



Southern Cross Energy Partnership

Level 14, Parmelia House
191 St. Georges Tce
Perth, WA 6000

Telephone: 618-9322-2101
ABN: 79 271 003 656

1 November 2011

Mr. Paul Reid
Assistant Director Monitoring
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth, WA 6000

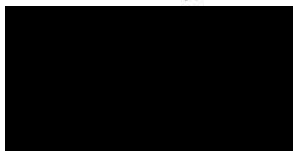
Dear Mr. Reid,

Southern Cross Energy Partnership – Post Audit Implementation Plan

Following the recent completion and submission of Southern Cross Energy Partnerships Performance Audit and Asset Management System Review report, please find attached a Post-Audit Implementation Plan for Southern Cross Energy Partnership.

Please do not hesitate to contact me if you have any queries.

Yours sincerely,



Troy Forward
Commercial Manager

SCE Post Audit Implementation Plan

Item	Issue	Type	Proposed Response	By Whom	Response by:
110	Failure to submit Compliance reports on time	Corrective Action	Southern Cross Energy is in the process of reviewing and updating its regulatory procedures. It will also develop a calendar of events to identify key tasks and milestones.	Commercial Manager	Dec 2011
319 (302)	Meters must meet metrology procedure and National Standards.	Non Mandatory	Metering installations are grandfathered. The installed metering meets the requirements of the contract, further discussions have been held between SCE and its customer on this issue. The parties have agreed that there is no need to update at this time.	N/A	N/A
331 (314)	Metering not of appropriate accuracy	Non Mandatory	Metering installations are grandfathered. The installed metering meets the requirements of the contract, further discussions have been held between SCE and its customer on this issue. The parties have agreed there is no need to update at this time.	N/A	N/A
411 (394)	Metering not of appropriate accuracy, must advise customer and restore accuracy.	Non Mandatory	SCE's customer has been notified and consulted. After discussion on the issue the parties have agreed there is no need to update at this time.	N/A	N/A
432 (415)	Metrology Procedure not developed	Corrective Action	<p>Metrology requirements are defined contractually in the PPA with each customer and similar arrangements would be negotiated with any new customers, were they to connect to SCE's network. However, due to capacity constraints on SCE's network, and the reliance on available capacity being delivered through Western Power's SWIN to SCE's network, further connections are unlikely.</p> <p>There is no adverse impact to any other participant nor is there any business case which could justify the costs of developing and maintaining this document when the substantive requirements are already agreed contractually between the parties concerned.</p>	N/A	N/A

SCE Asset Review

Item	Recommendation	Action	Response by:
4	Schedule checks of level and alarm sensors on fuel tanks. A preventative maintenance order has	Completed. No further action	No applicable. Already

	already been scheduled.		required.	completed
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Item 110	Compliance rating
Electricity Industry Act section 11	Not Compliant 2
Licence: <i>Distribution, Transmission, Generation, Retail</i>	
<i>Distribution Licence condition 21.1, Transmission Licence condition 18.1, Generation Licence condition 18.1, Retail Licence Condition 24.1</i> A Licensee must provide the <i>Authority</i> , in the manner prescribed, any information the <i>Authority</i> requires in connection with its functions under the Electricity Industry Act.	
Observations	
The Licensee has met the reporting manual requirements except not all were on time.	
Issues	
Annual returns need to be on time (2009 and 2010 returns were late).	
Recommendations	
Develop a compliance manual with all regulatory requirements and the corresponding time obligations.	

