

# **Energy Developments Ltd**

## **Electricity Integrated Regional Licence (EIRL 1)**

### **2011 Performance Audit (Independent Assurance) Report**

**December 2011**

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Mr Greg Breadsell  
General Manager, Australian Operations and Compliance  
Energy Developments Limited  
PO Box 4046  
Eight Mile Plains QLD 4113

21 December 2011

Dear Mr Breadsell

**Electricity Integrated Regional Licence (EIRL 1) 2011 Performance Audit Report**

We have completed the Electricity Integrated Regional Licence Performance Audit for Energy Developments Limited for the period 1 August 2008 to 31 July 2011 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact me on 08 9365 7024.

Yours sincerely

**Richard Thomas**  
Partner

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# 1 Independent Auditor's report

With the Economic Regulation Authority's (**the Authority**) approval, Deloitte Touche Tohmatsu (**Deloitte**) was engaged to conduct a reasonable assurance audit of Energy Developments Limited's (**EDL**) compliance with the conditions of its Electricity Integrated Regional Licence (**Licence**). The audit was conducted in accordance with the specific requirements of the Licence and the August 2010 issue of the *Audit Guidelines: Electricity, Gas and Water Licences* (**Audit Guidelines**).

## EDL's responsibility for compliance with the conditions of the Licence

EDL is responsible for:

- Putting in place policies, procedures and controls, which are designed to ensure compliance with the conditions of the Licence
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority.

## Our responsibility

Our responsibility is to express a conclusion on EDL's compliance with the conditions of the Licence based on our procedures. We conducted our engagement in accordance with the Audit Guidelines and Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*<sup>1</sup> issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, the conditions of the Licence have been complied with.

Our engagement provides reasonable assurance as defined in ASAE 3500. Our procedures were set out in the Audit Plan reviewed by and agreed with the Authority on 29 November 2011 and set out in Appendix A.

## Limitations of use

This report is made solely to the management of EDL for the purpose of its reporting requirements under section 13 of the Electricity Industry Act 2004 (the **Act**). We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of EDL, or for any purpose other than that for which it was prepared. We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

## Inherent limitations

Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and its responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our reports should not rely on the report to identify all potential instances of non-compliance which may occur.

<sup>1</sup> ASAE 3500 also provides for our engagement to be conducted in accordance with relevant requirements of ASAE 3100 Compliance Engagements and ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

## Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

## Conclusion

In our opinion, based on the procedures performed, except for the effect of any issues set out below, EDL has, in all material respects complied with the conditions of its Licence for the period 1 August 2008 to 31 July 2011.

## Exceptions

The following performance criteria were assessed as non-compliant (rating 2):

Reporting manual no. & Licence condition		Issue
85	<b>Electricity Industry Act s.17(1)</b> - 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.	The annual licence fee due by 13 September 2009 and 2010 (being one month after the anniversary of the Licence issue) was not paid until 16 October 2009 and 22 October 2010 respectively, breaching the requirement of the Act.
110	<b>Generation Licence condition 18.1</b> - 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.	Although EDL presented all required compliance reports to the Authority, the required compliance reports for the years ending 30 June 2009 and 2010 were provided to the Authority after the 31 August due date. The 2009 compliance report also required amendment to capture matters of non-compliance not initially reported.

DELOITTE TOUCHE TOHMATSU

### Richard Thomas

Partner

Perth, 21 December 2011

# 2 Executive Summary

## 2.1 Introduction and background

The Authority has under the provisions of the Electricity Industry Act 2004 (**the Act**), issued to EDL an Electricity Integrated Regional License (the **Licence**). The Licence relates to EDL's operation of electricity generating works in the locations of Broome, Derby, Fitzroy Crossing, Halls Creek and Looma. These power facilities are collectively referred to as the West Kimberley Power Project (**WKPP**). Through a formal Power Purchase Agreement (**PPA**) relevant to the WKPP, EDL has contractual obligations to supply electricity to Horizon Power.

Section 13 of the Act requires EDL to provide the Authority with an audit (the **audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or any longer period that the Authority allows). This is the second audit of EDL's Licence since its issue in 2005, with the Authority electing to extend the period to be covered by the audit to the 36 month period ending 31 July 2011.

On 26 February 2010, the Authority published a decision to amend EDL's Licence by removing those obligations related to the distribution system referenced in EIRL1. The related exemption amendment order was published by the Office of Energy on 9 October 2009, being the date that EDL is relieved from compliance with those obligations specific to a distribution licence holder. Accordingly, the total number of EDL's licence obligations subject to audit has decreased from 116<sup>2</sup> for the previous audit to 48 for this audit.

## 2.2 Observations

In considering EDL's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed that EDL has:

- Not always demonstrated its awareness of and commitment to regulatory compliance, specific to the WKPP operating licence requirements
- Recognised elements of non-compliance throughout the audit period and attempted to implement associated control improvements. Those attempts were not all successful as some elements of non-compliance were repeated
- Recently re-allocated responsibilities to specific staff for meeting key Licence obligations
- Implemented a new and more comprehensive compliance timetable and monitoring spread sheet, which is coordinated by a designated staff member and maintained by responsible staff.

## 2.3 Findings

The following tables summarise the assessments made by the audit on EDL's compliance with the obligations of the Licence. On a scale of 1 to 5, "5" is the highest compliance rating possible (defined as "Compliant with no further action required to maintain compliance") with the rating scale moving down through lower levels of compliance to "1", the lowest compliance rating possible (defined as "Significantly non-compliant: Significant weaknesses and/or serious action required").

