access Agreement between Electricity Networks Corporation (t/a Western Power) and Newmont Mining Services Ltd and NP Kalgoorlie Pty Ltd dated 21 November 2013
- ▶ Email dated 11 July 2014 between Tim Gordon and Stephen Walker showing licence fee payment transaction for previous three years
- ▶ Power Line Survey from Parkeston Power Station to Kaltails, Boulder and Mt Percy Lines, Kalgoorlie Consolidated Gold Mines dated February 2013
- ▶ Newmont Power Pty Ltd Electricity Distribution Licence EDL4 Asset Management System Review dated February 2012
- ▶ Newmont Power Pty Ltd Electricity Retail Licence ERL 9, Electricity Distribution Licence EDL 4 Performance Audit dated February 2012
- ▶ Newmont Mining Corporation Investment Documentation Guidance Document dated May 2014
- ▶ Newmont Power Pty Ltd Kalgoorlie Distribution Licence Map ERA-EL-106
- ▶ Newmont Power Pty Ltd Compliance Report dated June 2013

► Master NPPL NMI and Meter List dated 29 October 2013

2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised

The audit/review team comprised two staff members from Cardno. Details of their roles and hours utilised in the audit/review process are provided in the table below.

Table 2-6 Details of Audit / Review Team Members

Name	Organisation	Role	Summary of Task	Hours Utilised
Simon Martin	Cardno	Auditor/Reviewer	<ul style="list-style-type: none"> ▪ Audit preparation ▪ Audit ▪ Preparation of Report 	40 hours
Stephen Walker	Cardno	Auditor/Reviewer	<ul style="list-style-type: none"> ▪ Audit preparation ▪ Audit ▪ Review of Report 	30 hours

3 Licensee's Response to Previous Audit Recommendations

In the previous operating licence audit and asset management review, a series of actions were recommended or suggested to improve the existing controls.

Details of the actions completed by NPPL against each recommendation are presented in Table 3-1 below. There were no recommendations arising out of the previous asset management review.

Table 3-1 Previous Audit Non-compliances and Recommendations

Table of Previous Non Compliances and Audit Recommendations					
A. Resolved before end of previous audit period					
Electricity compliance reporting manual 2008 (reference no./ year)	(Compliance Legislative obligation details of the issue)	rating/ obligation /	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
nil					
B. Resolved during current Audit period					
Electricity compliance reporting manual 2008 (reference no./ year)	(Compliance Legislative obligation details of the issue)	rating/ obligation /	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
85/2012	<i>Non-compliant - 2</i> <i>Electricity Industry Act section 17(1)</i> The fees have been paid but not all on time.		Implement a procedure to recognise all regulatory obligations and the required response times	Advised to ERA30/5/12	No
110/2012	<i>Non-compliant - 2</i> <i>Distribution Licence condition 21.1, Retail Licence Condition 24.1</i> Not all reports have been on time.		Implement a procedure to recognise all regulatory obligations and the required response times	Advised to ERA 30/5/12	No
C. Unresolved at end of current Audit period					
Electricity compliance reporting manual 2008 (reference no./ year)	(Compliance Legislative obligation details of the issue)	rating/ obligation /	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil					

4 Performance Summary

The performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the Electricity Compliance Reporting Manual 2014. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of NPPL has been completed using the rating scale in Table 4-1 and asset management system effectiveness using the rating scales in Table 4-2 and Table 4-3.

Table 4-1 Audit Compliance and Controls Rating Scales

Performance audit compliance and controls rating scales						
Adequacy of Controls Rating				Compliance Rating		
Rating	Description			Rating	Description	
A	Adequate	controls	– no improvement needed	1	Compliant	
B	Generally adequate	controls	– improvement needed	2	Non-compliant – minor impact on customers or third parties	
C	Inadequate	controls	– significant improvement required	3	Non-compliant – moderate impact on customers or third parties	
D	No controls evident			4	Non-compliant – major impact on customers or third parties	

Table 4-2 Asset Management Process and Policy Definition Adequacy Rating

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> Processes and policies are documented. Processes and policies adequately document the required performance of the assets. Processes and policies are subject to regular reviews, and updated where necessary. The asset management information system(s) are adequate in relation to the assets that are being
B	Requires some improvement	<ul style="list-style-type: none"> Process and policy documentation requires improvement. Processes and policies do not adequately document the required performance of the assets. Reviews of processes and policies are not conducted regularly enough. The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).

C	Requires significant improvement	<ul style="list-style-type: none"> Process and policy documentation is incomplete or requires significant improvement. Processes and policies do not document the required performance of the assets. Processes and policies are significantly out of date. The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed)
D	Inadequate	<ul style="list-style-type: none"> Processes and policies are not documented. The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being

Table 4-3 Asset Management Performance Ratings

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> The performance of the process meets or exceeds the required levels of performance. Process effectiveness is regularly assessed, and corrective action taken where necessary.
2	Opportunity for improvement	<ul style="list-style-type: none"> The performance of the process requires some improvement to meet the required level. Process effectiveness reviews are not performed regularly enough. Process improvement opportunities are not actioned.
3	Corrective action required	<ul style="list-style-type: none"> The performance of the process requires significant improvement to meet the required level. Process effectiveness reviews are performed irregularly, or not at all.
4	Serious action required	<ul style="list-style-type: none"> Process is not performed, or the performance is so poor that the process is considered to be ineffective.

