



Notice

15 December 2014

Regional Power Corporation (t/a Horizon Power)

2014 ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority has published the 2014 asset management system review (**Review**) report, and the post-review implementation plan, for Regional Power Corporation's (**t/a Horizon Power**) electricity integrated regional licence (EIRL2).

- [2014 Review report](#)
- [Post-review implementation plan](#)

Action by the Authority

The Authority is satisfied that Horizon Power has an effective asset management system in place.

The Authority has decided to extend the interval until the next Review from 24 months to 36 months. The next Review will cover the period from 1 July 2014 to 30 June 2017, with the report on the Review to be provided to the Authority by 30 September 2017.

BACKGROUND

2011 Review

The auditor reported that Horizon Power had addressed all 16 of the recommendations from the 2011 Review.

Period of time covered by the 2014 Review

The original Review interval was 24 months (1 April 2011 to 31 March 2013).

The 2014 Review actually covered the period 1 April 2011 to 30 June 2014 (39 months). The end date of the Review was extended to 30 June 2014 because of the problems experienced by Horizon Power during the transition to its new asset management system, which commenced in 2012.

It is important to note that the extension of the Review interval to 39 months was a response to exceptional circumstances rather than as the result of Horizon Power falling within the Authority's policy of extending Review intervals in response to high levels of asset management effectiveness.



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2014 Review Findings

The auditor made 10 recommendations in the 2014 Review. Six of the recommendations relate to the standard 12-component asset management framework, and four recommendations relate to the areas of special focus (see the discussion below).

The Authority is of the view that five of the six recommendations in relation to the asset management components address process improvements. The sixth recommendation addresses a process deficiency in relation to asset data quality problems in Horizon Power's asset management information systems.

The Authority notes that most of the recommendations are due to be completed by December 2015. The recommendation that addresses the process deficiency in relation to the abovementioned asset data quality problems is not due to be completed until June 2016, because of the large volume of data that it involves.

Areas of Special Focus

In 2012, Horizon Power commenced the Business Transformation project to migrate from the legacy asset management system operated by Western Power to a new in-house asset management information system. As the Business Transformation project progressed, there were a number of problems experienced both with getting the individual IT systems to inter-work with each other, and with the quality of the data after it had been moved into the new system. As a result of these problems, Horizon Power requested the Authority extend the period of time covered by the 2014 Review from 24 months to 39 months.

Because of the system problems, the Authority requested the auditor undertake a close examination of the Business Transformation project, and its impact on the effectiveness of Horizon Power's asset management systems. The auditor commented that:

The review found that the improvement program, the "Business Transformation Program" which has driven the separation of the AMS from Western Power has created some disruption to the operation of the systems. At the same time, Horizon Power has adopted a proactive approach and has taken the opportunity to address long standing issues with the legacy systems and to establish an improvement path to the future operation of the assets and the systems.

Given the significant changes to the asset information systems that have resulted from the Business Transformation project, the Authority is of the view that it is to Horizon Power's credit that, despite unexpected problems experienced when transitioning to the new information system, Horizon Power has been able to continue to effectively manage its assets in the field. There is no evidence that the standard of asset performance has been adversely impacted during the implementation of the Business Transformation project.

However, the implementation of the Business Transformation project has had an impact on Horizon Power's operational performance, by diverting resources into projects to fix data quality problems, and requiring time for staff to adapt to using the new systems. These issues have either been



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resolved (in most cases), or there are actions in place to address any outstanding issues.

Conclusions

The Authority's assessment of the report's findings lead the Authority to conclude that the post-Business Transformation asset management system is effectively managing Horizon Power's assets. There are obvious improvements needed, not least of which includes addressing data gaps through the A&W Field 3272 Quality Data Capture Project. However, this is not impacting on Horizon Power's ability to manage its assets, and deliver the required levels of service to its customers.

For further information contact:

General Enquiries

Paul Reid
Assistant Director Monitoring
Economic Regulation Authority
Phone: 08 6557 7900
Email: records@erawa.com.au

Media Enquiries

Richard Taylor
Senior Consultant
Riley Mathewson Public Relations
Phone: 08 9381 2144
Email: admin@rmp.com.au