**Table 2** at section 3 of this report provides further detail to the compliance rating scale.

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<sup>2</sup> 169 obligations were subject to audit however 53 were assessed as not applicable to EDL's operations

**Table 1: Summary of findings, by audit priority and compliance rating**

No. of Obligations	Compliance Rating							Total
	N/A <sup>4</sup>	Not rated <sup>5</sup>	Non-compliant		Compliant			
Audit Priority <sup>3</sup>			1	2	3	4	5	
Priority 1								
Priority 2								
Priority 3				2				2
Priority 4		19					6	25
Priority 5		7					5	12
N/A								9
<b>Total</b>	<b>9</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>48</b>

Specific assessments for each licence obligation are summarised at **Table 3** in the “Summary of findings” section of this report.

Detailed findings, including relevant observations, recommendations and action plans are located in section 4 “Detailed findings, recommendations and action plans” of this report.

## 2.4 EDL’s response to previous audit recommendations

This audit considered how EDL has progressed against the five action plans detailed in the 2008 performance audit report. Our assessment of EDL’s progress in implementing those action plans is that:

- Three action plans were completed during 2009
- Two action plans were closed out as they related to energy validation and metering requirements specific to the former distribution system element of the Licence, which is now exempted from EDL’s Licence. Accordingly, the related obligations are no longer relevant to EDL’s licence obligations.

Refer to section 5 of this report for further detail.

<sup>3</sup> Audit priority for each licence obligation was determined as an outcome of the risk assessment approach outlined in the Audit Plan at Appendix A

<sup>4</sup> Obligations assessed as not applicable to EDL’s operations are detailed in the Audit Plan at Appendix A

<sup>5</sup> Obligations that are “not rated” are those for which there was no relevant activity during the audit period; therefore a compliance assessment could not be made

## 2.5 Recommendations and action plans

	Reporting manual no. & Licence condition ref.	Audit Priority	Compliance Rating	Issue 1/2011
85	<p><b>Electricity Industry Act s.17(1)</b> - 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.</p>	Priority 3	Non-compliant - 2	The annual licence fee due by 13 September 2009 and 2010 (being one month after the anniversary of the Licence issue) was not paid until 16 October 2009 and 22 October 2010 respectively, breaching the requirement of the Act.
	<p><b>Recommendation 1/2011</b> EDL implement stronger controls to ensure that licence fees are paid in compliance with the Act.</p>			<p><b>Action Plan 1/2011</b></p> <p>(a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL's regulatory compliance requirements</p> <p>(b) A licence compliance spread sheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spread sheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL's Environment and Compliance Home Page</p> <p>(c) In relation to timely payment of licence fees, the licence compliance spread sheet will be used to enable the designated person to:</p> <ul style="list-style-type: none"> <li>• Diarise the due date for the licence fee</li> <li>• Ensure an invoice has been received from the Authority</li> <li>• Ensure payment is processed by Accounts so that payment is made within the specified timeframe required by the Act.</li> </ul> <p><b>Responsible Person:</b> Environmental Scientist  <b>Accountable Person:</b> Manager – Shared Services  <b>Target Date:</b> (a) Complete            (b) 29 February 2012            (c) 31 August 2012 (aligned to the timing of the next licence fee payable)</p>



	Reporting manual no. & Licence condition ref.	Audit Priority	Compliance Rating	Issue 2/2011
110	<p><b>Generation Licence condition 18.1</b> - 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.</p>	Priority 3	Non-compliant - 2	<p>Although EDL presented all required compliance reports to the Authority, the required compliance reports for the years ending 30 June 2009 and 2010 were provided to the Authority after the 31 August due date.</p> <p>The 2009 compliance report also required amendment to capture matters of non-compliance not initially reported.</p>
	<p><b>Recommendation 2/2011</b></p> <p>EDL implement stronger controls to ensure that compliance reports and other relevant information required by the Authority are provided to the Authority in the form required and by the date required.</p>		<p><b>Action Plan 2/2011</b></p> <p>(a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL’s regulatory compliance requirements</p> <p>(b) A licence compliance spread sheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spread sheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL’s Environment and Compliance Home Page</p> <p>(c) In relation to timely provision of compliance reports to the Authority, the licence compliance spread sheet will be used to enable the designated person to:</p> <ul style="list-style-type: none"> <li>• Diarise the 31 August due date for the report</li> <li>• Ensure relevant information is compiled in a timely manner</li> <li>• Ensure an original copy of the report is provided to the Authority by 31 August each year.</li> </ul> <p><b>Responsible Person:</b> Environmental Scientist  <b>Accountable Person:</b> Manager – Shared Services  <b>Target Date:</b> (a) Complete  (b) 29 February 2012  (c) 30 June 2012</p>	

## 2.6 Scope and objectives

The audit is designed to gain reasonable assurance regarding EDL's compliance with the conditions of its Licence during the period 1 August 2008 to 31 July 2011.

The Authority has summarised the requirements of the applicable legislation that it expects to be reported and included in the scope of the audit in its Electricity Compliance Reporting Manual (**Reporting Manual**). With the agreement of the Authority's Secretariat, this audit refers to the July 2010 version of the Reporting Manual.

The Audit Plan set out at Appendix A lists those Licence conditions confirmed to be included in the scope of the audit, along with the risk assessments made for and audit priority assigned to each licence obligation.

## 2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period August and December 2011:

- Utilising the Audit Guidelines and Reporting Manual as a guide, development of a risk assessment, which involved discussions with key staff and document review to assess controls
- Development of an Audit Plan (see **Appendix A**) for approval by the Authority and associated work program
- Interviews with relevant site level EDL staff to gain understanding of process controls (see **Appendix B** for staff involved)
- Review of documents, processes and controls to assess the overall compliance and effectiveness of those processes and controls in line with the Licence obligations (see **Appendix B** for reference listing)
- Reporting of findings to EDL for review and response.