4.2 Performance Audit Compliance Summary

Table 4-4 provides a summary of NPPL's compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant.

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

Table 4-4 Audit Obligation Ratings

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	Nr	
105	Electricity Industry Act section 17(1)	5						✓						
106	Electricity Industry Act section 31(3)	5						✓						

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	Nr	
107	Electricity Industry Act section 41(6)	4												✓
113	Electricity Industry Act section 115(2)	4												✓
360	Electricity Industry Metering Code clause 3.11(3)	4												✓
392	Electricity Industry Metering Code clause 4.4(1)	5												✓
393	Electricity Industry Metering Code clause 4.5(1)	4												✓
394	Electricity Industry Metering Code clause 4.5(2)	5												✓
409	Electricity Industry Metering Code clause 5.4(2)	5												✓
411	Electricity Industry Metering Code clause 5.5(2A)	4												✓
422	Electricity Industry Metering Code clause 5.16	4												✓
423	Electricity Industry Metering Code clause 5.17(1)	4												✓
426	Electricity Industry Metering Code clause 5.18	4												✓
427	Electricity Industry Metering Code clause 5.19(1)	5												✓
428	Electricity Industry Metering Code clause 5.19(2)	5								✓				
429	Electricity Industry Metering Code clause 5.19(3)	4												✓
431	Electricity Industry Metering Code clause 5.19(6)	5												✓
437	Electricity Industry Metering Code clause 5.21(5)	4												✓
438	Electricity Industry Metering Code clause 5.21(6)	4												✓
456	Electricity Industry Metering Code clause 5.27	4												✓

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating						
			A	B	C	D	NP	1	2	3	4	Na	Nr	
469	Electricity Industry Metering Code clause 6.1(2)	4												✓
472	Electricity Industry Metering Code clause 7.2(1)	4						✓						
474	Electricity Industry Metering Code clause 7.2(4)	4												✓
475	Electricity Industry Metering Code clause 7.2(5)	4												✓
476	Electricity Industry Metering Code clause 7.5	4						✓						
477	Electricity Industry Metering Code clause 7.6(1)	5												✓
478	Electricity Industry Metering Code clause 8.1(1)	5												✓
479	Electricity Industry Metering Code clause 8.1(2)	5												✓
480	Electricity Industry Metering Code clause 8.1(3)	4												✓
481	Electricity Industry Metering Code clause 8.1(4)	5												✓
482	Electricity Industry Metering Code clause 8.3(2)	4												✓
483	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 5(1)	5						✓						
484	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 8	5												✓
485	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 9	5						✓						
486	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(1)	5						✓						
487	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(2)	5						✓						

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
489	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(2)	5						✓							
490	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(3)	4													✓
491	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 14(8)	4													✓
492	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 15(2)	4							✓						
498	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(1)	5							✓						
499	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(2)	4													✓
500	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(3)	4													✓
501	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(4)	4													✓
119	Distribution Licence condition 12.1 Generation Licence condition 12.1 Integrated Regional Licence condition 12.1 or 24.1 Retail Licence condition 12.1 Transmission Licence condition 12.1	4							✓						
101	Electricity Industry Act section 13(1)	4							✓						
121	Distribution Licence condition 14.2 Generation Licence condition 14.2 Integrated Regional Licence condition 14.2 Retail Licence condition 14.2 Transmission Licence condition 14.2	4							✓						

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
123	Distribution Licence condition 15.1 Generation Licence condition 15.1 Integrated Regional Licence condition 15.1 Retail Licence condition 15.1 Transmission Licence condition 15.1	5													✓
124	Distribution Licence condition 16.1 Generation Licence condition 16.1 Integrated Regional Licence condition 16.1 Retail Licence condition 16.1 Transmission Licence condition 16.1	4								✓					
125	Distribution Licence condition 17.1 and 17.2 Generation Licence condition 17.1 and 17.2 Integrated Regional Licence condition 17.1 and 17.2 Retail Licence condition 17.1 and 17.2 Transmission Licence condition 17.1 and 17.2	4													✓
126	Distribution Licence condition 18.1 Generation Licence condition 18.1 Integrated Regional Licence condition 18.1 Retail Licence condition 18.1 Transmission Licence condition 18.1	4													✓
102	Electricity Industry Act section 14(1)(a)	5								✓					
103	Electricity Industry Act section 14(1)(b)	4													✓
104	Electricity Industry Act section 14(1)(c)	5								✓					
122	Distribution Licence condition 20.5 Generation Licence condition 20.5 Integrated Regional Licence condition 20.5 Transmission Licence condition 20.5	5								✓					

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating					
			A	B	C	D	NP	1	2	3	4	Na	Nr
99	Electricity Industry (Customer Contracts) Regulations 2005 regulation 36	5											✓
127	Distribution Licence condition 29.1 Integrated Regional Licence condition 29.1	4	✓							✓			

4.3 Asset Management Review Effectiveness Summary

The asset management system review assesses the effectiveness of the asset management system in delivering the services as required under the operating licence. A summary of the outcomes of the review is provided in Table 4-5. Not rated (NR) has been assigned where there has been insufficient activity in this area within the audit period on which to make a performance rating.

