



# Notice

29 July 2014

## Bluewaters Power 1 Pty Ltd - Electricity Retail and Generation Licences

### 2013 PERFORMANCE AUDITS AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority has published the 2013 performance audit (**Audit**) report for Bluewaters Power 1 Pty Ltd's (**BP1**) electricity retail licence and the Audit and Asset Management System Review (**Review**) reports for BP1's electricity generation licence.

- [Electricity Retail Licence 2013 Audit report \(including the post-audit implementation plan\)](#)
- [Electricity Generation Licence 2013 Audit report \(including the post-audit implementation plan\)](#)
- [Electricity Generation Licence 2013 Review report \(including the post-review implementation plan\)](#)

### Action by the Authority

The Authority has decided to maintain the period of time until the next Audits of the retail and generation licences and the Review of the generation licence at 48 months. The next Audits and Review will cover the period from 1 January 2014 to 31 December 2017, with the reports on the Audits and Review to be provided to the Authority by 31 March 2018.

### BACKGROUND TO THE AUTHORITY'S DECISION

The Authority is satisfied that BP1 has demonstrated an acceptable level of compliance with the conditions of its electricity retail and generation licences.

With relation to the Review of the generation licence, the Authority notes that BP1's contingency plans, while reasonably comprehensive, have not been adequately tested. With this exception, the Authority is satisfied that BP1 has demonstrated an effective asset management system for its generation licence.

### 2013 Audit of Retail licence

In relation to the Audit of the retail licence, the auditor made three recommendations, all of which are considered to represent process improvement opportunities. The post-audit implementation plan states the actions addressing the recommendations are to be completed by March 2015.

### 2013 Audit of Generation licence

In relation to the Audit of the generation licence, the auditor made three recommendations, two of which



# Notice

address non-compliances. The previous Audit disclosed that BP1 had failed to inform the Authority of the correct nameplate capacity of its generation plant in contravention of its generation licence. This contravention was resolved during the current Audit period; accordingly, the auditor did not make any recommendation. However, BP1 was unable to provide the auditor a copy of the notification, nor were they able to provide documentary proof that they had notified Western Power of changes to contact details during the Audit period. The auditor's recommendation to improve BP1's documentation system is expected to address the problems. The post-audit implementation plan states the actions addressing the recommendations are to be completed by March 2015.

## 2013 Review of Generation licence

Of the five Review recommendations made by the auditor, four address process improvements while the remaining recommendation addresses a process deficiency related to contingency planning.<sup>1</sup>

The Authority notes that while a number of contingency arrangements are in place, an over-arching contingency plan has not been established to ensure all contingency arrangements have been clearly identified, documented and tested. The Authority expects BP1 to fully resolve the contingency planning issues by 31 December 2014, as stated by BP1 in its post-review implementation plan. The post-review implementation plan states the actions addressing all the remaining recommendations are to be completed by March 2015.

For further information contact:

### General Enquiries

Paul Reid  
Economic Regulation Authority  
Phone: 08 6557 7900  
Email: [records@erawa.com.au](mailto:records@erawa.com.au)

### Media Enquiries

Richard Taylor  
Riley Mathewson Public Relations  
Phone: 08 9381 2144  
Email: [admin@rmpr.com.au](mailto:admin@rmpr.com.au)

<sup>1</sup> While four recommendations are listed in the Review report, recommendation 3/2014 relating to contingency planning has two separate requirements and the Authority has treated them as two separate recommendations.