

Audit Report

Performance Audit
and Asset
Management
Review

Prepared for Goldfields Power
Pty Ltd
October 2014



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Executive Summary

General

Goldfields Power Pty Ltd (GPPL) holds an electricity retail licence (ERL9) and an electricity generation licence (EGL11). GPPL owns and operates gas turbines at Kalgoorlie. GPPL is owned by TEC Kalgoorlie Pty Ltd, a subsidiary of Transalta Energy Australia Pty Ltd (Transalta) and NP Kalgoorlie Pty Ltd.

There have been no changes to these licences or the assets since the last audit.

The audit was carried out in parallel with that for Southern Cross Energy Partnership (SCE), being also a subsidiary owned by Transalta. Some references for SCE have been used as evidence for GPPL.

Audit and review objectives

This audit has been conducted in order to assess:

1. GPPL's level of compliance with the conditions of their electricity licences.
2. The effectiveness of GPPL's asset management system.

This report outlines the findings of the audit and review of GPPL to fulfil the above objectives, conducted on 2-4 September. The audit and review covers the operating period of 1 July 2011 to 30 June 2014.

Performance Audit - Findings

The previous audit identified one item relating to the timeliness of audit report submission. This was rectified prior to the current audit.

There were no issues identified during the current audit.

Performance Audit - Effectiveness of controls

We consider that GPPL has adequate controls in place that are appropriate to the nature and scale of its activities.

Performance Audit - Overall compliance

The overall compliance of GPPL with its licence is summarised in Section 4.2 of this report. All items were assessed as compliant, not applicable or not able to be rated.

Asset Management System Review – Findings

There were no recommendations from the previous audit.

While there were no shortcomings relating to the process and policy definition adequacy rating or the asset performance ratings identified, the following commentary and recommendations for further improvement are offered, which GPPL may wish to consider.

Asset Management System Review – Control Environment

We consider that GPPL has adequate controls in place for its asset management functions that are appropriate to the nature and scale of its activities.

Asset Management System Review - Overall effectiveness

A summary of our assessment of the effectiveness of GPPL's Asset Management System is provided in Section 4.3. All elements were rated "A" for policy and procedures. All elements were rated "1" for performance.

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1 Introduction

1.1 Background

The Economic Regulation Authority (ERA) is responsible for regulating the licensing schemes for gas, electricity and water services in Western Australia. The primary objective of regulation is to ensure the provision of a competitive and fair environment, particularly where businesses operate as natural monopolies.

Goldfields Power Pty Ltd (GPPL) holds an electricity retail licence (ERL9) and an electricity generation licence (EGL11). GPPL owns and operates gas turbines at Kalgoorlie. GPPL is owned by TEC Kalgoorlie Pty Ltd, a subsidiary of Transalta Energy Australia Pty Ltd (Transalta) and NP Kalgoorlie Pty Ltd.

1.2 Purpose of this report

As a condition of the licences, licensees are required to conduct a performance audit and asset management review that assesses the performance of the licensee against its obligations under the licences.

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations called up by the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee by considering:

- ▶ process compliance;
- ▶ outcome compliance;
- ▶ output compliance;
- ▶ integrity of reporting; and
- ▶ compliance with any individual license conditions.

The asset management system reviews covers:

- ▶ a description of the audit or review objectives and the methodology used to conduct the audit or review;
- ▶ the interval of time covered by the audit or review and the previous audit or review, if applicable;
- ▶ the period over which the audit or review has been performed;
- ▶ details of the licensee's representatives participating in the audit or review;
- ▶ details of key documents and other information sources examined by the auditor during the course of the audit or review;
- ▶ details of the audit or review team members and hours utilised by each member; and
- ▶ any other information the auditor considers relevant to the audit or review scope of work.

The Electricity Industry Act 2004 (WA) obligate the licensee to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority not less than every 24 months period (or such longer period as the Authority allows) and provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the asset management system not less than every 24 month period (or such longer period as the Authority allows).

Version 3 of EGL11 and version 3 of ERL9 were both issued on 13 January 2011. A Performance Audit of both licences was last performed for the period 1 July 2008 to 30 June 2011. An Asset Management Review for EGL11 was last performed for the period 1 July 2008 to 30 June 2011.

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2 Audit/Review Scope

2.1 Audit/Review Objectives

The objectives of this audit were to:

1. Provide to the Authority an independent assessment of GPPL's compliance with all of the relevant obligations under the licences
2. Provide to the Authority an independent assessment of the effectiveness of GPPL's asset management system in relation to EGL11
3. Provide recommendations to address noncompliance.

2.2 Scope of Works

The audit encompassed an assessment of the following four key areas using a risk based approach (to ISO 31000:2009):

- ▶ Process compliance: assessment of the effectiveness of systems and procedures
- ▶ Outcome compliance: assessment of actual performance against the prescribed licence standards
- ▶ Output compliance: assessment of records to indicate procedures are followed and controls are maintained
- ▶ Integrity of reporting: assessment of the completeness and accuracy of the compliance and performance reports

The scope of works of this audit included:

- ▶ Interviews with key staff members from GPPL to:
 - Assess findings from the last audit and review the actions taken to address the recommendations from the previous audit / review
 - Assess performance against licence conditions for EGL11 and ERL9
 - Assess performance against each asset management process for EGL11
- ▶ Reviews of documents, procedures and policy manuals in relation to financial management and planning, service performance standards, asset management, operations and maintenance functions and reporting
- ▶ Testing and assessment to determine whether the procedures and policies are followed and determine its effectiveness
- ▶ Preparation of an audit report in accordance with the format outlined in the ERA Audit and Review Guidelines: Electricity and Gas Licences (April 2014)

2.2.1 Performance Audit

The audit of the licences covered the entire licences, and contained the following key areas as outlined in Table 2-1.

Table 2-1 Licence Performance Audit Areas

Clause	Licence Requirements	EGL11	ERL9
4	Fees	✓	✓
5	Compliance	✓	✓
12	Accounting Records	✓	✓
13	Individual Performance Standards	✓	✓
14	Performance Audit	✓	✓
15	Reporting change in circumstances	✓	✓
16	Provision of information	✓	✓
17	Publishing information	✓	✓
18	Notices	✓	✓
19	Review of the Authority's Decisions	✓	✓
20	Asset Management System	✓	Not Applicable (N/a)
21	Approved Scheme	Not Applicable (N/a)	✓
23	Marketers	Not Applicable (N/a)	✓
24	Customer Contracts	Not Applicable (N/a)	✓
25	Amending the Standard Form Contract	Not Applicable (N/a)	✓
26	Directions by the Authority	Not Applicable (N/a)	✓
27	Supplier of Last Resort	Not Applicable (N/a)	✓
28	Notification of Default Supply	Not Applicable (N/a)	✓

2.2.2 Performance Audit Excluded Conditions

Some of the reporting obligations for retail have been excluded from the audit because they are not applicable to GPPL. In particular, GPPL has no small use customers, it is excluded from the electricity industry customer transfer code based on its current customer profile and it is not one of the businesses subject to licence specific conditions.

Table 2-2 Excluded conditions

2014 Compliance Manual Reference	Reference	Reason for exclusion
72-77	Electricity Industry Customer Transfer Code	No small use customers
78-100	Electricity Industry (Customer Contracts) Regulations 2005	No small use customers
108-109	Electricity Industry Act: Section 54	No small use customers
110	Electricity Industry Act: Section 76	Goldfields is not a retailer of last resort
111	Electricity Industry Act: Section 101	No small use customers
114-118	Electricity Industry Act: Section 11	No small use customers
120	Electricity Industry Act: Section 11	There are no individual performance standards
127-337	Electricity Industry Metering Code	Code of conduct does not apply because there are no small use customers
375	Electricity Industry Metering Code	No small use customers
507-517	Electricity Industry(Licence Conditions) Electricity Industry Act section 61 and 11 Electricity Industry (Customer Contracts) Regulations 2005	Licensee Specific Conditions that don't apply

2.2.3 Asset Management System Review

The review of GPPL's asset management system for EGL11 covered the following asset management elements:

- ▶ Asset planning
- ▶ Asset creation and acquisition
- ▶ Asset disposal
- ▶ Environmental analysis
- ▶ Asset operations
- ▶ Asset maintenance
- ▶ Asset management information system
- ▶ Risk management
- ▶ Contingency planning
- ▶ Financial planning
- ▶ Capital expenditure planning
- ▶ Review of AMS

2.3 Methodology and Approach

The audit was undertaken in accordance with ASAE3000. Our approach to the reporting work was to work closely with the licensee so that comments and challenges could be responded to and addressed before the audit report was finalised. The key areas of our approach included:

- ▶ A start-up discussion (by telephone) with GPPL to:
 - Discuss the main issues to be addressed at audit
 - Identify any issues from the previous audit
 - Identify any new issues arising from changes to the Licence or operating environment requirements
 - Discuss the audit plan.
- ▶ Preparation of a draft audit plan for comment by the licensee. The audit plan identified the number and location of audits, the information to be addressed and the auditor responsible.
- ▶ Submission of the draft audit plan to the ERA for approval
- ▶ A start-up meeting on-site at the beginning of our audit work
- ▶ On site audit work comprising:
 - Face-to-face interviews with business staff responsible for the audit area
 - Demonstration of key systems
 - Sample testing for outcome compliance (assessing sample of documents to confirm procedures / policies are followed and implemented)
 - Review of any non-compliances and assess if any corrective action was undertaken and its effectiveness
 - Controls assessment on obligations that are found to be non-compliant
 - Site visit to Kalgoorlie on 4 September 2014 to meet with the contractor responsible for operating and maintaining GPPL's infrastructure.
- ▶ Preliminary audit feedback at the audit close-out meeting

- ▶ Preparation of a draft report for GPPL's review and comment;
- ▶ Preparation of a final report for submission to the ERA.