Table 4-5 Asset Management Review Effectiveness Summary

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset planning	A	NR
Asset creation/acquisition	A	NR
Asset disposal	A	NR
Environmental analysis	A	1
Asset operations	A	1
Asset maintenance	A	1
Asset management information system	A	1
Risk management	A	1
Contingency planning	A	1
Financial planning	A	1
Capital expenditure planning	A	NR

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
-----------------------------------	--	-------------------------------------

Review of AMS

A

NR

5 Observations

5.1 Performance Audit

Table 5-1 Performance Audit Observations and Recommendations

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
105	Distribution Licence condition 4.1 Generation Licence condition 4.1 Integrated Regional Licence condition 4.1 Retail Licence condition 4.1 Transmission Licence condition 4.1	Electricity Industry Act section 17(1)	A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.	<ul style="list-style-type: none"> ▪ Licence fees have been paid regularly, and within the required timeframes. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Transaction records for previous three years viewed. 	1
106	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Act section 31(3)	A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	<ul style="list-style-type: none"> ▪ Reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply are being taken. ▪ Assets fed by the supply are deemed low criticality 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. 	1
107	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Act section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	<ul style="list-style-type: none"> ▪ There are no land or easement requirements related to the assets. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. 	Nr
113	Integrated Regional Licence condition 5.1 Retail Licence	Electricity Industry Act section 115(2)	A licensee that has, or is an associate of a person that has, access to services under an	<ul style="list-style-type: none"> ▪ NPPL's sole customer, KCGM, has unfettered access pursuant to the Power Purchase 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. 	Na

