



Notice

28 October 2014

INFORMATION

North Western Energy Pty Limited, Pacific Hydro Group Two Pty Ltd & Energis Australia Pty Ltd (t/a Ord Hydro)

2014 PERFORMANCE AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority has published the 2014 performance audit (**Audit**) and asset management system review (**Review**) report for the electricity integrated regional licence (EIRL4) of North Western Energy Pty Limited, Pacific Hydro Group Two Pty Ltd & Energis Australia Pty Ltd (t/a **Ord Hydro**).

- [2014 Audit report \(including the post-audit implementation plan\)](#)
- [2014 Review report \(including the post-review implementation plan\)](#)

Action by the Authority

The Authority is satisfied that Ord Hydro has demonstrated a high level of compliance with its licence conditions, and has, with the exception of contingency planning, an effective asset management system in place.

The Authority has decided to extend the interval until the next Audit and Review from 36 months to 48 months. The increase in the Review period is subject to Ord Hydro satisfactorily addressing the auditor's recommendation (to develop more detailed contingency plans and instigate regular tests of the plans) by 31 December 2015.

The next Audit and Review will cover the period from 1 July 2014 to 30 June 2018, with the reports on the Audit and Review to be provided to the Authority by 30 September 2018.

BACKGROUND

Audit

The Audit identified three non-compliances in relation to metering processes. The Authority is of the view that there is no evidence to suggest that Ord Hydro's customers have been adversely impacted by these relatively minor administrative issues. This view is supported by the auditor's comment that Ord Hydro is meeting its obligations under the contracts with its customers.

Review

The auditor rated 11 of the 12 asset management components as effective. The single ineffective component was Contingency Planning: the Review found that Ord Hydro had developed several contingency plans since the previous Review in 2011, but they could be more detailed, and they had not been tested. Ord Hydro has



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indicated it is planning to address the auditor's recommendation regarding contingency planning by 31 December 2015.

The auditor made seven other recommendations following the Review. The Authority's assessment is that they all relate to minor process issues, or represent improvement opportunities.

After considering the overall effectiveness of Ord Hydro's asset management system, as disclosed in the 2014 Review, the Authority has decided to make the increased interval of time until the next Review conditional on Ord Hydro satisfactorily addressing the auditor's recommendation regarding contingency planning by 31 December 2015.

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