Our methodology for completing this audit assignment was based on:

- ▶ A risk assessment that determined the priority of each audit area, using the risk management framework in Appendix A
- ▶ Our understanding of the licensee's business
- ▶ The experience of our audit team in undertaking regulatory audits which has been gained in several jurisdictions in Australia and in the United Kingdom
- ▶ The outcome of the previous audit completed of GPPL

Our audit methodology, including the key documents required to be reviewed and the supporting systems that we would like to see demonstrated, is detailed in Table 2-3 and Table 2-4.

Table 2-3 Licence Audit Methodology

Audit Area	Priority	Approach	Systems	Key Documents
Licence Audit				
Clause 4 Fees	5	<ul style="list-style-type: none"> Review invoices from Authority and receipts of payment 		<ul style="list-style-type: none"> Invoices and receipts
Clause 5 Compliance	Various	<ul style="list-style-type: none"> Review legislative requirements and confirm compliance Identify any corrective action applied to correct / prevent breaches of compliance 	<ul style="list-style-type: none"> Work scheduling system 	<ul style="list-style-type: none"> Performance standards Compliance Summary Reports (record of breaches)
Clause 12 Accounting Records	4	<ul style="list-style-type: none"> Check that 2011/12 and 2012/13 financial statements are signed off as being to appropriate standards 	<ul style="list-style-type: none"> Finance system 	<ul style="list-style-type: none"> 2010/11 Financial statement 2011/12 Financial statement 2012/13 Financial statement
Clause 13 Individual Performance Standards	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 14 Performance Standards	4	<ul style="list-style-type: none"> Review information reported to the Authority Confirm methodology used to determine performance conforms to legislation and procedures. 		<ul style="list-style-type: none"> Performance Audit Annual Performance Reports Procedures / Policy Manual Post Implementation Audit Reports / Status since previous audit Correspondence between GPPL and Authority regarding review requirements
Clause 15 Reporting change in circumstances	5	<ul style="list-style-type: none"> Review any correspondence with the Authority 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 16 Provision of Information	4	<ul style="list-style-type: none"> Confirm that the licensee has provided the Authority with data required for performance monitoring purposes as set out in the Compliance Reporting Manual. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Annual compliance reports Correspondence register
Clause 17 Publishing Information	4	<ul style="list-style-type: none"> Check if any requests have been issued by the Authority to publish any information relating to the performance of the Licensee and correlating response 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Letters of notification / requests from the Authority Response to the Authority

Audit Area	Priority	Approach	Systems	Key Documents
Clause 18 Notices	4	<ul style="list-style-type: none"> Confirm all notices are issued in writing 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Issued notices
Clause 19 Review of the Authority's Decisions	4	<ul style="list-style-type: none"> Confirm if any requests of a reviewable decision has been issued to the Authority and correlating response 		<ul style="list-style-type: none"> Requests for review of decision (Correspondence)
Clause 20 Asset Management System	Various	<ul style="list-style-type: none"> Confirm that the asset management policies and procedures meet legislative requirements. 	<ul style="list-style-type: none"> Enterprise Asset Management System Computerised Maintenance Management System 	<ul style="list-style-type: none"> Asset Management Policies Asset Management Plans Asset Management Systems and Procedures Manual Asset Register
Clause 21 Approved Scheme	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 23 Marketers	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 24 Customer Contracts	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 25 Amending the Standard Form Contract	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 26 Directions by the Authority	5	<ul style="list-style-type: none"> Confirm that directions from the authority have been complied with. 	<ul style="list-style-type: none"> Correspondence register 	<ul style="list-style-type: none"> Correspondence with ERA
Clause 27 Supplier of Last Resort	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		
Clause 28 Notification of Default Supply	NA	<ul style="list-style-type: none"> Confirm that it is not applicable 		

Table 2-4 Asset Management Review Methodology

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Asset Management Review				
Asset planning	<ul style="list-style-type: none"> ▪ Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning ▪ Service levels are defined ▪ Non-asset options (eg, demand management) are considered ▪ Lifecycle costs of owning and operating assets are assessed ▪ Funding options are evaluated ▪ Costs are justified and cost drivers identified ▪ Likelihood and consequences of asset failure are predicted ▪ Plans are regularly reviewed and updated 	<ul style="list-style-type: none"> ▪ Review and assess the adequacy of asset planning processes ▪ Review and assess adequacy of asset management plans ▪ Assess if asset management plans are up to date ▪ Assess implementation of asset management plans (status) ▪ Assess whether the asset management plan clearly assigns responsibilities and if these have been applied in practice 	<ul style="list-style-type: none"> ▪ GIS ▪ Asset database / information system 	<ul style="list-style-type: none"> ▪ Overview of planning approach ▪ Population projections ▪ Infrastructure Planning Reports ▪ Asset management plans ▪ Service level agreements ▪ Business Case/project justification
Asset creation and acquisition	<ul style="list-style-type: none"> ▪ Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions ▪ Evaluations include all life-cycle costs ▪ Projects reflect sound engineering and business decisions ▪ Commissioning tests are documented and completed ▪ Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset creation and acquisition ▪ Review examples of creations / acquisitions to check if policies and procedures were followed and check costs against estimates 		<ul style="list-style-type: none"> ▪ Policies and procedures for asset creating and acquisition. Accounting and engineering ▪ Overview of planning approach ▪ Business Case/project justification ▪ Asset management plans ▪ Commissioning certificates

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Asset disposal	<ul style="list-style-type: none"> Under-utilised and under-performing assets are identified as part of a regular systematic review process The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken Disposal alternatives are evaluated There is a replacement strategy for assets 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset disposal, asset replacement, identification of under-performing assets Determine if a review on the usefulness of assets are undertaken Review examples to check that policies and procedures are being followed 		<ul style="list-style-type: none"> Policies and procedures for asset disposal. Accounting and engineering Asset management plans Decommissioning certificates
Environmental analysis	<ul style="list-style-type: none"> Opportunities and threats in the system environment are assessed Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved Compliance with statutory and regulatory requirements Achievement of customer service levels 	<ul style="list-style-type: none"> Review performance and service standards over audit period Review performance / identify any breaches and non-compliances and corrective action taken Review adequacy of reporting and monitoring tools 		<ul style="list-style-type: none"> Relevant policies and procedures Planning reports Performance standards Compliance reports Strategic plans (if appropriate) Monthly KPI reports
Asset operations	<ul style="list-style-type: none"> Operational policies and procedures are documented and linked to service levels required Risk management is applied to prioritise operations tasks Assets are documented in an Asset Register, including asset assessment of assets' physical, structural condition and accounting data Operational costs are measured and monitored Staff receive training commensurate with their responsibilities 	<ul style="list-style-type: none"> Review adequacy of policies and procedures in relation to asset operations Review staff skills / training and resources available Check that operations procedures are being followed including testing of the asset register, observation of operational procedures and analysis of costs Identify any operational events and corrective actions 	<ul style="list-style-type: none"> Asset information system SCADA Finance system Works management system HR system 	<ul style="list-style-type: none"> Asset register Operations procedures Operational costs Daily / weekly / monthly check sheets Staff skills / resourcing structure Asset management plan Incident register

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Asset maintenance	<ul style="list-style-type: none"> ▪ Maintenance policies and procedures are documented and linked to service levels required ▪ Regular inspections are undertaken of asset performance and condition ▪ Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule ▪ Failures are analysed and operational / maintenance plans adjusted where necessary ▪ Risk management is applied to prioritise maintenance tasks ▪ Maintenance costs are measured and monitored 	<ul style="list-style-type: none"> ▪ Review adequacy of policies and procedures in relation to asset maintenance / maintenance functions ▪ Check that policies and procedures have been followed including testing of maintenance schedules, analysis of costs, ▪ Review maintenance schedules / plans ▪ Identify any maintenance events and corrective actions 	<ul style="list-style-type: none"> ▪ Asset information system ▪ Works management system 	<ul style="list-style-type: none"> ▪ Maintenance procedures and schedules ▪ Record of maintenance ▪ Maintenance costs
Asset Management Information System	<ul style="list-style-type: none"> ▪ Adequate system documentation for users and IT operators ▪ Input controls include appropriate verification and validation of data entered into the system ▪ Logical security access controls appear adequate, such as passwords and that appropriate system access and functionality is provided to users ▪ Physical security access controls appear adequate ▪ Data backup procedures appear adequate ▪ Key computations related to licensee performance reporting are materially accurate ▪ Management reports appear adequate for the licensee to monitor licence obligations 	<ul style="list-style-type: none"> ▪ Review adequacy of asset information system: <ul style="list-style-type: none"> – Asset coverage – Functionality – Data coverage – Security – User functionality granted is appropriate ▪ Review outputs / reports generated by systems and assess suitability for reporting against performance standards / licence obligations 	<ul style="list-style-type: none"> ▪ Asset Management Information system 	<ul style="list-style-type: none"> ▪ Asset Management Information System manual ▪ AMIS data coverage and quality report ▪ Asset reports

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Risk management	<ul style="list-style-type: none"> ▪ Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system ▪ Risks are documented in a risk register and treatment plans are actioned and monitored ▪ The probability and consequence of risk failure are regularly assessed 	<ul style="list-style-type: none"> ▪ Review risk assessment coverage ▪ Review sample of risk mitigation to check policies and procedures are followed ▪ Assess staff understanding of risk management and adequacy of risk management training for staff 		<ul style="list-style-type: none"> ▪ Corporate Risk management framework ▪ Risk assessment ▪ Risk Register
Contingency Planning	<ul style="list-style-type: none"> ▪ Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<ul style="list-style-type: none"> ▪ Review adequacy / relevance and currency of contingency plans ▪ Review if plans have been tested and report on findings ▪ Identify any improvements that have been actioned as a result of testing of the contingency plans 		<ul style="list-style-type: none"> ▪ Contingency plans
Financial Planning	<ul style="list-style-type: none"> ▪ The financial plan states the financial objectives and strategies and actions to achieve the objectives ▪ The financial plan identifies the source of funds for capital expenditure and recurrent costs ▪ The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) ▪ The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period ▪ The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services ▪ Significant variances in actual / budget income and expenses are identified and corrective action taken where necessary 	<ul style="list-style-type: none"> ▪ Review adequacy and effectiveness of financial planning and reporting processes ▪ Review current financial plan and assess whether the process is being followed 		<ul style="list-style-type: none"> ▪ Financial Plan