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	condition 5.1 Transmission Licence condition 5.1		access agreement must not engage in conduct for the purpose of hindering or prohibiting access.	Agreement (in particular clause 9.6). No other parties have made requests and none are expected to.		
360	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	<ul style="list-style-type: none"> NPPL does not own any meters. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Na
392	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and data held in the metering database, the affected Code participants and the network operator must liaise together to determine the most appropriate way to resolve a discrepancy.	<ul style="list-style-type: none"> NPPL does not own any meters. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Na
393	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	<ul style="list-style-type: none"> NPPL was unaware of any inaccuracies in the standing data. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Nr
394	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 4.5(2)	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or an inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide	<ul style="list-style-type: none"> NPPL maintained by them, Where Western power is the network operator, no errors in data have been advised by customers. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
			details of the change or inaccuracy within the timeframes prescribed.		Distribution' 180-E-3021 viewed.	
409	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.4(2)	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1).	<ul style="list-style-type: none"> NPPL does not own any meters hence does not undertake any meter readings. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Na
411	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 5.5(2A)	A network operator must not impose a charge for the provision of standing data and for the provision of energy data if another enactment prohibits it doing so.	<ul style="list-style-type: none"> NPPL has not charged for the provision of any standing data. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Nr
422	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.16	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	<ul style="list-style-type: none"> NPPL does not own any meters. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Na
423	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.17(1)	A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user's customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	<ul style="list-style-type: none"> NPPL has not had any requests for standing data. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
426	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.18	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	<ul style="list-style-type: none"> NPPL does not own any meters. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	Na
427	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(1)	A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator.	<ul style="list-style-type: none"> For the purposes of this clause NPPL is both the operator and the user and supplies the information internally. This condition is not applicable. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. Western Power meter register viewed. 	Na
428	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(2)	A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated.	<ul style="list-style-type: none"> NPPL is the user for the purposes of this obligation as it holds the access contract even though some connection points are at the metering points owned by Western Power. NPPL collects and maintains this information in a spreadsheet 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. Western Power meter register viewed. 	1
429	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(3)	Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.	<ul style="list-style-type: none"> For the purposes of this clause NPPL is both the operator and the user and supplies the information internally. This condition is not applicable. responsibility 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
431	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(6)	The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.	<ul style="list-style-type: none"> For the purposes of this clause NPPL is both the operator and the user and supplies the information internally. This condition is not applicable. responsibility 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
437	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(5)	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	<ul style="list-style-type: none"> No requests for test or audit have been made. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
438	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(6)	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.	<ul style="list-style-type: none"> No requests have been made. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
456	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.27	Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	<ul style="list-style-type: none"> NPPL is both the network operator and the user. This condition is not applicable. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
469	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	<ul style="list-style-type: none"> There is no access contract between the user and network operator. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
472	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional	Electricity Industry Metering Code clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must	<ul style="list-style-type: none"> NPPL has in place the necessary means of sending and receiving communication by post, facsimile and electronic communication. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Observation and testing of 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1		notify the network operator of a telephone number for voice communication in connection with the Code.	<ul style="list-style-type: none"> NPPL is both the Code Participant and the network operator therefore the requirement for providing a telephone number for internal communication is not relevant. 	communications means	
474	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.2(4)	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.	<ul style="list-style-type: none"> This applies to the customer and not NPPL. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
475	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.	<ul style="list-style-type: none"> This applies to the customer and not NPPL. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
476	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.5	A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.	<ul style="list-style-type: none"> NPPL has protocols limiting access to confidential information such as electronic passwords. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1
477	Distribution Licence condition 5.1 Generation Licence condition 5.1	Electricity Industry Metering Code clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is	<ul style="list-style-type: none"> There have been no circumstances where 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1		required to be disclosed by the Code.	disclosure of confidential information has been required.		
478	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(1)	If any dispute arises between any Code participants then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no disputes. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
479	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no disputes. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
480	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no disputes. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
481	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional	Electricity Industry Metering Code clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed	<ul style="list-style-type: none"> There have been no disputes. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1		record of the resolution and adhere to the resolution.			
482	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	<ul style="list-style-type: none"> There have been no disputes. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
483	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 5(1)	A distributor or transmitter must, as far as reasonably practicable, ensure that electricity supply to a customer's electrical installations complies with prescribed standards.	<ul style="list-style-type: none"> Power is provided according to a Power Purchase Agreement. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1
484	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 8	A distributor or transmitter must, so far as reasonably practicable, disconnect the supply of electricity to installations or property in specified circumstances, unless it is in the interest of the customer to maintain the supply.	<ul style="list-style-type: none"> NPPL do not own any switches to enable disconnection. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. 	NA
485	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 9	A distributor or transmitter must, as far as reasonably practicable, ensure that the supply of electricity is maintained and the occurrence and duration of interruptions is kept to a minimum.	<ul style="list-style-type: none"> NPPL met the obligations of the power purchase agreement with its customer for supply reliability. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1
486	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(1)	A distributor or transmitter must, so far as reasonably practicable, reduce the effect of any interruption on a customer.	<ul style="list-style-type: none"> NPPL met the obligations of the power purchase agreement for supply reliability. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	Transmission Licence condition 5.1					
487	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(2)	A distributor or transmitter must consider whether, in specified circumstances, it should supply electricity by alternative means to a customer who will be affected by a proposed interruption.	<ul style="list-style-type: none"> The equipment fed is deemed as being non-critical. Customer KCGM has generators for critical equipment. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1
489	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(2)	A distributor or transmitter must, so far as reasonably practicable, ensure that customers in specified areas do not have average total lengths of interruptions of supply greater than specified durations.	<ul style="list-style-type: none"> Durations are as specified in the Power Purchase Agreement with customer KCGM, which pre-dates the Code. No complaints have been received. Incidents are reported by exception. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. PPA viewed. 	1