# 3 Summary of findings

Table 2 sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, EDL was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

**Table 2: Compliance rating scale**

Level	Rating	Description
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 EDL's business operations
Not rated	N/R	No relevant activity took place during the audit period; therefore it is not possible to assess compliance.

The remainder of this report provides:

- A summary of the findings for the compliance obligations (at **Table 3** below)
- Detailed findings, including relevant observations, recommendations and action plans (at **Section 4**).

Note that the risk assessment that was presented in the audit plan remains unchanged; as no issues or concerns were identified that would indicate a need to modify the nature and levels of testing. The risk assessment has been included in this summary to give context to the ratings that have been determined.

**Table 3: Compliance summary**

Refer to Detailed Findings at section 4 and Audit Plan at Appendix A for descriptions of the obligations.

No.	Obligation (clause)	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority	Compliance Rating				
							N/R	1	2	3	4
<b>12 ELECTRICITY INDUSTRY ACT - LICENCE CONDITIONS AND OBLIGATIONS</b>											
81	13(1)	Minor	Unlikely	Low	Strong	Priority 5					✓
82	14(1)(a)	Minor	Probable	Low	Moderate	Priority 5					✓
83	14(1)(b)	Moderate	Probable	Medium	Moderate	Priority 4					✓
84	14(1)(c)	Minor	Unlikely	Low	Strong	Priority 5					✓
85	17(1)	Moderate	Probable	Medium	Weak	Priority 3		✓			
86	31(3)	Minor	Unlikely	Low	Strong	Priority 5					✓
87	41(6)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
<b>11 ELECTRICITY LICENCES - LICENCE CONDITIONS AND OBLIGATIONS</b>											
103	EGL 12.2	Moderate	Probable	Medium	Moderate	Priority 4	✓				
104	EGL 12.3	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
105	EGL 13.1	Moderate	Unlikely	Medium	Strong	Priority 4					✓
106	EGL 14.4	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
107	EGL 15.2	Moderate	Unlikely	Medium	Strong	Priority 4					✓
108	EGL 16.4	Moderate	Unlikely	Medium	Strong	Priority 4					✓
109	EGL 17.1	Moderate	Unlikely	Medium	Strong	Priority 4	✓				
110	EGL 18.1	Moderate	Probable	Medium	Weak	Priority 3		✓			
111	EGL 19.2	Moderate	Probable	Medium	Moderate	Priority 4	✓				
112	EGL 20.1	Moderate	Unlikely	Medium	Strong	Priority 4					✓
<b>15 ELECTRICITY INDUSTRY METERING CODE - LICENCE CONDITIONS AND OBLIGATIONS</b>											
326	3.5(6)	Not applicable to EDL's operations as EDL is not the network operator per the Electricity Industry Metering Code 2005, which defines a network as a transmission or distribution system, as applicable, operated by a network operator.									
336	3.11(3)	Moderate	Probable	Medium	Moderate	Priority 4	✓				
348	3.16(5)	Not applicable to EDL's operations as this clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.									
359	3.27	Moderate	Probable	Medium	Moderate	Priority 4	✓				
366	4.4(1)	Minor	Unlikely	Low	Moderate	Priority 5	✓				
367	4.5(1)	Minor	Unlikely	Low	Moderate	Priority 5	✓				
368	4.5(2)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
380	5.4(2)	Minor	Unlikely	Low	Moderate	Priority 5	✓				
382	5.5(3)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
393	5.16	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				
394	5.17	Not applicable to EDL's operations as EDL does not provide to energy to customers.									
395	5.18	Moderate	Unlikely	Medium	Moderate	Priority 4	✓				

No.	Obligation (clause)	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority	Compliance Rating					
							N/R	1	2	3	4	5
396	5.19(1)	Not applicable - clause 5.19 of the Metering Code relates to the provision of customer information. Under paragraph 2.1(b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act.										
397	5.19(2)											
398	5.19(3)											
399	5.19(4)											
401	5.19(6)											
407	5.21(5)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓					
408	5.21(6)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓					
426	5.27	Not applicable - clause 5.19 of the Metering Code relates to the provision of customer information. Under paragraph 2.1(b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act.										
433	6.1(2)	Moderate	Probable	Medium	Moderate	Priority 4	✓					
435	7.2(1)	Minor	Unlikely	Low	Strong	Priority 5						✓
437	7.2(4)	Moderate	Unlikely	Medium	Strong	Priority 4	✓					
438	7.2(5)	Moderate	Unlikely	Medium	Strong	Priority 4	✓					
439	7.5	Moderate	Probable	Medium	Moderate	Priority 4						✓
440	7.6(1)	Moderate	Probable	Medium	Moderate	Priority 4	✓					
441	8.1(1)	Minor	Unlikely	Low	Moderate	Priority 5	✓					
442	8.1(2)	Minor	Unlikely	Low	Moderate	Priority 5	✓					
443	8.1(3)	Minor	Unlikely	Low	Moderate	Priority 5	✓					
444	8.1(4)	Moderate	Unlikely	Medium	Moderate	Priority 4	✓					
445	8.3(2)	Minor	Unlikely	Low	Moderate	Priority 5	✓					

# 4 Detailed findings, recommendations and action plans

The following sections are broken into the relevant Codes that require an assessment of EDL's compliance. The sections are:

1. Electricity Industry Act 2004
2. Licence Conditions
3. Electricity Industry Metering Code 2005

Each section contains:

- **Background** – where appropriate, a brief background is provided to assist in developing the context for the assessed levels of compliance
- **Not applicable obligations** – an outline of and the reasons as to why the obligations were assessed as not applicable
- **Not rateable obligations** – the obligations assessed as not rated for the audit period and reasons for this assessment
- **Assessment of compliance** – the conclusions from our audit procedures and a determination of EDL's compliance with the applicable obligations. These tables include:
  - **Findings** – our understanding of the process and any issues that have been identified during the audit
  - **Recommendations** – recommendations for improvement or enhancement of the process or control
  - **Action plans** – EDL's formal response to audit recommendations, providing details of action to be implemented to address the specific issue raised by the audit.