Audit Area	Effectiveness Criteria	Approach	Systems	Key Documents
Capital expenditure planning	<ul style="list-style-type: none"> ▪ There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates ▪ The plan provides reasons for capital expenditure and timing of expenditure ▪ The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan ▪ There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned 	<ul style="list-style-type: none"> ▪ Review adequacy and effectiveness of capital planning processes through examination of application of process and example documents 	<ul style="list-style-type: none"> ▪ Spreadsheets for capital planning and prioritisation 	<ul style="list-style-type: none"> ▪ Capital expenditure planning process outline ▪ Value engineering documents ▪ Risk management applied to investment planning ▪ Program management documents ▪ Review of capex estimate v outturn
Asset management plan	<ul style="list-style-type: none"> ▪ A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current ▪ Independent reviews (eg, internal audit) are performed of the asset management system 	<ul style="list-style-type: none"> ▪ Review adequacy and currency of Asset Management Plan ▪ Assess when the Asset Management Plan was last updated / reviewed ▪ Assess outcomes of independent review of AMPs ▪ Identify if AMP needs to be updated 	<ul style="list-style-type: none"> ▪ Asset management system 	<ul style="list-style-type: none"> ▪ Asset management plans

2.4 Time Period Covered by the Audit/Review

This audit covers the period from 1 July 2011 to 30 June 2014.

2.5 Time Period of the Audit/Review Process

The audit/review commenced in August 2014 with preparation of the draft Audit Plan. Interviews with GPPL staff were carried out on 2 and 3 September 2014 at GPPL's office in Perth, WA and on 4 September 2014 at Parkeston Power Station, Kalgoorlie, WA.

2.6 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from GPPL who participated in the audit and review process are provided in Table 2-12-1 below.

Table 2-1 Details of Licensee Representatives

Name	Organisation	Role
Troy Forward	GPPL/Transalta	Commercial Manager
Kirsty Gibson	GPPL/Transalta	Commercial Analyst
Jamie Crombie	GPPL/Transalta	Operations Manager
Brady Smith	GPPL/Transalta	Operations and Maintenance Technician
Clayton Fowles	GPPL/Transalta	Environmental, Health and Safety Coordinator

2.7 Details of Key Documents and Other Information Sources

- ▶ Electricity Retail Licence Goldfields Power Pty Ltd ERL9, Version 3, 13 January 2011
- ▶ Electricity Generation Licence Goldfields Power Pty Ltd EGL11, Version 3, 13 January 2011
- ▶ Tax invoice (May 2014) and bank statement (May 2013) showing licence fee payments
- ▶ Power Purchase Agreement between GPPL and it's sole customer
- ▶ Transalta Energy (Australia) Financial Statements, December 2011
- ▶ Letter dated 17 June 2014 from ERA approving Cardno to undertake GPPL audit
- ▶ Letter dated 22 August 2014 from ERA approving GPPL audit plan
- ▶ 2012, 2013 and 2014 GPPL Compliance Reports
- ▶ 'Solomon Power Station 2014 Gas Receiving Facility' - Procedure (AFE) for major capital works
- ▶ Monthly Business Planning Forecast for Transalta Australia (August 2014)
- ▶ Australia 2014 (September 2014) Capital and Operating Budget document
- ▶ Lifecycle Planning PowerPoint presentation
- ▶ Example Bid Model and corresponding O&M forecast requirements for new asset document
- ▶ Example of Third Party Due Diligence report
- ▶ Example of Due Diligence Plan
- ▶ Example documents for asset creations and asset disposals
- ▶ Excel dump of SAP asset register
- ▶ Efficiencies and capacities monthly report
- ▶ Example of weekly production ('heat rate') Excel report
- ▶ Example of monthly management Word report
- ▶ 2006 Operation, Maintenance and Contingency Plan

- ▶ Energy Efficiency Opportunity (EEO) Program report
- ▶ Mining Rehabilitation Fund report
- ▶ Example of weekly production numbers (supply and demand) graphs and summary
- ▶ Example of Maintenance Performance KPI Report per Site
- ▶ Example investigation report
- ▶ ERP Australia Rollout Scope of Services document, July 2013.
- ▶ TA523 Transalta Work Management document
- ▶ Risk Assessment policy/framework
- ▶ CTA form
- ▶ Authorisation and training register
- ▶ Example incident reports
- ▶ Example contingency plans
- ▶ AUS 242 Emergency Response Guide viewed
- ▶ List of drill reports
- ▶ 20130123 drill report
- ▶ Example procedures including Turbine Icing Condition, PPS Gas Turbine Start-Up, AUS 79 Leinster Black Plant trip
- ▶ Example procedures e.g. budgeting procedure.
- ▶ Example Monthly Business Planning Forecast for Transalta Australia, August 2014
- ▶ Australia 2014 Capital and Operating Budget document, September 2014
- ▶ 2013 Long Range Forecast
- ▶ Transalta AFE Standards document
- ▶ Capital List 2013 document
- ▶ Transalta Environment, Health & Safety Management System Audit Report, September 2013
- ▶ Transalta Code of Conduct, December 2013

2.8 Details of Auditors Participating in the Audit/Review and Hours Utilised

The audit/review team comprised three staff members from Cardno.

Details of their roles and hours utilised in the audit/review process are provided in the table below.

Table 2-2 Details of Audit / Review Team Members

Name	Organisation	Role	Summary of Task	Hours Utilised
Simon Martin	Cardno	Auditor/Reviewer	<ul style="list-style-type: none"> ▪ Audit preparation ▪ Audit ▪ Preparation of Report 	40 hours
Harry Fernandez	Cardno	Auditor/Reviewer	<ul style="list-style-type: none"> ▪ Audit preparation ▪ Audit ▪ Review of Report 	30 hours
Justin Edwards	Cardno	Auditor/Reviewer	<ul style="list-style-type: none"> ▪ Audit ▪ Review of Report 	20 hours

3 Licensee's Response to Previous Audit Recommendations

In the previous operating licence audit and asset management review, a series of actions were recommended or suggested to improve the existing controls.

Details of the actions completed by GPPL against each recommendation are presented in Table 3-1 below.

Table 3-1 Previous Audit Non-compliances and Recommendations

A. Resolved before end of previous audit period				
Electricity compliance reporting manual 2008 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
110/2012	<p><i>Non-compliant - 2</i></p> <p><i>Distribution Licence condition 21.1, Retail Licence Condition 24.1</i></p> <p>Not all reports have been on time.</p>	Implement a procedure to recognise all regulatory obligations and the required response times	December 2013	No
B. Resolved during current Audit period				
Electricity compliance reporting manual 2008 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil				
C. Unresolved at end of current Audit period				
Electricity compliance reporting manual 2008 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil				

4 Performance Summary

The findings of the performance audit is summarised in a table with adequacy of control and compliance rating. The table includes all applicable compliance reporting items and are numbered according to the Electricity Compliance Reporting Manual 2014. Description of the rating scale and outcomes of the performance audit is provided in the following sections.

4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of the performance of GPPL was completed using the rating scale in Table 4-1 and asset management system effectiveness using the rating scales in Table 4-2 and Table 4-3.

Table 4-1 Audit Compliance and Controls Rating Scales

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls - no improvement needed	1	Compliant
B	Generally adequate controls - improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties

Table 4-2 Asset Management Process and Policy Definition Adequacy Rating

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> ▪ Processes and policies are documented. ▪ Processes and policies adequately document the required performance of the assets. ▪ Processes and policies are subject to regular reviews, and updated where necessary. ▪ The asset management information system(s) are adequate in relation to the assets that are being managed.
B	Requires some improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation requires improvement. ▪ Processes and policies do not adequately document the required performance of the assets. ▪ Reviews of processes and policies are not conducted regularly enough. ▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).
C	Requires significant improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation is incomplete or requires significant improvement. ▪ Processes and policies do not document the required performance of the assets. ▪ Processes and policies are significantly out of date. ▪ The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).
D	Inadequate	<ul style="list-style-type: none"> ▪ Processes and policies are not documented. ▪ The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being managed).

Table 4-3 Asset Management Performance Ratings

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> ▪ The performance of the process meets or exceeds the required levels of performance. ▪ Process effectiveness is regularly assessed, and corrective action taken where necessary.
2	Opportunity for improvement	<ul style="list-style-type: none"> ▪ The performance of the process requires some improvement to meet the required level. ▪ Process effectiveness reviews are not performed regularly enough. ▪ Process improvement opportunities are not actioned.
3	Corrective action required	<ul style="list-style-type: none"> ▪ The performance of the process requires significant improvement to meet the required level. ▪ Process effectiveness reviews are performed irregularly, or not at all. ▪ Process improvement opportunities are not actioned.
4	Serious action required	<ul style="list-style-type: none"> ▪ Process is not performed, or the performance is so poor that the process is considered to be ineffective.

4.2 Performance Audit Compliance Summary

Table 4-4 provides a summary of GPPL's compliance rating against each licence obligation, and an adequacy of controls rating where the item has been found to be non-compliant.

Na = Not applicable - Determined during the audit that the compliance obligation does not apply to the Licensee's business operations

Nr = Not rated - No relevant activity took place during the audit period, therefore it is not possible to assess compliance.