490	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(3)	The average total length of interruptions of supply is to be calculated using the specified method.	<ul style="list-style-type: none"> This Clause is not applicable as requirements for reliability of supply are set out in the Power Purchase Agreement between NPPL and KCGM. The PPA pre-dates the Code and therefore under Clause 15 is a written agreement as to the requirements for reliability of supply NPPL has met the reliability requirements in the PPA 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
491	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 14(8)	A distributor or transmitter must, on request, provide to an affected customer a free copy of an instrument issued by the Minister and of any notice given under section 14(7) of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005.	<ul style="list-style-type: none"> Not applicable. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
492	Distribution Licence condition 5.1 Integrated Regional	Electricity Industry (Network Quality and Reliability of Supply)	A distributor or transmitter that agrees with a customer to exclude or modify certain provisions must	<ul style="list-style-type: none"> Power Purchase Agreement freely entered into and pre-dates Code. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	Licence condition 5.1 Transmission Licence condition 5.1	Code 2005 clause 15(2)	set out the advantages and disadvantages to the customer of doing so in their agreement.			
498	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(1)	A distributor or transmitter must take all such steps as are reasonably necessary to monitor the operation of its network to ensure compliance with specified requirements.	<ul style="list-style-type: none"> Goldfields Power Pty Ltd monitor quality of the supply continuously. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	1
499	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(2)	A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified.	<ul style="list-style-type: none"> This clause requires information to be kept for two purposes – quality and reliability performance (Part (2)) and customer service (s27). The customer service reporting requirement does not apply as NPPL does not have any small use customers The quality and reliability performance reporting requirement does not apply because NPPL has in place a Power Purchase Agreement with its customer that predates the Code and specifies different standards. Quality and reliability information is kept by NPPL's generator, Goldfields Power Pty Ltd. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na
500	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(3)	A distributor or transmitter must complete a quality investigation requested by a customer in accordance with specified requirements.	<ul style="list-style-type: none"> No requests to complete a quality investigation have been made. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
501	Distribution Licence condition 5.1 Integrated Regional Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(4)	A distributor or transmitter must report the results of an investigation to the customer concerned.	<ul style="list-style-type: none"> No requests to complete a quality investigation have been made. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
119	Electricity Industry Act section 11	Distribution Licence condition 12.1 Generation Licence condition 12.1 Integrated Regional Licence condition 12.1 or 24.1 Retail Licence condition 12.1 Transmission Licence condition 12.1	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	<ul style="list-style-type: none"> Compliant accounting records are being maintained. We witnessed the audited financial statements for the parent company for the last three years. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Annual reports for previous 3 years viewed. 	1
101	Distribution Licence condition 14.1 Generation Licence condition 14.1 Integrated Regional Licence condition 14.1 Retail Licence condition 14.1 Transmission Licence condition 14.1	Electricity Industry Act section 13(1)	A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.	<ul style="list-style-type: none"> A performance audit conducted by an independent expert is being provided regularly to the Authority, and within the required timescales. The previous performance audit was reported on in February 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Previous performance audit report dated February 2012 viewed. Subsequent performance audit currently being undertaken (this audit). 	1
121	Electricity Industry Act section 11	Distribution Licence condition 14.2 Generation Licence condition 14.2 Integrated Regional Licence condition 14.2 Retail Licence condition 14.2 Transmission Licence condition 14.2	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.	<ul style="list-style-type: none"> NPPL has previously complied with, and continues to comply with the Authority's standard audit guidelines dealing with the performance audit. The previous performance audit was reported on in February 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Previous performance audit report dated February 2012 viewed. Subsequent performance audit 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
					currently being undertaken (this audit).	
123	Electricity Industry Act section 11	Distribution Licence condition 15.1 Generation Licence condition 15.1 Integrated Regional Licence condition 15.1 Retail Licence condition 15.1 Transmission Licence condition 15.1	A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	<ul style="list-style-type: none"> NPPL is not under external administration nor has there been a change in circumstances upon which the licence was granted which could affect its ability to meet its obligations. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
124	Electricity Industry Act section 11	Distribution Licence condition 16.1 Generation Licence condition 16.1 Integrated Regional Licence condition 16.1 Retail Licence condition 16.1 Transmission Licence condition 16.1	A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act.	<ul style="list-style-type: none"> NPPL has provided information to the Authority, such as Compliance Reports. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Compliance Reports for financial year ending 2013 viewed. 	1
125	Electricity Industry Act section 11	Distribution Licence condition 17.1 and 17.2 Generation Licence condition 17.1 and 17.2 Integrated Regional Licence condition 17.1 and 17.2 Retail Licence condition 17.1 and 17.2 Transmission Licence condition 17.1 and 17.2	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	<ul style="list-style-type: none"> No directions have been made by the Authority for NPPL to publish information. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr
126	Electricity Industry Act section 11	Distribution Licence condition 18.1 Generation Licence condition 18.1 Integrated Regional Licence condition 18.1 Retail Licence	Unless otherwise specified, all notices must be in writing.	<ul style="list-style-type: none"> No notices have been issued. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
		condition 18.1 Transmission Licence condition 18.1				
102	Distribution Licence condition 20.1 Generation Licence condition 20.1 Integrated Regional Licence condition 20.1 Transmission Licence condition 20.1	Electricity Industry Act section 14(1)(a)	A licensee must provide for an asset management system.	<ul style="list-style-type: none"> ▪ NPPL has an asset management system but the only assets under the licence are poles and cables and they are not included. ▪ NPPL's planning horizon is to 2016 only when its current contract ends. It may not have responsibility for the assets after this time. ▪ Assets currently maintained by TECO who have a system (not viewed). ▪ There is no requirement for contingency as the assets fed are deemed to be low criticality assets. ▪ There is currently no capex planning in place due to the short horizon. ▪ There are no environmental requirements. The assets are deemed to be low risk so are not included on any risk analysis. ▪ The assets currently have zero value on the financial asset register. ▪ There is a short redundant section but this has been left in place in case of future requirement. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ As-constructed plans viewed in lieu of asset register. 	1
103	Distribution Licence condition 20.2 and 20.3 Generation Licence condition 20.2 and	Electricity Industry Act section 14(1)(b)	A licensee must notify details of the asset management system and any substantial changes to it to the Authority.	<ul style="list-style-type: none"> ▪ There have been no changes to the asset management system since the last audit. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
	20.3 Integrated Regional Licence condition 20.2 and 20.3 Transmission Licence condition 20.2 and 20.3					
104	Distribution Licence condition 20.4 Generation Licence condition 20.4 Integrated Regional Licence condition 20.4 Transmission Licence condition 20.4	Electricity Industry Act section 14(1)(c)	A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	<ul style="list-style-type: none"> The previous asset management system review was reported on in February 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Previous asset management system review report dated February 2012 viewed. Subsequent asset management system review currently being undertaken (this audit). 	1
122	Electricity Industry Act section 11	Distribution Licence condition 20.5 Generation Licence condition 20.5 Integrated Regional Licence condition 20.5 Transmission Licence condition 20.5	A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the Authority's standard guidelines dealing with the asset management system.	<ul style="list-style-type: none"> NPPL is complying with the relevant aspects of the Authority's standard guidelines by undertaking the asset management system review. The previous asset management system review was reported on in February 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. Previous asset management system review report dated February 2012 viewed. Subsequent asset management audit currently being undertaken (this audit). 	1
99	Integrated Regional Licence condition 22.1 Distribution Licence condition 22.1	Electricity Industry (Customer Contracts) Regulations 2005 regulation 36	The licensee must determine, from time to time, the default supplier for each connection point that connects to a distribution system operated by the licensee.	<ul style="list-style-type: none"> NPPL does not supply any customers. Customers are defined as using less than 160 MWh per annum. 	<ul style="list-style-type: none"> Interview with Tim Gordon and David Lyne. 	Na