## 4.1 Electricity Industry Act

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to EDL's operations for the period subject to audit.

### Obligations determined to be not rateable

EDL's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

Obligation	Reason
87	The WA Operations Manager confirmed that during the period 1 August 2008 to 30 June 2011, EDL had not purchased an interest or easement over land under the Land Administration Act 1997 Part 9.

### Assessment of compliance

The table below summarises the audit's assessment of EDL's compliance with the relevant obligations of the Electricity Industry Act.

		Non-compliant		Compliant			Total
N/A	N/R	1	2	3	4	5	
	1		1			5	7

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that cannot be rated, as detailed in the table above.

No	Obligation under Condition	Compliance Rating	Findings
81	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. <i>Electricity Industry Act section 13(1)</i>	Compliant - 5	This is the second performance audit of EDL's Licence since its issue in August 2005, with the Authority electing to extend the period to be covered by the audit to the 36 month period ending 31 July 2011. Deloitte was appointed, with the Authority's approval to undertake the audit for the period 1 August 2008 to 30 June 2011.
82	A licensee must provide for an asset management system. <i>Electricity Industry Act section 14(1)(a)</i>	Compliant - 5	Through our discussions with the WA Operations Manager and Environmental Scientist and examination of the WKPP Power Facilities Asset Management Plan, we observed that EDL has a functioning asset management system. The WA Operations Manager is functionally delegated as responsible for the asset management system. The WKPP Power Facilities Manager is responsible for timely review and management of the asset management plan.
83	A licensee must notify details of the asset management system and any substantial changes to it to the Authority. <i>Electricity Industry Act section 14(1)(b)</i>	Compliant - 5	The WA Operations Manager confirmed that for the period 1 August 2008 to 30 June 2011 there have been no substantial changes to the asset management system.
84	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. <i>Electricity Industry Act section 14(1)(c)</i>	Compliant - 5	Deloitte was appointed, with the Authority's approval to undertake the asset management system review for the period 1 August 2008 to 30 June 2011. Deloitte, with the Authority's approval, engaged KT & Sai Associates to address technical aspects of the review. The review is the second review of the asset management system in accordance with EDL's Licence since its issue in August 2005, with the Authority electing to extend the period to be covered by the audit to the 36 month period ending 31 July 2011.
85	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. <i>Electricity Industry Act section 17(1)</i>	Non-compliant - 2	By sighting EDL's financial records of licence fee payments processed, we determined that the annual licence fee due by: <ul style="list-style-type: none"> <li>• 13 September 2008 (being one month after the anniversary of the Licence issue) was paid within the one month period required by s.17 (1) of the Act</li> <li>• 13 September 2009 was not paid until 16 October 2009, outside the required timeframe</li> <li>• 13 September 2010 was not paid until 22 October 2010, outside the required timeframe. EDL's 2010 compliance report to the Authority recorded this payment as a non-compliance.</li> </ul>



No	Obligation under Condition	Compliance Rating	Findings
	<p><b>Recommendation 1/2011</b> EDL implement stronger controls to ensure that licence fees are paid in compliance with the Act.</p>		<p><b>Action Plan 1/2011</b></p> <p>(a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL's regulatory compliance requirements</p> <p>(b) A licence compliance spread sheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spread sheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL's Environment and Compliance Home Page</p> <p>(c) In relation to timely payment of licence fees, the licence compliance spread sheet will be used to enable the designated person to:</p> <ul style="list-style-type: none"> <li>• Diarise the due date for the licence fee</li> <li>• Ensure an invoice has been received from the Authority</li> <li>• Ensure payment is processed by Accounts so that payment is made within the specified timeframe required by the Act.</li> </ul> <p><b>Responsible Person:</b> Environmental Scientist  <b>Accountable Person:</b> Manager – Shared Services  <b>Target Date:</b> (a) Complete  (b) 29 February 2012  (c) 31 August 2012 (aligned to the timing of the next licence fee payable)</p>
86	<p>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.</p> <p><i>Electricity Industry Act section 31(3)</i></p>	Compliant - 5	<p>Through discussions with the WA Operations Manager, and examination of the WKPP incident management processes, we determined that EDL has a mature incident management system designed to minimise the extent or duration of interruption, suspension or restriction of supply. These processes were developed in accordance with the requirements of clause 12 of the PPA.</p>

## 4.2 Licence Conditions

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to EDL's operations for the period subject to audit.

### Obligations determined to be not rateable

EDL's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

Obligation	Reason
103 - 104	The WA Operations Manager confirmed that for the period 1 August 2008 to 30 April 2011 there have been no expansions or reductions to EDL's generating works on its Broome, Derby, Fitzroy Crossing, Halls Creek and Looma sites. <i>Note – obligations 103 and 104 are only applicable up to 30 April 2011 due to changes in the Reporting Manual in May 2011.</i>
106	The WA Operations Manager confirmed that for the period 1 August 2008 to 31 July 2011, EDL has not been prescribed individual performance standards by the Authority.
109	During the period 1 August 2008 to 31 July 2011, EDL was not under external administration and had not undergone any significant change in circumstances upon which its Licence was granted, which may affect its ability to meet its Licence obligations. Accordingly, there was no obligation to report to the Authority.
111	The WA Operations Manager confirmed that, for the period 1 August 2008 to 30 June 2011, the Authority did not direct EDL to publish any information with regards to its Licence (other than information associated with the operating licence performance audit and asset management system review reports).