Table 4-4 Audit Obligation Ratings

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
6	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5													✓
7	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5													✓
8	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5													✓
9	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
16	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
17	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
18	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
19	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
23	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5													✓
24	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
25	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
26	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
27	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
28	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
29	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
30	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
34	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
39	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
40	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
43	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
44	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
45	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
48	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5													✓
49	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
52	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
53	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
54	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4								✓					
55	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
56	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
57	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
58	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
59	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4													✓
68	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4								✓					
69	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4								✓					
70	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	5								✓					
71	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	4								✓					
105	Electricity Industry Act section 17(1)	5								✓					
106	Electricity Industry Act section 31(3)	5								✓					
107	Electricity Industry Act section 41(6)	4								✓					
113	Electricity Industry Act section 115(2)	4								✓					
345	Electricity Industry Metering Code clause 3.3B	5													✓
360	Electricity Industry Metering Code clause 3.11(3)	4													✓
385	Electricity Industry Metering Code clause 3.27	4													✓
392	Electricity Industry Metering Code clause 4.4(1)	5													✓
393	Electricity Industry Metering Code clause 4.5(1)	4								✓					
394	Electricity Industry Metering Code clause 4.5(2)	5													✓
409	Electricity Industry Metering Code clause 5.4(2)	5								✓					
422	Electricity Industry Metering Code clause 5.16	4								✓					

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
423	Electricity Industry Metering Code clause 5.17(1)	4							✓						
426	Electricity Industry Metering Code clause 5.18	4							✓						
427	Electricity Industry Metering Code clause 5.19(1)	5							✓						
428	Electricity Industry Metering Code clause 5.19(2)	5							✓						
429	Electricity Industry Metering Code clause 5.19(3)	4													✓
431	Electricity Industry Metering Code clause 5.19(6)	5							✓						
437	Electricity Industry Metering Code clause 5.21(5)	4													✓
438	Electricity Industry Metering Code clause 5.21(6)	4													✓
456	Electricity Industry Metering Code clause 5.27	4													✓
469	Electricity Industry Metering Code clause 6.1(2)	4							✓						
470	Electricity Industry Metering Code clause 6.20(4)	5													✓
472	Electricity Industry Metering Code clause 7.2(1)	4							✓						
474	Electricity Industry Metering Code clause 7.2(4)	4													✓
475	Electricity Industry Metering Code clause 7.2(5)	4													✓
476	Electricity Industry Metering Code clause 7.5	4							✓						
477	Electricity Industry Metering Code clause 7.6(1)	5													✓
478	Electricity Industry Metering Code clause 8.1(1)	5													✓
479	Electricity Industry Metering Code clause 8.1(2)	5													✓
480	Electricity Industry Metering Code clause 8.1(3)	4													✓
481	Electricity Industry Metering Code clause 8.1(4)	5													✓
482	Electricity Industry Metering Code clause 8.3(2)	4													✓

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
119	Distribution Licence condition 12.1 Generation Licence condition 12.1 Integrated Regional Licence condition 12.1 or 24.1 Retail Licence condition 12.1 Transmission Licence condition 12.1	4							✓						
101	Electricity Industry Act section 13(1)	4							✓						
121	Distribution Licence condition 14.2 Generation Licence condition 14.2 Integrated Regional Licence condition 14.2 Retail Licence condition 14.2 Transmission Licence condition 14.2	4							✓						
123	Distribution Licence condition 15.1 Generation Licence condition 15.1 Integrated Regional Licence condition 15.1 Retail Licence condition 15.1 Transmission Licence condition 15.1	4							✓						
124	Distribution Licence condition 16.1 Generation Licence condition 16.1 Integrated Regional Licence condition 16.1 Retail Licence condition 16.1 Transmission Licence condition 16.1	4							✓						
125	Distribution Licence condition 17.1 and 17.2 Generation Licence condition 17.1 and 17.2 Integrated Regional Licence condition 17.1 and 17.2 Retail Licence condition 17.1 and 17.2 Transmission Licence condition 17.1 and 17.2	4													✓
126	Distribution Licence condition 18.1 Generation Licence condition 18.1 Integrated Regional Licence condition 18.1 Retail Licence condition 18.1 Transmission Licence condition 18.1	4							✓						
102	Electricity Industry Act section 14(1)(a)	5							✓						
103	Electricity Industry Act section 14(1)(b)	4													✓

2014 Compliance Obligation Ref No.	Licence Reference	Audit Priority applied (rated 1 (Highest) to 5 (Lowest))	Adequacy of Controls Rating					Compliance Rating							
			A	B	C	D	NP	1	2	3	4	Na	Nr		
104	Electricity Industry Act section 14(1)(c)	5							✓						
122	Distribution Licence condition 20.5 Generation Licence condition 20.5 Integrated Regional Licence condition 20.5 Transmission Licence condition 20.5	5							✓						
111	Distribution Licence condition 21.1 Retail Licence condition 21.1	5													✓
114	Integrated Regional Licence condition 23.1 Retail Licence condition 23.1	5													✓
115	Integrated Regional Licence condition 23.2 Retail Licence condition 23.2	5													✓
116	Integrated Regional Licence condition 24.2 Retail Licence condition 24.2	5													✓
117	Integrated Regional Licence condition 24.3 Retail Licence condition 24.3	5													✓
118	Integrated Regional Licence condition 25.1 Retail Licence condition 25.1	5													✓
109	Electricity Industry Act section 54(2)	5													✓
100	Electricity Industry (Customer Contracts) Regulations 2005 regulation 38	5													✓

4.3 Asset Management Review Effectiveness Summary

The asset management system review assessed the effectiveness of the asset management system in delivering the services as required under the operating licence.

The review was conducted utilising the asset management adequacy and performance ratings as outlined in the Audit Guidelines. A summary of the outcomes of the review is provided in Table 4-5.

Table 4-5 Asset Management Review Effectiveness Summary

Asset Management System Component	Asset management process and policy definition adequacy rating	Asset management performance rating
Asset planning	A	1
Asset creation/acquisition	A	1
Asset disposal	A	1
Environmental analysis	A	1
Asset operations	A	1
Asset maintenance	A	1
Asset management information system	A	1
Risk management	A	1
Contingency planning	A	1
Financial planning	A	1
Capital expenditure planning	A	1
Review of AMS	A	1