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
127	Distribution Licence condition 29.1 Integrated Regional Licence condition 29.1	Electricity Industry Act Section 11	A distributor must create and maintain a Priority Restoration Register.	<ul style="list-style-type: none"> ▪ NPPL does not have a Priority Restoration Register in place. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. 	2

5.2 Asset Management System Review

5.2.1 General observations

NPPL's assets comprise around 20km of 33kV power line that are supplied from Goldfields Power Pty Ltd's (GPPL's) Parkeston Power Station and supply Kalgoorlie Consolidated Gold Mines' (KCGM's) Fimiston Operations and Kaltails. NPPL's only customer is KCGM. The power lines are managed and maintained under an agreement with TEC Operations Pty Ltd.

NPPL's network operate as radial systems or interconnecting lines with no redundancy. The lines supply KCGM assets that are of low criticality.

NPPL's responsibility for the assets continues until 2016 when its current contract ends. It is unlikely to have responsibility for the assets after this time. Therefore, its current asset management approach is determined by meeting its obligations for this short planning horizon.

NPPL's parent company is Newmont Mining Corporation. NPPL is a small part of Newmont Mining Corporation's overall operations. Therefore, the asset management approach for NPPL's assets is largely aligned with Newmont mining Corporation's requirements for planning and investment. The operations and maintenance functions are outsourced.

5.2.2 Specific observations

The following tables provide detailed commentary based on the findings observed during the audit process and includes the nominated adequacy and performance ratings (effectiveness rating), and recommended actions to improve the effectiveness of the asset management process to an acceptable level.

Table 5-2 Observations from asset management system review

Asset Management System Component	Observations	Evidence
Asset planning	<ul style="list-style-type: none"> ▪ The Power Purchase Agreement between NPPL and KCGM specifies the standards of service that NPPL is to provide. ▪ The Power Purchase Agreement also specifies cost allocation approach ▪ Infrastructure Planning is carried out within Newmont Mining Corporation's business processes for investment and approvals are required through this process. ▪ During the review period, there has been no change to future demand or quality identified that would trigger the need for further planning investigation. ▪ These assets have a short term future only. NPPL is only planning for a horizon to 2016 when its current contract ends. It is unlikely to have responsibility for the assets after this time. ▪ Given this planning horizon, NPPL is appropriately adopting a wait and see approach. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. ▪ Newmont Mining Corporation: Investment Documentation Guidance ▪ Power Purchase Agreement ▪ Newmont Powerline survey 2013

Asset Management System Component	Observations	Evidence
Asset creation/acquisition	<ul style="list-style-type: none"> ▪ Asset creation is carried out within Newmont Mining Corporation’s business processes for investment and approvals are required through this process. ▪ During the review period, no drivers (e.g. demand or quality) have been identified for creating or acquiring new assets. ▪ No assets have been created or acquired in the review period ▪ Because of the planning horizon for NPPL, there are no plans to create or acquire assets 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Newmont Mining Corporation: Investment Documentation Guidance ▪ Newmont Powerline survey 2013
Asset disposal	<ul style="list-style-type: none"> ▪ Asset disposal is carried out within the requirements of Newmont Mining Corporation’s Investment Documentation Guidance ▪ No assets have been disposed of in the audit period ▪ There is a short redundant section but this has been left in place in case of future requirement. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Newmont Mining Corporation: Investment Documentation Guidance ▪ Newmont Powerline survey 2013
Environmental analysis	<ul style="list-style-type: none"> ▪ Environmental analysis is carried out within the requirements of Newmont Mining Corporation’s overall environmental management practices for its local operations. Environmental compliance is managed by NPPL’s parent company. ▪ Environmental risk assessment has been carried out which has identified that the assets are a low and acceptable risk. This is because the assets are poles and cables only. NPPL does not own any transformers. ▪ NPPL’s customer service standards are set out in the Power Purchase Agreement. NPPL has met these requirements. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Newmont Mining Corporation: Investment Documentation Guidance ▪ Power Purchase Agreement ▪ Newmont Powerline survey 2013
Asset operations	<ul style="list-style-type: none"> ▪ Assets currently operated and maintained by TECO under contract ▪ TECO staff are located at the GPPL power stations and are responsible for the power station and transmission lines. This allows them to have a holistic view over all of the assets providing power to KCGM. TECO operates a fulltime control centre in Kalgoorlie with oversight over NPPL’s (and other’s) assets). ▪ Asset performance data is logged, trended and alarmed for any departures from limits. ▪ Operator intervention is executed on a real-time basis for any deviations from performance requirements. For NPPL’s poles and cables, the operational interventions are minimal. ▪ 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne (NPPL) ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles (TECO)