### Assessment of compliance

The table below summarises the audit's assessment of EDL's compliance with the relevant obligations of the Licence Conditions.

N/A	N/R	Non-compliant		Compliant			Total
		1	2	3	4	5	
	5		1			4	10

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that cannot be rated, as detailed in the table above.

No	Obligation under Condition	Compliance Rating	Findings
105	<p>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.</p> <p><i>Licence condition 13.1</i></p>	Compliant - 5	<p>The WKPP Management Accountant confirmed that:</p> <ul style="list-style-type: none"> <li>• EDL is compliant with Australian Accounting Standards</li> <li>• Ernst &amp; Young reviews EDL's quarterly financial information and audits the Annual Statutory Accounts for the financial years ending 30 June, assessing compliance with Australian Accounting Standards and relevant International Financial Reporting Standards</li> <li>• There are no significant accounting transactions or items that would currently jeopardise EDL's compliance with Australian Accounting Standards.</li> </ul> <p>The published Financial Statements of EDL for the years ending 30 June 2009, 2010 and 2011 were examined. Those statements were unqualified.</p>
107	<p>A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.</p> <p><i>Licence condition 15.2</i></p>	Compliant - 5	<p><i>Obligations 107 and 108</i></p> <p>The audit and review plans approved by the Authority on 29 November 2011 and 17 November 2011 respectively, commit EDL and Deloitte (independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the Authority.</p>
108	<p>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.</p> <p><i>Licence condition 16.4</i></p>	Compliant - 5	<p>Deloitte has undertaken the audit and review utilising the framework from the <i>Audit Guidelines: Electricity, Gas and Water Licences</i>, dated August 2010.</p>

No	Obligation under Condition	Compliance Rating	Findings
110	<p>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.</p> <p><i>Licence condition 18.1</i></p>	Non-compliant 2	<p>Through examination of records of correspondence between EDL and the Authority and discussions with the WA Operations Manager and Environmental Scientist, we determined that during the period 1 August 2008 to 31 July 2011:</p> <ul style="list-style-type: none"> <li>• A number of different EDL staff have been allocated responsibility for responding to requests for information from the Authority.</li> <li>• Until recently, EDL had not executed an effective regulatory compliance calendar to ensure all regulatory compliance activities were monitored and effectively actioned in a timely manner.</li> </ul> <p>EDL is required to submit compliance reports to the Authority by 31 August each year. EDL submitted the:</p> <ul style="list-style-type: none"> <li>• 2009 compliance report via email by 31 August 2009, however did not submit the required original copy until November 2009 (an amended version as the initial version did not report non-compliances included in the 2008 performance audit report). EDL's 2010 compliance report to the Authority recorded this matter as a non-compliance</li> <li>• 2010 compliance report on 5 November 2010, after the 31 August 2010 deadline.</li> </ul> <p>We note that in September 2011, the Manager – Shared Services was assigned responsibility for the compliance reporting function.</p> <p>The WA Operations Manager confirmed that, for the period 1 August 2008 to 30 July 2011, the Authority's information requests of EDL in regards to its Licence was limited to:</p> <ul style="list-style-type: none"> <li>• Information associated with the performance audit report, asset management system report and annual compliance reports</li> <li>• Confirmation of the nameplate capacity of WKPP generating works, for the purpose of re-calculating the annual licence fee.</li> </ul>

No	Obligation under Condition	Compliance Rating	Findings
	<p><b>Recommendation 2/2011</b></p> <p>EDL implement stronger controls to ensure that compliance reports and other relevant information required by the Authority are provided to the Authority in the form required and by the date required.</p>		<p><b>Action Plan 2/2011</b></p> <p>(a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL's regulatory compliance requirements</p> <p>(b) A licence compliance spread sheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spread sheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL's Environment and Compliance Home Page</p> <p>(c) In relation to timely provision of compliance reports to the Authority, the licence compliance spread sheet will be used to enable the designated person to:</p> <ul style="list-style-type: none"> <li>• Diarise the 31 August due date for the report</li> <li>• Ensure relevant information is compiled in a timely manner</li> <li>• Ensure an original copy of the report is provided to the Authority by 31 August each year.</li> </ul> <p><b>Responsible Person:</b> Environmental Scientist  <b>Accountable Person:</b> Manager – Shared Services  <b>Target Date:</b> (a) Complete  (b) 29 February 2012  (c) 30 June 2012</p>
112	<p>Unless otherwise specified, all notices must be in writing.</p> <p><i>Licence condition 20.1</i></p>	Compliant - 5	<p>We observed that EDL maintains central, electronic records to evidence formal communications with the Authority, which have been made via post or email.</p> <p>The WA Operations Manager confirmed that EDL's records of correspondence with the Authority contain all requests or instructions that have been made by the Authority in relation to EDL's Licence.</p>

## 4.3 Electricity Industry Metering Code

This audit has further clarified EDL's metering arrangements and the relevance of Metering Code requirements to EDL's circumstances, with the majority of the Code obligations not being relevant because:

- EDL's meters are not connected to a 'network' and therefore as there is no network access, the PPA is considered to be a contract for supply rather than an access contract. Accordingly EDL is not classed as a 'user'
- EDL's Licence has been amended after the exemption amendment order issued by the Office of Energy, which had the effect of removing the distribution component of its Licence. This change has considerably altered EDL's Metering Code obligations since the 2008 performance audit, where EDL was classified as a network operator.