5 Observations and Recommendations

5.1 Performance Audit

Table 5-1 Performance Audit Observations

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
105	Distribution Licence condition 4.1 Generation Licence condition 4.1 Integrated Regional Licence condition 4.1 Retail Licence condition 4.1 Transmission Licence condition 4.1	Electricity Industry Act section 17(1)	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.	<ul style="list-style-type: none"> ▪ Licence fees have been paid regularly, and within the required timeframes. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson. ▪ Tax invoice for May 2014 viewed. ▪ Bank statement for May 2013 viewed. 	1
6	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.2(2)	A retailer must submit a separate data request for each exit point unless otherwise agreed.	<ul style="list-style-type: none"> ▪ GPPL as retailer has not made a request for data during the period. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson. 	Nr
7	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.4(1)	A retailer, unless otherwise agreed, must submit a data request electronically and must not submit more than a prescribed number of standing or historical data requests in a business day.	<ul style="list-style-type: none"> ▪ GPPL as retailer has not made a request for data during the period. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson. 	Nr
8	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.5(3)	A retailer must withdraw a request for historical consumption data if the contestable customer's verifiable consent ceases to apply before the network operator provides the historical consumption data.	<ul style="list-style-type: none"> ▪ GPPL as retailer has not made a request for data during the period. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson. 	Nr
9	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.6(2)	A retailer must pay any reasonable costs incurred by the network operator for work performed in relation to a withdrawn request for historical consumption data.	<ul style="list-style-type: none"> ▪ GPPL as retailer has not made a request for data during the period. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
16	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.9(1)	A retailer may only use data relating to a contestable customer to provide a contestable customer with a quotation for the supply of electricity by the retailer to the contestable customer or to initiate a transfer in relation to the contestable customer.	<ul style="list-style-type: none"> GPPL as retailer has treated all data relating to each of its contestable customers in accordance with the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
17	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.9(2)	A retailer must not aggregate a contestable customer's historical consumption data with that of other contestable customers for the purposes of internal business development, if requested not to do so by the customer.	<ul style="list-style-type: none"> GPPL as retailer has treated all data relating to each of its contestable customers in accordance with the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
18	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.9(3)	A retailer must not disclose a contestable customer's data to any other person without the verifiable consent of the contestable customer, except in the circumstances defined.	<ul style="list-style-type: none"> GPPL as retailer has treated all data relating to each of its contestable customers in accordance with the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
19	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 3.9(4)	A retailer must keep a copy of the verifiable consent received from a contestable customer for two years.	<ul style="list-style-type: none"> GPPL as retailer has treated all data relating to each of its contestable customers in accordance with the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
23	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.2(2)	A retailer must submit a separate customer transfer request for each exit point unless otherwise agreed.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
24	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.3	A retailer's reason for a transfer must be specified in the customer transfer request form as either to transfer a contestable customer to the retailer which submitted the customer transfer request or to reverse an erroneous transfer.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
25	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.4(1)	A retailer may only submit a customer transfer request if it has an access contract for the network, unless it is to reverse an erroneous transfer.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
26	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.4(2)	A retailer that submits a customer transfer request to reverse an erroneous transfer must ensure the transfer was made in error and, if it is an incoming retailer, confirm the identity of the previous retailer.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
27	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.5(1)	A retailer, unless otherwise agreed, must submit a customer transfer request electronically and must not submit more than a prescribed number of customer transfer requests in a business day or with the same nominated transfer date.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
28	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.6(3)	A retailer must withdraw a customer transfer request if the contestable customer's verifiable consent ceases to apply before the transfer occurs.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
29	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.7	A retailer must nominate a transfer date in a customer transfer request in accordance with specified timeframes, except if the customer transfer request is to reverse an erroneous transfer.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
30	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.8(2)	A retailer must pay any reasonable costs incurred by a network operator for providing and/or installing a meter if a customer transfer request is withdrawn.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
34	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.9(6)	A network operator and retailer must agree to a revised nominated transfer date in certain circumstances.	<ul style="list-style-type: none"> GPPL has not submitted a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
39	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.11(3)	A network operator and the retailer must take certain action if the contestable customer's meter is not read on the nominated transfer date.	<ul style="list-style-type: none"> There has been no such occurrence of meter reading within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
40	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.12(3)	The parties to an access contract must negotiate in good faith any necessary amendments to the access contract arising from certain circumstances.	<ul style="list-style-type: none"> GPPL extended its existing access arrangements with Western Power over the audit period, which were negotiated in good faith. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
43	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.15	In the case of a transfer to reverse an erroneous transfer, a network operator and all affected retailers (and the independent market operator if applicable) must act in good faith to ensure that the rights and obligations of the affected contestable customer are as they would have been had the erroneous transfer not occurred.	<ul style="list-style-type: none"> There has been no such transfer to reverse an erroneous transfer within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
44	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.16	An incoming retailer must retain a copy of a verifiable consent given by a contestable customer in relation to the lodgement of a customer transfer request for two years, except in the case of a customer transfer request to reverse an erroneous transfer.	<ul style="list-style-type: none"> GPPL did not receive/submit a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
45	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 4.17	A previous retailer must not bill a contestable customer for charges incurred after the transfer time, except in the case of an erroneous transfer.	<ul style="list-style-type: none"> GPPL did not receive/submit a customer transfer request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
48	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 5.1(4)	A network operator and a retailer must comply with approved communication rules.	<ul style="list-style-type: none"> GPPL as a retailer has complied with the communication protocols set by Western Power, the network operator, who is responsible for implementing communications rules approved by the Authority under the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
49	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 6.2	A licensee's notice in relation to a data request or customer transfer request must identify the exit point to which it relates.	<ul style="list-style-type: none"> GPPL has not submitted a data request within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
52	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 6.4(1)	A retailer must notify its contact details to a network operator within three business days of a request.	<ul style="list-style-type: none"> GPPL has received no such requests within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
53	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 6.4(2)	A retailer must notify any change in its contact details to a network operator at least three business days before the change takes effect.	<ul style="list-style-type: none"> GPPL has not changed its contact details within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
54	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 6.6	A network operator or a retailer must send required electronic communications to the applicable electronic communication address, in accordance with Annex 6.	<ul style="list-style-type: none"> GPPL as a retailer has complied with the communication protocols set by Western Power, the network operator, including electronic communications. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
55	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 7.1(1)	For a dispute in respect of a matter under or in connection with the Electricity Industry Customer Transfer Code, any disputing party must meet within five business days of a request from another disputing party and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> GPPL has not been involved in any disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
56	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 7.1(2)	If the negotiations in 7.1(1) of the Electricity Industry Customer Transfer Code do not resolve the dispute within 10 days after the first meeting, the dispute must be referred to the senior executive officer of each disputing party who must attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> GPPL has not been involved in any disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
57	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 7.1(3)	If the dispute is resolved, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	<ul style="list-style-type: none"> GPPL has not been involved in any disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
58	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 7.2(4)	A disputing party that refers a dispute to the Authority must give notice to the Authority of the nature of the dispute, including specified details.	<ul style="list-style-type: none"> GPPL has not been involved in any disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
59	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code clause 7.3(2)	A disputing party must at all times conduct itself in a manner which is directed towards achieving the objectives in clause 7.3(1) of the Electricity Industry Customer Transfer Code.	<ul style="list-style-type: none"> GPPL has not been involved in any disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	Nr
68	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(a)	A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week.	<ul style="list-style-type: none"> GPPL's information systems are available 24 hours a day 7 days a week. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
69	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.2(b)	A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.	<ul style="list-style-type: none"> GPPL as a retailer has put in place information systems that are capable of generating automated response message when required. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
70	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.6	The originator of an electronic communication must identify itself in the communication.	<ul style="list-style-type: none"> The originators of all GPPL electronic communications identify themselves in the communication. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
71	Electricity Industry (Licence Conditions) Regulations regulation 5(2)	Electricity Industry Customer Transfer Code Annex 6 clause A6.7	The originator of an electronic communication must use reasonable endeavours to adopt a consistent data format for information over time, to facilitate any automated processing of the information by the addressee.	<ul style="list-style-type: none"> GPPL adopt a consistent data format for information. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 	1
106	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Act section 31(3)	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.	<ul style="list-style-type: none"> GPPL have taken reasonable steps to minimize the extent or duration of any unavoidable interruption, suspension or restriction of electricity. There are strong financial disincentives for any interruptions to supply. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
107	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Act section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	<ul style="list-style-type: none"> GPPL has met all costs of taking an interest in land or easements over land. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
113	Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Act section 115(2)	A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access.	<ul style="list-style-type: none"> There have been no formal requests for access by new customers within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
345	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 3.3B	A user who is aware of bi-directional flows at a metering point which was not previously subject to a bi-directional electricity flows or any changes in a customer's or user's circumstances in a metering point which will result in bi-directional electricity flows must notify the network operator within 2 business days.	<ul style="list-style-type: none"> There have been no circumstances of metering points which were previously not capable of bi-directional flow becoming capable of bi-directional flow within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
360	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	<ul style="list-style-type: none"> GPPL has not had any metering outages or malfunctions in the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
385	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 3.27	A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.	<ul style="list-style-type: none"> GPPL has not installed any metering installations within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
392	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and data held in the metering database, the affected Code participants and the network operator must liaise together to determine the most appropriate way to resolve a discrepancy.	<ul style="list-style-type: none"> There have been no such discrepancies with the data within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
393	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	<ul style="list-style-type: none"> GPPL has not knowingly permitted the registry to be materially inaccurate. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
394	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 4.5(2)	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or an inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	<ul style="list-style-type: none"> No such event has occurred within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
409	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.4(2)	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1).	<ul style="list-style-type: none"> GPPL has assisted the network operator when requested. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
422	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.16	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	<ul style="list-style-type: none"> GPPL as a user has not collected any data required to be provided to network operator Western Power. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
423	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.17(1)	A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user's customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
426	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.18	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	<ul style="list-style-type: none"> GPPL is a generator and retailer. Information is shared between them. GPPL as a user has not collected or received information regarding a change in the energisation status of a metering point. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
427	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(1)	A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator.	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
428	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(2)	A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated.	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
429	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(3)	Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.	<ul style="list-style-type: none"> GPPL as a retailer and generator has not become aware of any change in attribute. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
431	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.19(6)	The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
437	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(5)	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	<ul style="list-style-type: none"> No request to separately test or audit has been made within the audit period. The meter accuracies are tested annually in accordance with the requirements in GPPL's PPAs. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
438	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.21(6)	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.	<ul style="list-style-type: none"> No request to test or audit has been made within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
456	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 5.27	Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	<ul style="list-style-type: none"> No requests have been made within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
469	Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1	Electricity Industry Metering Code clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
470				▪	▪	Nr
472	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.2(1)	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.	▪ GPPL has complied with the requirements.	▪ Interview with Kirsty Gibson and Troy Forward.	1
474	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.2(4)	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.	▪ GPPL has received no such request within the audit period.	▪ Interview with Kirsty Gibson and Troy Forward.	Nr
475	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.	▪ GPPL has not changed its contact details within the audit period.	▪ Interview with Kirsty Gibson and Troy Forward.	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
476	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.5	A Code participant must subject to subclauses 5.17A and 7.6 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.	<ul style="list-style-type: none"> GPPL has not disclosed or permitted the disclosure of confidential information provided to it under or in connection with the Code. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
477	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	<ul style="list-style-type: none"> There have been no requirements to disclose any confidential information within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
478	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(1)	If any dispute arises between any Code participants then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no such disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
479	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no such disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
480	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	<ul style="list-style-type: none"> There have been no such disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
481	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	<ul style="list-style-type: none"> There have been no such disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
482	Distribution Licence condition 5.1 Generation Licence condition 5.1 Integrated Regional Licence condition 5.1 Retail Licence condition 5.1 Transmission Licence condition 5.1	Electricity Industry Metering Code clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	<ul style="list-style-type: none"> There have been no such disputes within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
119		12.1	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	<ul style="list-style-type: none"> GPLL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. Transalta Energy (Australia) Financial Statements December 2011 viewed and were confirmed by Ernst & Young as complying with the Australian Accounting Standards. 	1
-	13.2		The Authority may prescribe individual performance standards applying to the licensee in respect of the licensee's obligations under this licence or the applicable legislation.	<ul style="list-style-type: none"> Not applicable. The Authority has not prescribed any individual standards. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
101	Distribution Licence condition 14.1 Generation Licence condition 14.1 Integrated Regional Licence condition 14.1 Retail Licence condition 14.1 Transmission Licence condition 14.1	Electricity Industry Act section 13(1)	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.	<ul style="list-style-type: none"> March 2012 Performance Audit Report viewed. Current audit being undertaken. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
121	Electricity Industry Act section 11	Distribution Licence condition 14.2 Generation Licence condition 14.2 Integrated Regional Licence condition 14.2 Retail Licence condition 14.2 Transmission Licence condition 14.2	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.	<ul style="list-style-type: none"> GPPL has previously complied with, and continues to comply with the Authority's standard audit guidelines dealing with the performance audit. The previous performance audit was reported on in March 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. Letter dated 17 June 2014 from ERA approving Cardno to undertake GPPL audit viewed. 2014 compliance report. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
123	Electricity Industry Act section 11	Distribution Licence condition 15.1 Generation Licence condition 15.1 Integrated Regional Licence condition 15.1 Retail Licence condition 15.1 Transmission Licence condition 15.1	<p>The licensee must report to the Authority:</p> <p>(a) if the licensee is under external administration, as defined by the Corporations Act 2001 (Cwlth), within 2 business days of such external administration occurring; or</p> <p>(b) if the licensee:</p> <p>(i) experiences a change in the licensee's corporate, financial or technical circumstances upon which this licence was granted; and</p> <p>(ii) the change may materially affect the licensee's ability to perform its obligations under this licence,</p> <p>within 10 business days of the change occurring; or</p> <p>(c) if the:</p> <p>(i) licensee's name;</p> <p>(ii) licensee's ABN; or</p> <p>(iii) licensee's address,</p> <p>change, within 10 business days of the change occurring.</p>	<ul style="list-style-type: none"> There has been no change to GPPL's circumstances or to its ability to meet its licence obligations GPPL has not been under external administration. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. Correspondence with ERA viewed. 	1
124	Electricity Industry Act section 11	Distribution Licence condition 16.1 Generation Licence condition 16.1 Integrated Regional Licence condition 16.1 Retail Licence condition 16.1 Transmission Licence condition 16.1	<p>The licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.</p>	<ul style="list-style-type: none"> GPPL has complied with the requirements. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson. 2012, 2013 and 2014 GPPL Compliance Reports viewed. GPPL hardcopy correspondence file with the ERA viewed which confirmed that GPPL had provided the ERA with information as requested. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
125	Electricity Industry Act section 11	Distribution Licence condition 17.1 and 17.2 Generation Licence condition 17.1 and 17.2 Integrated Regional Licence condition 17.1 and 17.2 Retail Licence condition 17.1 and 17.2 Transmission Licence condition 17.1 and 17.2	The Authority may direct the licensee to publish, within a specified timeframe, any information it considers relevant in connection with the licensee or the performance by the licensee of its obligations under this licence.	<ul style="list-style-type: none"> GPPL has not been directed to publish any such information. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
125	Electricity Industry Act section 11	Distribution Licence condition 17.1 and 17.2 Generation Licence condition 17.1 and 17.2 Integrated Regional Licence condition 17.1 and 17.2 Retail Licence condition 17.1 and 17.2 Transmission Licence condition 17.1 and 17.2	Subject to clause 17.3, the licensee must publish the information referred to in clause 17.1.	<ul style="list-style-type: none"> GPPL has not been directed to publish any such information. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
126	Electricity Industry Act section 11	18.1	<p>Unless otherwise specified, all notices must be in writing.</p> <p>A notice will be regarded as having been sent and received:</p> <ul style="list-style-type: none"> (a) when delivered in person to the addressee; or (b) 3 business days after the date of posting if the notice is posted in Western Australia; or (c) business days after the date of posting if the notice is posted outside Western Australia; or (d) if sent by facsimile when, according to the sender's transmission report, the notice has been successfully received by the addressee; or <p>if sent by electronic means when, according to the sender's electronic record, the notice has been successfully sent to the addressee.</p>	<ul style="list-style-type: none"> ▪ GPPL has provided the ERA with information as requested. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ GPPL hardcopy correspondence file with the ERA viewed. 	1
-		19.1	<p>The licensee may seek a review of a reviewable decision by the Authority pursuant to this licence in accordance with the following procedure:</p> <ul style="list-style-type: none"> (a) the licensee shall make a submission on the subject of the reviewable decision within 10 business days (or other period as approved by the Authority) of the decision; and (b) the Authority will consider the submission and provide the licensee with a written response within 20 business days. 	<ul style="list-style-type: none"> ▪ There have been no such reviewable decisions made by the Authority within the audit period. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
102	Distribution Licence condition 20.1 Generation Licence condition 20.1 Integrated Regional Licence condition 20.1	Electricity Industry Act section 14(1)(a)	The licensee must provide for an asset management system in respect of the licensee's assets.	<ul style="list-style-type: none"> GPPL have provided for an effective asset management system to support their physical assets. We note that although outside of the audit period, GPPL's asset management practices were endorsed by the Maintenance Engineering Society of Australia (MESA) and was awarded an Excellence Award for its implementation 	Interview with Kirsty Gibson and Troy Forward.	1
103	Distribution Licence condition 20.2 and 20.3 Generation Licence condition 20.2 and 20.3 Integrated Regional Licence condition 20.2 and 20.3 Transmission Licence condition 20.2 and 20.3	Electricity Industry Act section 14(1)(b)	<p>The licensee must notify the Authority of the details of the asset management system within 5 business days from the later of:</p> <ul style="list-style-type: none"> (a) the commencement date; and (b) the completion of construction of the distribution system. 	<ul style="list-style-type: none"> The asset management system was provided to the ERA as part of the licence application. This occurred outside of the audit period. 	Interview with Kirsty Gibson and Troy Forward.	Nr