Asset Management System Component	Observations	Evidence
Asset maintenance	<ul style="list-style-type: none"> ▪ Assets currently operated and maintained by TECO under contract ▪ TECO staff are located at the GPPL power stations and are responsible for the power station and transmission lines. This allows them to have a holistic view over all of the assets providing power to KCGM ▪ Maintenance tasks are scheduled and recorded by TECO in its GP Mate system ▪ Because of the low criticality of the assets NPPL appropriately adopts a fix on fail approach to maintenance 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Power Purchase Agreement ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles (TECO)
Asset management information system	<ul style="list-style-type: none"> ▪ The assets are captured in the operating contractors' information systems, primarily its maintenance management system. NPPL does not maintain a specific system other than spreadsheet records. This is appropriate given the scale and nature of the assets. ▪ The operating contractor uses the GP MaTe system for recording assets and activities 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles (TECO)
Risk management	<ul style="list-style-type: none"> ▪ Risk planning is undertaken within the parent company's overall risk framework and processes ▪ NPPL has completed risk assessment of the assets and determined that they are low risk in terms of supply because of the low criticality of the assets they supply. Accordingly, NPPL adopts a fix on fail approach. ▪ NPPL has also considered other risks such as risk to the public from the assets. The assets are built to Australian Standards indicating that the risk is acceptable. NPPL has in place an operating contract with TECO. TECO has fulltime monitoring of the assets and responds to events affecting the network to repair and make the site safe if needed. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles (TECO)
Contingency planning	<ul style="list-style-type: none"> ▪ NPPL's assets provide a small number of KCGM sites that are low criticality to KCGM's operations. ▪ NPPL and KCGM consider that because of the low criticality of the assets than no contingency planning is required, i.e. the customer will accept waiting for the assets to be repaired following failure. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Drawing 'Sitewide power & Communications HV Distribution' 180-E-3021 viewed. ▪ Power Purchase Agreement ▪ Newmont Powerline survey 2013

Asset Management System Component	Observations	Evidence
Financial planning	<ul style="list-style-type: none"> ▪ NPPL's activities are included in the financial planning of the parent company and are subject to the same authority delegations and processes used there. ▪ Annual budgets are prepared in accordance with requirements of the parent company. Financial statement are not prepared for NPPL but the parent company's accounts include NPPL's activities. These accounts are independently audited. ▪ The assets currently have zero value on the financial asset register. ▪ Capital planning is undertaken within the requirements of Newmont Mining Corporation's Investment Documentation Guidance. This specifies the level of authority and approvals required for new capital expenditure ▪ There is currently no capital expenditure planned due to the short horizon. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne. ▪ Newmont Mining Corporation: Investment Documentation Guidance
Review of AMS	<ul style="list-style-type: none"> ▪ NPPL periodically reviews its asset management practices, generally in line with the periodic review required under its licence. Because of the scale and nature of its operations, this review frequency is appropriate. ▪ NPPL engages an independent consultant to provide advice on the management of its assets. 	<ul style="list-style-type: none"> ▪ Interview with Tim Gordon and David Lyne.

6 Recommendations

Table 6-1 details the recommendations arising from this audit.

Table 6-1 Audit recommendations

Table of Current Non Audit Compliances and Recommendations					
A. Resolved during current audit period					
Electricity compliance reporting manual 2014 (reference no./ year)	(Compliance Legislative details of the issue)	rating/ obligation	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil					
B. Unresolved at end of current Audit period					
Electricity compliance reporting manual 2014 (reference no./ year)	(Compliance Legislative details of the issue)	rating/ obligation	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
127/2014	<p><i>Electricity Industry Act section 11</i></p> <p><i>A distributor must create and maintain a Priority Restoration Register.</i></p> <p>NPPL does not have in place a Priority Restoration Register</p>		<p>NPPL should prepare a Priority Restoration Register.</p> <p>As NPPL has only one customer it should consider discussing the relevance of this clause to its licensed activities with ERAWA.</p>		

7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at NPPL on 25 August 2014 and recorded in this report is an accurate presentation of our findings and opinions.

Simon Martin BEng(Hons) CPEng MIEAust
Cardno (QLD) Pty Ltd
515 St Paul's Terrace
Fortitude Valley QLD 4006

19 September 2014

Performance Audit and
Asset Management
Review

APPENDIX A
RISK
MANAGEMENT
FRAMEWORK



Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Audit and Review Guidelines: Electricity and Gas Licences, (Economic Regulation Authority), April 2014.

Consequence Rating

The consequence rating scale is outlined below.