In summary, since EDL (as the owner of the metering installations) is no longer considered to be a network operator, the installations are not connected to a network and EDL is not classified as a 'user', there are few Metering Code obligations relevant to EDL's current circumstances.

### Metering arrangements

EDL owns and manages electricity generating works in Broome, Derby, Fitzroy Crossing, Halls Creek and Looma. Through a formal PPA relevant to the WKPP, EDL has contractual obligations to supply electricity to Horizon Power. The PPA outlines the following metering arrangements:

- EDL must supply, install and maintain meters at the point of supply as described in the PPA
- Consumption meters must be installed and programmed to measure and store readings of energy, in kilowatt hours, over half hourly periods
- EDL is responsible for testing, recalibration, repair or replacement of those meters.

In summary, EDL owns the metering installations and all aspects of their maintenance and operation. Horizon Power is not delegated as responsible for any aspect of the metering installation. However, for Horizon Power to ensure that EDL is accurately billing (in accordance with section 21.1 of the PPA) power quality meters have been installed at supply points to validate supply and billed amounts.

### Consequence of exemption amendment order

On 12 August 2005, the Authority under the provisions of the Act, issued a Licence to EDL relating to its operation and management of:

- Electricity generating works in Broome, Derby, Fitzroy Crossing, Halls Creek and Looma
- An underground cabling between the Broome Power Station and Broome Substation, deemed to be a distribution system.

On 5 February 2010, EDL made an application to the Authority requesting an amendment of its Licence, consistent with the Office of Energy's exemption amendment order dated 9 October 2009. The exemption amendment order provided that EDL is exempt from section 7(3)<sup>6</sup> of the Electricity Industry Act 2004 for the underground distribution network, which joined the power station to the substation.

The exemption amendment order has had the following effect on EDL's obligations under the Metering Code:

- As the distribution element of EDL's Licence is now exempt from section 7(3) of the Act, the obligations subject to audit are those that specifically relate to a generator only, even though EDL is the holder of an integrated regional licence

<sup>6</sup> Section 7(3) of the Act states that a person must not construct or operate a distribution system except under the authority of a distribution licence or an integrated regional licence

- Due to the removal of the distribution system element from EDL's Licence, any reference to a 'network' is now not relevant, as there is no related distribution network, nor a relevant network operated by Horizon Power, as defined by the Metering Code
- Section 1.3 of the Metering Code defines a 'network operator' to be a person who holds a distribution licence, integrated regional licence or transmission licence under Part 2 of the Act for either or both of the construction and operation of the network. As there is technically no network, there is no network operator under the current arrangements
- EDL, for the purposes of the Metering Code, can only be a Code participant due to the application of section 1.2(1)(c) of the Metering Code, capturing EDL as a generator.

It appears that an unintended consequence of the Office of Energy's exemption amendment order is that there are no applicable obligations on either EDL or Horizon Power to maintain metering installations in accordance with the requirements of the Metering Code. Once the Authority brings this matter to the attention of the Office of Energy, the Office of Energy may reconsider the nature of the exemption amendment order to enable the intended application of the Metering Code to EDL's circumstances.

### Obligations determined to be not applicable

The following obligations are not applicable to EDL's operations.

Obligation	Reason
326	Clause 3.5(6) of the Metering Code is not applicable to EDL's operations as EDL is not the network operator according to the Electricity Industry Metering Code 2005, which defines a network as a transmission or distribution system, as applicable, operated by a network operator.
348	Clause 3.16(5) of the Metering Code is not applicable to EDL's operations as this clause refers to the wholesale market, which is defined by the Metering Code as relating only to the South West Interconnected System (SWIS).
394	Clause 5.17 of the Metering Code is not applicable to EDL's operations as EDL does not provide energy to customers (i.e. consumers), as defined by the Electricity Act.
396 - 399, 401, 426	Clause 5.19 of the Metering Code relates to the provision of customer information. Under paragraph 2.1(b) of the Licence, EDL is not licenced to supply electricity to customers (i.e. consumers), as defined by the Electricity Act.

### Obligations determined to be not rateable

EDL's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

Obligation	Reason
336	Although clause 3.11(3) of the Metering Code is not specifically relevant to EDL's operations as a Code participant, it was determined that the supply relationship between EDL and Horizon Power primarily relies on the metering installations for its billing and supply functions. For this purpose, the obligation has been considered by this performance audit.  The Manager Technical confirmed that during the period 1 August 2008 to 31 July 2011, EDL was not aware of an outage or malfunction of a metering installation.