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
103	Distribution Licence condition 20.2 and 20.3 Generation Licence condition 20.2 and 20.3 Integrated Regional Licence condition 20.2 and 20.3 Transmission Licence condition 20.2 and 20.3	Electricity Industry Act section 14(1)(b)	The licensee must notify the Authority of any substantial change to the asset management system within 10 business days of such change.	<ul style="list-style-type: none"> The asset management system was provided to the ERA as part of the Licence application. There have been no such substantial changes to the AMS within the audit period. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Nr
104	Distribution Licence condition 20.4 Generation Licence condition 20.4 Integrated Regional Licence condition 20.4 Transmission Licence condition 20.4	Electricity Industry Act section 14(1)(c)	The licensee must provide the Authority with a report by an independent expert, acceptable to the Authority, as to the effectiveness of the asset management system not less than once in every period of 24 months calculated from the commencement date (or any longer period that the Authority allows by notice in writing).	<ul style="list-style-type: none"> A written report as to the effectiveness of GPPL's asset management system is being provided regularly to the Authority, and within the required timescales. The previous asset management system review was reported on in March 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> 2014 Compliance report. 	1

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
122	Electricity Industry Act section 11	Distribution Licence condition 20.5 Generation Licence condition 20.5 Integrated Regional Licence condition 20.5 Transmission Licence condition 20.5	The licensee must comply, and must require the licensee's expert to comply, with the Authority's standard audit guidelines.	<ul style="list-style-type: none"> GPPL is complying with the relevant aspects of the Authority's standard guidelines by undertaking the asset management system review. The previous asset management system review was reported on in March 2012 and the subsequent audit is currently being undertaken (this audit). 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	1
111		Distribution Licence condition 21.1 Retail Licence condition 21.121.1	<p>The licensee must not supply electricity to small use customers unless the licensee is:</p> <p>(a) a member of an approved scheme; and</p> <p>(b) bound by, and compliant with, any decision or direction of the electricity ombudsman under the approved scheme.</p>	<ul style="list-style-type: none"> Not applicable. GPPL has no small use customers. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
114	Electricity Industry Act section 11	Integrated Regional Licence condition 23.1 Retail Licence condition 23.1	The licensee must ensure that an electricity marketing agent of the licensee complies with the Code of Conduct for the Supply of Electricity to Small Use Customers.	<ul style="list-style-type: none"> Not applicable. GPPL as a retailer does not have an electricity marketing agent. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
115	Electricity Industry Act section 11	Integrated Regional Licence condition 23.2 Retail Licence condition 23.2	The licensee must report a breach by the electricity marketing agent of the applicable conditions of the Code of Conduct for the Supply of Electricity to Small Use Customers to the Authority within 3 business days of becoming aware of the breach.	<ul style="list-style-type: none"> Not applicable. GPPL does not employ an electricity marketing agent. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
116	Electricity Industry Act section 11	Integrated Regional Licence condition 24.2 Retail Licence condition 24.2	The licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority.	<ul style="list-style-type: none"> No such direction to review the standard form contract has been issued. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na

2014 No.	Licence Condition	Obligations under Condition	Description	Observations	Evidence (Include Contact)	Compliance Rating
117	Electricity Industry Act section 11	Integrated Regional Licence condition 24.3 Retail Licence condition 24.3	The licensee must comply with any direction given by the Authority in relation to the scope, process or methodology of the review referred to in clause 24.2.	<ul style="list-style-type: none"> No such direction to review the standard form contract has been issued. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
118	Electricity Industry Act section 11	Integrated Regional Licence condition 25.1 Retail Licence condition 25.1	The licensee may only amend the standard form contract with the Authority's approval.	<ul style="list-style-type: none"> Not applicable. GPPL has not amended the standard form contract. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
109	Integrated Regional Licence condition 25.4 Retail Licence condition 25.4	Electricity Industry Act section 54(2)	<p>The Authority may, at any time, by notice in writing, direct the licensee to amend the standard form contract by specifying:</p> <p>(a) the amendments to be made to the standard form contract; and</p> <p>(b) the latest date at which the amendments will come into force.</p>	<ul style="list-style-type: none"> Not applicable. GPPL has received no such direction by the Authority. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
-		26.1	The licensee must comply with any direction given by the Authority pursuant to section 53 of the Act.		<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na
100	Retail Licence condition 28.1 Integrated Regional Licence condition 28.1	Electricity Industry (Customer Contracts) Regulations 2005 regulation 38	<p>Where the licensee becomes aware of a customer taking a supply of electricity that is deemed to be supplied under the licensee's standard form contract in accordance with the Electricity Industry (Customer Contracts) Regulations 2005, the licensee must, within 5 days after becoming aware, notify the customer in writing:</p> <p>(a) that the licensee is the default supplier for that connection point; and</p> <p>(b) the effect of regulation 37 of the Electricity Industry (Customer Contracts) Regulations 2005.</p>	<ul style="list-style-type: none"> Not applicable. GPPL has no small use customers. 	<ul style="list-style-type: none"> Interview with Kirsty Gibson and Troy Forward. 	Na

5.2 Asset Management System Review

The following table provides detailed commentary based on the findings observed during the audit process.