Rating	Supply Quality and Reliability	Consumer Protection	Breaches of Legislation or Other Licence Conditions
1 Minor	Breaches of supply quality or reliability standards – affecting small number of customers. Delays in providing a small proportion of new connections.	Customer complaints procedures not followed in a few instances. Small percentage of disconnections or reconnections not completed on time. Small percentage of bills not issued on time.	Legislative obligations or licence conditions not fully complied with, minor impact on customers or third parties. Compliance framework generally fit for purpose and operating effectively.
2 Moderate	Supply quality breach events that significantly impact customers; large number of customers affected and/or extended duration and/or damage to customer equipment. Supply interruptions affecting significant proportion of customers on the network for up to one day. Significant number of customers experiencing excessive number of interruptions per annum. Significant percentage of new connections not provided on time/ some customers experiencing extended delays.	Significant percentage of complaints not being correctly handled. Customers not receiving correct advice regarding financial hardship. Significant percentage of bills not issued on time. Ongoing instances of disconnections and reconnections not completed on time, remedial actions not being taken or proving ineffective. Instances of wrongful disconnection.	More widespread breaches of legislative obligations or licence conditions over time. Compliance framework requires improvement to meet minimum standards.
3 Major	Supply interruptions affecting significant proportion of customers on the network for more than one day. Majority of new connections not completed on time/ large number of customers experiencing extended delays.	Significant failure of one or more customer protection processes leading to ongoing breaches of standards. Ongoing instances of wrongful disconnection.	Wilful breach of legislative obligation or licence condition. Widespread and/or ongoing breaches of legislative obligations or licence conditions. Compliance framework not fit for purpose, requires significant improvement.

Likelihood Ratings

The likelihood rating scale is described below.

Level	Description
A	Likely Non-compliance is expected to occur at least once or twice a year
B	Probable Non-compliance is expected to occur once every three years
C	Unlikely Non-compliance is expected to occur once every 10 years or longer

Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3		Audit Priority 4
Low	Audit Priority 5		

Performance Audit and
Asset Management
Review

APPENDIX B
ASSET
MANAGEMENT
PERFORMANCE
RATING
DEFINITIONS



Compliance Assessment Rating Scale

In accordance with the Audit Guidelines – Electricity, Gas and Water Licences (ERA, April 2014), a 7-point rating scale has been adopted to assess the licensee’s compliance against each licence condition. The rating scale and description of compliance is outlined below.

Compliance Status	Rating	Description of Compliance
Compliant	5	Compliant with no further action required to maintain compliance
Compliant	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance
Compliant	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance
Non-Compliant	2	Does not meet minimum requirements
Significantly Non-Compliant	1	Significant weaknesses and/or serious action required
Not Applicable	N/A	Determined that the compliance obligation does not apply to the licensee’s business operations.
Not Rated	N/R	No relevant activity took place during the audit period therefore it is not possible to assess compliance.

Asset Management Review Rating Scales

The asset management review utilises a combination of asset management adequacy ratings and asset management performance ratings, which are outlined below. These are based on the Audit Guidelines – Electricity, Gas and Water Licences (ERA, April 2014).

Asset Management Adequacy Ratings

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> ▪ Processes and policies are documented. ▪ Processes and policies adequately document the required performance of the assets. ▪ Processes and policies are subject to regular reviews, and updated where necessary. ▪ The asset management information system(s) are adequate in relation to the assets that are being managed
B	Requires some improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation requires improvement. ▪ Processes and policies do not adequately document the required performance of the assets. ▪ Reviews of processes and policies are not conducted regularly enough. ▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed)
C	Requires significant improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation is incomplete or requires significant improvement ▪ Processes and policies do not document the required performance of the assets ▪ Processes and policies are significantly out of date ▪ The asset management improvement system(s) require significant improvement s (taking into consideration the assets that are being managed).
D	Inadequate	<ul style="list-style-type: none"> ▪ Processes and policies are not documented. ▪ The asset management information system is not fit for purpose (taking into consideration the assets that are being managed).

Asset Management Performance Ratings

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> ▪ The performance of the process meets or exceeds the required levels of performance ▪ Process effectiveness is regularly assessed and corrective action taken when necessary
2	Opportunity for improvement	<ul style="list-style-type: none"> ▪ The performance of the process requires some improvement to meet the required level ▪ Process effectiveness reviews are not performed regularly enough ▪ Process improvement opportunities are not actioned
3	Corrective action required	<ul style="list-style-type: none"> ▪ The performance of the process requires significant improvement to meet the required level ▪ Process effectiveness reviews are performed irregularly or not at all ▪ Process improvement opportunities are not actioned
4	Serious action required	<ul style="list-style-type: none"> ▪ Process is not performed or the performance is so poor that the process is considered to be ineffective.

Performance Audit and
Asset Management
Review

APPENDIX C
POST AUDIT
IMPLEMENTATION
PLAN



The below Post-Audit Implementation Plan was developed by NPPL in response to the audit findings. It does not form part of the audit findings or represent the auditor’s opinion. It has been included in this report for completeness.

Electricity compliance reporting manual 2014 (reference no./ year)	Recommendation	Proposed action	Responsibility	Date for completion
127/2014	<p>NPPL should prepare a Priority Restoration Register.</p> <p>As NPPL has only one customer it should consider discussing the relevance of this clause to its licensed activities with ERAWA.</p>	<p>Prepare Priority Restoration Register.</p> <p>Discuss relevance of clause with ERAWA.</p>	Senior Advisor – Power and Joint Ventures	31 December 2014