Obligation	Reason
359	<p>Section 1.3 of the Metering Code defines a ‘network’ as a transmission system, distribution system or both, as applicable, operated by a network operator. Due to the exemption amendment order issued by the Office of Energy, resulting in modification of EDL’s Licence, there is no defined ‘network’ to which EDL is connected.</p> <p>Therefore, the scope of clause 3.27 of the Metering Code i.e. installation of meters onto a network, is not relevant to EDL’s Licence until such time EDL is considered to be connected to a ‘network’, or otherwise considered to act in a manner consistent with that of a network operator.</p>
366	<p>Clause 4.4(1) of the Metering Code requires a network operator and affected code participants to liaise with one another to resolve discrepancies between energy data held in the metering installation and the metering database.</p> <p>For the purposes of EDL’s Licence there is no Code participant that can be affected by discrepancies between energy data held in the metering installation and the metering database. Therefore, the scope of clause 4.4(1) of the Metering Code is not relevant to EDL’s current operations.</p>
367	<p>Clause 4.5(1) of the Metering Code states that a Code participant must not knowingly permit the registry to materially inaccurate. Section 1.3 of the Metering Code defines the ‘registry’ to be the part of the metering database, which contains standing data in accordance with the Code.</p> <p>As clause 4.1(1) of the Metering Code states that it is the responsibility of the network operator to establish, maintain and administer the metering database for each point on its network (including both standing and energy data), EDL has no obligation under clause 4.5(1) as there is no relevant ‘network’ and therefore no requirement to maintain a metering database.</p>
368	<p>Clause 4.5(2) of the Metering Code requires that if a Code participant becomes aware of a change to or an inaccuracy in an item of standing data, then it must notify the network operator.</p> <p>As there is no relevant network operator, as defined by section 1.3 of the Metering Code, and EDL is the owner of the metering installations, there is no obligation on EDL to notify a third party of a change to or an inaccuracy in an item of standing data.</p>
380, 382, 393, 395, 407, 408, 433	<p>Section 1.3 of the Metering Code defines:</p> <ul style="list-style-type: none"> <li>• A <i>User</i> as a person with an access contract</li> <li>• An <i>Access Contract</i> as an agreement between a network operator and a person for the person to have access to services on a network.</li> </ul> <p>The current PPA between EDL and Horizon Power constitutes a contract for supply rather than a contract for access to network services. Therefore, clauses of the Metering Code relating to a User’s obligations to perform activities are not relevant to EDL’s operations until such time that an access contract is implemented.</p>
437 - 438	<p>Clauses 7.2(4) and 7.2(5) of the Metering Code relate to a Code participant’s responsibility to notify an affected network operator of a change in its contact details within specific circumstances and timeframes.</p> <p>For the purposes of EDL’s operating environment there is no network operator, as defined by section 1.3 of the Metering Code, due to the exemption amendment order issued by the Office of Energy. Therefore, there is no obligation on EDL to notify a network operator of changes to its contact details.</p>
440	<p>The Manager Technical confirmed that for the period subject to audit, EDL was not required to disclose or permit the disclosure of confidential information provided under or in connection with the Metering Code. Therefore, obligations relating to the disclosure of confidential information are not relevant to EDL’s operations for the period subject to audit.</p>



Obligation	Reason
441 - 445	For the purpose of the Metering Code, “disputes” refers to metering disputes between EDL as a Code participant and another Code participant (being a retailer, another generator, the network operator, a user or the IMO). The only party with whom EDL would have a dispute is Horizon Power, as a retailer. The Manager Technical confirmed that no metering disputes have arisen between Horizon Power and EDL during the period 1 August 2008 to 31 July 2011. Accordingly, an assessment of compliance with s.8.1 of the Metering Code cannot be made.

### Assessment of compliance

The table below summarises the audit’s assessment of EDL’s compliance with the relevant obligations of the Metering Code.

		Non-compliant		Compliant			Total
N/A	N/R	1	2	3	4	5	
9	20	-	-	-	-	2	31

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that are not applicable or cannot be rated, as detailed in the tables above.

No	Obligation under Condition	Compliance Rating	Findings
435	<p>Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.</p> <p><i>Metering Code clause 7.2(1)</i></p>	Compliant - 5	<p>Although clause 7.2(1) of the Metering Code is not specifically relevant to EDL's operations as a Code participant, it was determined that the commercial supply relationship between EDL and Horizon Power relies on such requirements. For this purpose, the obligation has been considered by this performance audit.</p> <p>Through discussions with the Manager Technical and consideration of EDL's business practices, we determined that EDL maintains electronic and voice communication channels commensurate with the expectations of a major business.</p>
439	<p>A Code participant must 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.</p> <p><i>Metering Code clause 7.5</i></p>	Compliant - 5	<p>Through discussions with the Manager Technical and considerations of EDL's business practices, we determined that:</p> <ul style="list-style-type: none"> <li>• EDL stores confidential commercial information relating to its metering operations primarily within SCADA. Only authorised personnel have access to the this information, which is password protected</li> <li>• Information regarding its metering activities is available to management via a portal. Access is restricted to select personnel by passwords</li> <li>• All EDL staff, including contractors, are required to maintain confidentiality according to the provisions of their employment/service contracts.</li> </ul> <p>The Manager Technical confirmed that for the period 1 August 2008 to 30 June 2011, EDL did not:</p> <ul style="list-style-type: none"> <li>• Hold metering database information (other than relating to EDL's electricity data, accessed from the metering database)</li> <li>• Hold other confidential information provided under or in connection with the Metering Code</li> <li>• Disclose or permit the disclosure of confidential information provided under or in connection with the Metering Code.</li> </ul>

# 5 Follow-up of previous audit action plans

Rec. No	Ref	Recommendation	Previous Audit Action Plan	Status	Revised action plan (if applicable)
1/08	83	Not applicable – corrective action implemented.	This licence condition required EDL to notify the Authority of its asset management system within two days of completion of construction, which occurred for each of the generating works prior to May 2007. EDL did not notify the Authority of details of its asset management system until June 2007, through the provision of the WKPP AMP. EDL has since developed a WKPP reporting notification matrix, which details each of its reporting requirements under the EIRL.	<b>Complete</b> This action plan was completed through the development of a WKPP reporting notification matrix prior to the issue of the 2008 performance audit report.	N/A
2/08	302	EDL review and document its metering processes and activities to ensure they address all relevant requirements specified in the Metering Code, Metrology Procedure and by the National Measurement Institute the National Measurement Act.	EDL will review and document its metering processes and activities as per Recommendation 2 alongside. <b>Responsible Person</b> Power Facilities Operations Manager <b>Target Date</b> 31 June 2009	<b>Closed out</b> As this Action Item is specific to the former distribution system obligations, it is considered to be no longer relevant to EDL's licence obligations.	N/A
3/08	347 348	EDL finalise the registry of standing data for the WKPP Broome metering points, in compliance with the Metering Code.	Since the time of the audit, EDL has now finalised the information pertaining to the missing items of data in the Metering Code Standing Data spreadsheet in compliance with Metering Code clause 4.3(1) and presented the completed spreadsheet to the auditor. <b>Responsible Person</b> Team Leader Asset Management Planning <b>Target Date</b> Complete (29 January 2009)	<b>Complete</b> This action plan was completed through the finalisation of the registry of standing data prior to the issue of the 2008 performance audit report. We note that this obligation is no longer applicable to EDL's licence obligations as it relates to the former distribution system element of the Licence, which is now exempted from EDL's Licence.	N/A