Table 5-2 Asset Management System Review Observations

Description	Observations	Evidence (Include Contact)
Asset planning	<ul style="list-style-type: none"> ▪ GPPL have a 10 year long range forecast plan /process as well as shorter operational/maintenance forecasts for its entire asset base. The first 5 years of the 10 year forecast are in more detail. The document is reviewed and revised annually. ▪ The asset's life cycle costs are developed, documented and reviewed throughout the asset's life. ▪ Investments for new assets are critically reviewed in accordance with Transalta's asset investment / asset creation criteria, including financial considerations, technology choices, technical alternatives, operations and maintenance considerations, etc. ▪ Performance of existing assets are regularly monitored and checked against expected performance – underperforming assets are flagged for critical review for remedial actions and/or ultimately for disposal if justified. ▪ Capex spend is analysed on a global basis across all of Transalta's operations, including those in Australia. The assets are compared on an asset by asset basis, using normalized ranking methods. Costs, risks, timing and other considerations are factored. ▪ Capital funds must be sourced and approved from the JV partners for GPPL. ▪ Maintenance plans are developed from the 'ground-up' with zero-based budgeting. Asset maintenance requirements are documented, programmed, scheduled, executed, checked and reviewed on a continuous cycle basis, and plans corrected to ensure optimum maintenance strategies are implemented. ▪ Monthly forecast tracks what work has been done against scheduled plans. ▪ Maintenance requirements of assets are managed using GP MaTe e.g. scheduled maintenance tasks, spares holdings, records of completion of maintenance activities, costs, resources allocated, creation and logging of corrective actions, maintenance system KPI's, etc. ▪ Asset replacements are based on asset performance, in many instances utilising hours run. This is monitored regularly. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Procedure (AFE) for new major capital asset investments viewed. Example documentation for capital asset investments viewed. Includes sections on business case, accounting returns, alternatives, forecast spend, review and approval. ▪ Monthly Business Planning Forecast for Transalta Australia (August 2014) viewed. ▪ Australia 2014 (September 2014) Capital and Operating Budget document viewed. ▪ Lifecycle Planning PowerPoint presentation viewed. ▪ Example Bid Model viewed (contains evidence of tendering for work) and corresponding O&M forecast requirements for new asset document viewed. ▪ Example of options analysis viewed. ▪ TA-523 (Asset Management Policy) was viewed – asset management planning requirements and asset life-cycle considerations are well documented and implemented.

Description	Observations	Evidence (Include Contact)
	<p>Justification for asset retirement is strictly considered and takes into account not only financial factors, but technological, environmental, commercial / legal and relative benefit, comparing continuation of operating and maintaining the underperforming asset versus replacing it.</p> <ul style="list-style-type: none"> ▪ Designs for plant augmentation and remedials are typically done in-house (using Transalta's corporate engineering and technical resources) but are also commonly outsourced to engineering companies who specialize in the various services and/or directly to competitive OEM's for new / significant asset modifications or additions. ▪ External independent consultants are used to prepare and/or confirm financial models, performance analysis, comparisons between different technical solutions, preparation of tender documents, vetting of options analysis etc. ▪ PPAs prescribe the need to have a well-documented asset maintenance (and operations) plan, as well as contingency and risk management plans, quality plans, etc. ▪ Transalta corporate has well-developed and documented asset management criteria, procedures and planning requirements which are applied across all of Transalta's assets, including GPPL's. 	
Asset creation/acquisition	<ul style="list-style-type: none"> ▪ Owner Engineer involved during bid development as well as construction. ▪ Licensee is aware of emissions legislation and this is covered in commercial arrangements. ▪ Assets created in previous 3 years include hot section replacements – these go through asset creation processes. ▪ Funding options evaluated in Bid Model (business case). ▪ Investments for new assets are critically reviewed in accordance with Transalta's asset investment / asset creation criteria, which includes financial considerations, technology choices, technical alternatives, operations and maintenance considerations, etc. ▪ Approval by the JV is also required for major capital acquisitions 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Example of Third Party Due Diligence report of an acquisition viewed, including OH&S, native title, environmental etc. ▪ Example of Due Diligence Plan viewed, including financial, legal, engineering, project management, valuation, insurance, HR, treasury etc. ▪ Example documents for asset creations viewed. ▪ Example Bid Model viewed (contains evidence of tendering for work) and corresponding O&M forecast requirements for new asset document viewed. ▪ Commissioning documentation exhibited which demonstrates a thorough approach to asset testing and commissioning against asset performance criteria prior to acceptance and operation.
Asset disposal	<ul style="list-style-type: none"> ▪ Performance of existing assets are regularly monitored and checked against expected performance – underperforming assets are flagged for critical review for remedial actions and/or 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Example documents for asset disposals viewed.

Description	Observations	Evidence (Include Contact)
	<p>ultimately for disposal if justified.</p> <ul style="list-style-type: none"> ▪ A mixture of both time-based and condition based performance monitoring and testing – results of which are considerations for any asset remedial and/or disposal decisions. ▪ There have been numerous disposals of assets during the audit period, ranging from minor (non-production related assets) to retirement of more significant assets by virtue of either underperformance or timing considerations. ▪ SCE’s capital budgets for the last 3 years were exhibited, demonstrating significant capital spends in the asset maintenance of its Australian generation and transmission assets. 	<ul style="list-style-type: none"> ▪ Excel dump of SAP asset register viewed. ▪ Capital budgets for last 3 years viewed. ▪ Asset register showing existence of all assets, newly created assets and major asset maintenance plans were viewed. ▪ 5 and 10 year asset major maintenance budget and NTA budgets were exhibited.
Environmental analysis	<ul style="list-style-type: none"> ▪ NGER (Federal requirement for emissions) reporting process undertaken annually. Includes office electricity, lube oils, SF6. ▪ Third party company ‘Greenbase’ check the NGER report for GPPL. ▪ Emission limits are defined in Works Approvals and compliance is regularly reported. ▪ Strong commitment to root cause analysis for all incidents, particularly those causing loss of production and/or non-compliances with any statutory or PPS requirements. ▪ Utilisation of fuel and maintenance are cost drivers. ▪ Voltages and frequency tolerances are covered by the PPA between GPPL and Normandy Power.No other compliance items e.g. to EPA, are knowingly reported, save possibly dangerous goods. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Efficiencies and capacities monthly report viewed. ▪ Example of frequency going out of tolerance at Agnew discussed. ▪ Weekly production (‘heat rate’) Excel report viewed. ▪ Monthly management Word report viewed – discusses planned and unplanned outages, fuel usage, availability, liquidated damages etc. ▪ 2006 Operation, Maintenance and Contingency Plan viewed. ▪ Energy Efficiency Opportunity (EEO) Program report viewed. ▪ Mining Rehabilitation Fund report viewed.
Asset operations	<ul style="list-style-type: none"> ▪ GPPL (through TECO) runs a Regional Control Centre (RCC) which is manned 24/7/365, based in Kalgoorlie WA. The RCC is used to remotely operate all of GPPL’s assets. ▪ Asset performance data is logged, trended and alarmed for any departures from limits. ▪ Operator intervention is executed on a real-time basis for any deviations (e.g. sudden departure from limits) or assets are removed from production and investigations carried out to remedy any non-performance issue (e.g. transducers, rotor-earth faults, LinkNet failures). ▪ Longer trending unfavourable performance is flagged for further investigation while assets still remain in operation, and maintenance schedules adjusted to ensure degraded performance is addressed proactively, in preference to reactively. 	<ul style="list-style-type: none"> ▪ Perth: Interview with Kirsty Gibson and Troy Forward. ▪ Weekly production numbers (supply and demand) graphs and summary viewed. ▪ Maintenance Performance KPI Report per Site viewed. ▪ Excel asset register dump from SAP viewed. ▪ Assets created and disposed in last 3 years viewed within Excel asset register. ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles. ▪ Authorisation and training register viewed. ▪ Example Contractor EHS Induction viewed.

Description	Observations	Evidence (Include Contact)
	<ul style="list-style-type: none"> ▪ Heat rate shown daily on production graphs but can be displayed half-hourly. ▪ Incentives for efficiencies. Incidents e.g. outages, are logged. Customer also logs incidents. ▪ SCADA system is used to provide all real-time monitoring information, data trending, alarming and reporting, which is backed up on a Plant Historian system. ▪ Straight line depreciation employed for whole assets. ▪ Renewal date exists in SAP but not used for long term planning as such. 	<ul style="list-style-type: none"> ▪ Example Employee EHS Induction viewed.
Asset maintenance	<ul style="list-style-type: none"> ▪ Post-incident investigation reports used. ▪ Periodicity of all maintenance tasks are defined in GP-Mate, corrective maintenance as well as preventive maintenance activities. ▪ GP MaTe used to schedule all maintenance activities. ▪ GP MaTe used by OMT's to monitor task schedules, completed work orders, reporting on issues found, remedials, costs, resources and consumables used, re-ordering of spare parts, etc. ▪ GP MaTe is the essential tool which is used to ensure all PPA commitments (w.r.t. Asset Maintenance), statutory compliance and scheduled activities are planned and their execution monitored and reported as a KPI. 	<ul style="list-style-type: none"> ▪ Perth: Interview with Kirsty Gibson and Troy Forward. ▪ Example investigation report viewed – lightning strike where equipment was damaged. ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie and Clayton Fowles.
Asset management information system	<ul style="list-style-type: none"> ▪ Data back-ups managed at Transalta's St George's Terrace office. ▪ System automatically backs up on tape and stored at third party premises. ▪ New cloud system will also satisfy back-up requirements. No local (i.e. site) data storage. ▪ Cloud-based business continuity site scheduled to go live 8 September 2014. Employees will have the ability to access and share critical information in the event of an emergency. ▪ IT passwords required to be changed routinely (less frequent than monthly). ▪ Some readings are manual so checks and balances occur in invoicing process e.g. decimal point placement incorrect in HV reading. Readings checked by separation of duties. Calculations are checked using financial settlement data and raw meter reading data. ▪ For the audit period, GPPL have transitioned from utilising the 	<ul style="list-style-type: none"> ▪ Perth: Interview with Kirsty Gibson and Troy Forward. ▪ ERP Australia Rollout Scope of Services document viewed July 2013. ▪ Kalgoorlie: Interview with Brady Smith, later Jamie Crombie ▪ 'Kalgoorlie NS' site interrogated on GP MaTe CMMS. ▪ TA523 Transalta Work Management document viewed. ▪ Invoice from MaTe PCS for contract support dated 1/9/2014 shown as paid.