Item 319 (302)	Compliance rating
Licence condition 5.1	Compliant 4
Licence: <i>Distribution, Transmission</i>	
<i>Electricity Industry Metering Code clause 3.1</i> A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and also comply with any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act.	
Observations	
The meter installations predate the licence and therefore will be grandfathered as compliant (refer Meter Code 3.14(1)) regardless of the criteria against which they are measured. The meters have been tested but a number are not within the Meter Code accuracy levels. There is no metrology procedure for the organisation but the individual Power Purchase Agreements (PPA) cover meter installations and accuracy and are the agreed metrology requirements. The meters cannot meet the requirements of the National Measurement Institute as the specifications apply to measurement class CTs and where protection class CTs are allowed under the Code (3.14(4)).	
Issues	
Some meters do not meet the Meter Code accuracy requirements and while the Licensee is not obliged to upgrade the meter installations (3.14(1)), the customers should be consulted to see if they wish to upgrade the meters. Given that it is unlikely that the CTs would be upgraded to metering class CTs, the cost benefit for changing the meters for mainly smaller loads may not be positive. If the opportunity arises for a new contract a separate metrology procedure should be developed. This would then require to be submitted to the <i>Authority</i> for approval.	
Recommendations	
Upgrade the meters to code requirements if the customers approve. If the opportunity arises develop and seek approval of a metrology procedure.(non Mandatory recommendation – 11.9)	

Item 331 (314) Licence condition 5.1	Compliance rating Compliant 4
Licence: <i>Distribution, Transmission</i>	
<i>Electricity Industry Metering Code clause 3.9(7)</i> For a metering installation used to supply a customer with requirements above 1000 volts that require a VT and whose annual consumption is below 750MWh, the metering installation must meet the relevant accuracy requirements of Type 3 metering installation for active energy only.	
Observations	
The installations predate the meter Code and therefore are grandfathered and do not require updating to meet the requirements of the Code. Refer to 3.14(1) of the Meter Code. The sample calibrations indicate that not all meters meet the requirements and the CTs do not.	
Issues	
Some meters do not meet the Meter Code accuracy requirements and while the Licensee is not obliged to upgrade the meter installations (3.14(1)), the customers should be consulted to see if they wish to upgrade the meters. Given that it is unlikely that the CTs would be upgraded to metering class CTs, the cost benefit for changing the meters for mainly smaller loads may not be positive.	
Recommendations	
Upgrade the meters to code requirements if the customers approve. (non Mandatory recommendation – 11.9)	

Item 411 (394) Licence condition 5.1	Compliance rating Compliant 4
Licence: <i>Distribution, Transmission</i>	
<i>Electricity Industry Metering Code clause 5.21(11)</i> A network operator must advise the affected parties as soon as practicable of errors detected under a test or audit, the possible duration of the errors, and must restore the accuracy of the metering installation in accordance with the applicable service level agreement.	
Observations	
The Licensee is not obliged to upgrade the metering installations (3.14(1)). But the customers should be consulted to see if the accuracy of some meters should be improved as the tests indicated that some meters did not meet Code requirements. The Customer was advised of the tests. The customer installed the meters originally.	
Issues	
Some meters do not meet the Meter Code accuracy requirements and while the Licensee is not obliged to upgrade the meter installations (3.14(1)), the customers should be consulted to see if they wish to upgrade the meters. Given that it is unlikely that the CTs would be upgraded to metering class CTs, the cost benefit for changing the meters for mainly smaller loads may not be positive.	
Recommendations	
Upgrade the meters to code requirements if the customers approve. (non Mandatory recommendation – 11.9)	

Item 432 (415) Licence condition 5.1	Compliance rating Not Compliant 2
Licence: <i>Distribution, Transmission</i>	
<i>Electricity Industry Metering Code clause 6.1(1)</i> A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed.	
Observations	
The procedures are laid out in the power purchase agreements. There is no evidence of departures from the agreements There have been no complaints. There is no separate metrology procedure.	
Issues	
The metrology requirements are defined in the PPAs which have been in place since 1996 and therefore predate Code and are satisfied. If the opportunity arises such as a new contract the Licensee should develop for approval a metrology procedure document.	
Recommendations	
If the opportunity arises such as a new contract the Licensee should develop for approval a metrology procedure document.	

Asset Review

No.	Process
4	4. Environmental analysis Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.
	<i>Recommendation</i> Schedule checks of level and alarm sensors on fuel tanks. A preventative maintenance order has already been scheduled.