Rec. No	Ref	Recommendation	Previous Audit Action Plan	Status	Revised action plan (if applicable)
4/08	385	EDL confirm the requirement for an energy data verification request form to be established for its distribution activities. In the event that an energy data verification request form is required, the form should be created as soon as practicable.	EDL will develop an energy data verification request form for its distribution activities as per recommendation 4 alongside. <b>Responsible Person</b> Power Facilities Operations Manager <b>Target Date</b> 28 February 2009	<b>Complete</b> EDL finalised its development of an energy data verification request form on 12 November 2009. We note that this obligation is no longer applicable to EDL's licence obligations as it relates to the former distribution system element of the Licence, which is now exempted from EDL's Licence.	N/A
5/08	396	EDL review and document its energy data validation processes and activities to ensure they address all relevant aspects of the rules and procedures set out in the Metering Code.	EDL will document its energy data validation processes and activities as per recommendation 5 alongside. <b>Responsible Person</b> Power Facilities Operations Manager <b>Target Date</b> 30 June 2009	<b>Closed out</b> As this Action Item is specific to the former distribution system obligations, it is considered to be no longer relevant to EDL's licence obligations.	N/A

# Appendix A – Audit Plan

# Appendix B – References

## Key EDL staff participating in the audit

### Position

- WA Operations Manager
- Manager – Technical
- WKPP Power Facilities Manager
- Environmental Scientist (compliance role)
- WKPP Management Accountant.

## Deloitte staff participating in the audit

Name	Position	Hours
• Richard Thomas	Partner	4
• Andrew Baldwin	Account Director	42
• Ben Fountain	Senior Analyst	21
• Michael Genever	Analyst	7
• Matt Thomson	Partner, Energy Advisory Group (QA Review)	1
• Don Gillespie	Account Director (QA Review)	1

## Key documents and other information sources examined

- WKPP Power Purchase Agreement
- WKPP Power Facilities Asset Management Plan 2011
- Representations from:
  - WA Operations Manager
  - Manager – Technical
  - WKPP Management Accountant
- EDL Annual compliance reports to the Authority 2008/09 and 2009/10
- EDL Inc. Annual Report for 2009, 2010 and 2011
- Evidence of payment of 2008, 2009 and 2010 licence fee
- WKPP incident management processes
- EDL licence compliance spreadsheet
- EDL correspondence with the Authority
- Electricity Integrated Regional Licence EIRL1
- Electricity Industry Metering Code 2005
- Electricity Industry Act 2004.

# Appendix C – Post Audit Implementation Plan

## Issue 1/2011

### Obligation 85 - Electricity Industry Act s.17(1)

The annual licence fee due by 13 September 2009 and 2010 (being one month after the anniversary of the Licence issue) was not paid until 16 October 2009 and 22 October 2010 respectively, breaching the requirement of the Act.

### Recommendation 1/2011

EDL implement stronger controls to ensure that licence fees are paid in compliance with the Act.

### Action Plan 1/2011

- (a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL's regulatory compliance requirements
- (b) A licence compliance spreadsheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spreadsheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL's Environment and Compliance Home Page
- (c) In relation to timely payment of licence fees, the licence compliance spreadsheet will be used to enable the designated person to:
  - Diarise the due date for the licence fee
  - Ensure an invoice has been received from the Authority
  - Ensure payment is processed by Accounts so that payment is made within the specified timeframe required by the Act.

**Responsible Person:** Environmental Scientist

**Accountable Person:** Manager – Shared Services

**Target Date:** (a) Complete

(b) 29 February 2012

(c) 31 August 2012 (aligned to the timing of the next licence fee payable)

**Issue 2/2011****Obligation 110 - Generation Licence condition 18.1**

Although EDL presented all required compliance reports to the Authority, the required compliance reports for the years ending 30 June 2009 and 2010 were provided to the Authority after the 31 August due date.

The 2009 compliance report also required amendment to capture matters of non-compliance not initially reported.

**Recommendation 2/2011**

EDL implement stronger controls to ensure that compliance reports and other relevant information required by the Authority are provided to the Authority in the form required and by the date required.

**Action Plan 2/2011**

- (a) In September 2011, EDL allocated responsibility to its Environmental Scientist for coordinating EDL's regulatory compliance requirements
- (b) A licence compliance spreadsheet has been developed by the Environmental Scientist to identify, diarise and allocate responsibility for monitoring and actioning all compliance activities. This spreadsheet is currently accessible by all staff with responsibility for compliance activities and will be posted on EDL's Environment and Compliance Home Page
- (c) In relation to timely provision of compliance reports to the Authority, the licence compliance spreadsheet will be used to enable the designated person to:
  - Diarise the 31 August due date for the report
  - Ensure relevant information is compiled in a timely manner
  - Ensure an original copy of the report is provided to the Authority by 31 August each year.

**Responsible Person:** Environmental Scientist

**Accountable Person:** Manager – Shared Services

**Target Date:** (a) Complete  
 (b) 29 February 2012  
 (c) 30 June 2012