Description	Observations	Evidence (Include Contact)
	<p>centralized Australian Management System (AMS) platform and moved across to GP MaTe as the essential tool for managing the assets. Hence, routine reminders for certain contractual commitments e.g. meter testing, appear in the AMS system as being raised but not yet completed. However, in reality the meter maintenance activity is entered into and scheduled from GP MaTe, and its completion logged (demonstrating full compliance with PPA requirements), but with no closed loop back to the legacy based AMS system. This has created some inconsistencies due to the two systems not being fully integrated together.</p> <ul style="list-style-type: none"> ▪ GPPL are transitioning into a new ERP based system which will have a more fully integrated system covering Asset Management, HR Management, Financial Management and Commercial / Contractual Management and Inventory Management. ▪ Transalta Corporate Work Management standard (TA 523) currently being rolled out. However, this standard was developed from GPPL's Australian Operations which became the corporate standard, so in reality all of the standard's requirements are already in place for the Australian operations. ▪ Some minor modifications being implemented in GP MaTe to ensure that the maintenance work activities are able to also be linked to the hazard analysis work-sheets which naturally accompany the work orders. New KPIs have also been developed to monitor work order completion against work orders scheduled, ratio of PM's to CM's, maintenance cost activities, scheduling effectiveness, etc. ▪ Weekly report of scheduled vs completed work orders, P1s, P2s and extra work orders generated each Tuesday afternoon, along with forthcoming week's work, for discussion at Wednesday maintenance meeting. ▪ Maintenance meeting attended by all whole maintenance team, with minutes held on Microsoft Access. ▪ Maintenance culture is very effective – essentially, maintenance teams are self-scheduling, and able to review, propose and execute the maintenance activities from the plan to prevent back-log, yet ensure the asset maintenance needs are met. This takes into account priorities, risks to operations, production, compliance, safety and financially. ▪ Most work orders are PMs (preventive maintenance). ▪ PMs can be time based, run hours or condition based. (Hours run 	

Description	Observations	Evidence (Include Contact)
	<p>entered manually.)</p> <ul style="list-style-type: none"> ▪ GP MaTe not subject to any routine updates. Tends to evolve continuously. ▪ Asset numbers under Kalgoorlie NS site appear to be consistent with the physical grouping of components. ▪ 'Work performed' is completed by worker on completion of work order and can include photos and spreadsheets. ▪ 'Timecard' function is used to enter hours worked and 'Issue' function is used to assign parts and consumables used. ▪ Different access levels exist on GP MaTe and PMs are controlled by having revision numbers, by whom and the date. 	
<p>Risk management</p>	<ul style="list-style-type: none"> ▪ Risk assessments and risk quantification is endemic right throughout Transalta's business – in pre-job planning, asset maintenance, justification for expenditure, asset creation / disposal, incident investigation and asset management. ▪ A consistent approach towards assessing and quantifying the risks based on well-defined risk assessment procedures – considering likelihood and consequence. Risk rankings are consistent with Australian Risk Standards. ▪ ESWMS (Electrical Safe Work Method Statements) and ArcFlash initiatives have been rolled out. ▪ Safe-Start training initiative has been rolled out and successfully implemented (for more than 5 years now). This looks at behavioural management to avoid incidents and recurrences. Underpinning this success is the belief that everyone in Transalta holds - that all accidents are preventable. ▪ Canadian insurers perform risk audits periodically. ▪ PMs are prioritized P1 to P4 inclusive. ▪ Work orders can only be undertaken when RCC hand over equipment to maintenance team. ▪ All work orders have to undergo a Critical Task Analysis, very similar to a JSEA. Failure to comply can lead to employee dismissal. ▪ CTA criticality score based on severity, frequency of exposure to hazard and probability. ▪ CTA form has links to other procedures e.g. lock out tag out. ▪ Permits and training require for hot work, working at heights and confined space entry. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Risk Assessment policy/framework viewed. ▪ Risk assessment process viewed in Lifecycle Planning PowerPoint. ▪ Interview with Brady Smith, later Jamie Crombie and Clayton Fowles. ▪ CTA form viewed. ▪ Authorisation and training register viewed. ▪ Incident reports viewed. ▪ Transalta Environment, Health & Safety Management System Audit Report, September 2013 viewed. ▪ EHS Management System Documentation Review.

Description	Observations	Evidence (Include Contact)
	<ul style="list-style-type: none"> ▪ Lock out tag out procedures in place. ▪ Training completed very comprehensive. ▪ Incident reports completed. High risk incidents are escalated to corporate level. ▪ RCC operator training package 6-8 months for south operations, 8-10 months for north operations. 	
Contingency planning	<ul style="list-style-type: none"> ▪ Detailed Contingency and Risk Assessment Plans have been developed for GPPL's assets, covering various operational scenarios and emergency situations. ▪ Contingency procedures covering various aspects of asset operation and maintenance have been developed and are contained in the AMS. ▪ Emergency response drills are carried out twice a year. ▪ Contingency plans for business continuity is well-developed and includes back-up and off-site data storage and restoration of business. ▪ Cloud-based business continuity site scheduled to go live 8 September 2014. Employees will have the ability to access and share critical information in the event of an emergency. Contingency spares are held at strategic stores locations and catalogued in GP MaTe. Max and min levels are defined in GP MaTe and replenishment is based on MTBF, criticality and lead time. ▪ Contingency Plans and Procedures documents are stored on GPPL's Lotus Notes AMS system. ▪ Operations and Maintenance teams are well aware of contingency documents and procedures. ▪ Procedures are reviewed on a regular basis and updated to suit outcomes of review process. ▪ Incident reports highlight whether or not procedures have been followed, including use of CTA's prior to activity being undertaken. ▪ Internal (corporate) audit performed Sept 2013. 23 actions including training and health and safety. ▪ Currently in process of implementing PHA-Pro, database system for reviewing risks and hazards related to individuals' roles and daily tasks. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Number of contingency plans viewed. ▪ Interview with Brady Smith, later Jamie Crombie and Clayton Fowles. ▪ AUS 242 Emergency Response Guide viewed. Copy in Regional Control Centre also viewed. ▪ List of drill reports viewed. ▪ 20130123 drill report viewed. ▪ Emergency response procedures on wall of RCC viewed e.g. Turbine Icing Condition, PPS Gas Turbine Start-Up. ▪ PHA-Pro 8 training document viewed.
Financial planning	<ul style="list-style-type: none"> ▪ Transalta's Asset Life Cycle Planning process was exhibited and reviewed. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Procedures viewed e.g. budgeting procedure.

Description	Observations	Evidence (Include Contact)
	<ul style="list-style-type: none"> ▪ Process covered asset maintenance planning and criteria to be met, risk assessments, financial justification, forecasting, allocation of budgets, monitoring of maintenance spends, justification for additional / emergency funds, allocation of funds across the fleet and normalisation of priorities across the asset fleet. ▪ Annual budgets are prepared and justification for expenditure are strictly controlled. All business cases have the required criteria well-defined in the justification template, including risks, financial returns, impact on commercial / contractual, options, legal, legislative, maintenance, operations, personnel, timing, etc. ▪ Transalta utilizes a financial modelling process which is based on a long term asset expenditure plan (which is created at the formation / creation of the new asset, or acquisition) then followed by annual submissions of capital and operating budgets with any variations against original plans clearly explained and justified. ▪ Plans are submitted for both short term (1 year) and medium term (5 year) forecasts, as well as longer term periods (10 years). All plans are reviewed annually. 	<ul style="list-style-type: none"> ▪ Monthly Business Planning Forecast for Transalta Australia (August 2014) viewed. ▪ Australia 2014 (September 2014) Capital and Operating Budget document viewed. ▪ 2013 LRF (Long Range Forecast) presentation viewed. ▪ Transalta's AFE Standards document viewed.
Capital expenditure planning	<ul style="list-style-type: none"> ▪ Transalta's Authorisation For Expenditure (AFE) procedure was exhibited and many examples of AFE submissions, criteria, justification, approvals and tracking were exhibited covering new assets, major maintenance, minor maintenance, non-turnaround maintenance, miscellaneous capital expenditures, etc. ▪ AFE process covers risk assessments of not going ahead with expenditure, alternatives considered (incl. technology or asset variations), financial justifications, etc. ▪ Technical and financial models (including plant engineering performance models, risk assessments, priorities, etc.) are typically used as supporting material to justify expenditure requests. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ Capital List 2013 document viewed.
AMS Review	<ul style="list-style-type: none"> ▪ Routine review of asset management systems is being undertaken. 	<ul style="list-style-type: none"> ▪ Interview with Kirsty Gibson and Troy Forward. ▪ 2012, 2013 and 2014 GPPL Compliance Reports viewed.

6 Recommendations

6.1 Performance Audit

Table 6-1 Table of Current Non Audit Compliances and Recommendations

A. Resolved during current audit period				
Electricity compliance reporting manual 2014 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil				

B. Unresolved at end of current Audit period				
Electricity compliance reporting manual 2014 (ref. no./ year)	(Compliance rating/ Legislative obligation / details of the issue)	Auditor's recommendation or action undertaken	Date resolved	Further action required (Yes/No/Not applicable) & details of further action required including current recommendation reference if applicable
Nil				

6.2 Asset Management Review

While there were no shortcomings relating to the process and policy definition adequacy rating or the asset performance ratings, the following commentary and observation of improvements opportunities which GPPL may wish to consider:

1. Overall review conclusion is that the Asset Management System used by GPPL is performing effectively.
2. The system evidenced showed strong compliance with Transalta's Asset Management plans and policies e.g.
 - a. Effective maintenance task planning, scheduling and execution
 - b. Monitoring of effectiveness of maintenance execution (in reporting of KPIs)
 - c. Financial planning, expenditure justification, budgeting and approvals process
 - d. Incident reporting and prevention of reoccurrences
 - e. Competent asset operation and plant-performance monitoring
 - f. Risk and contingency management
 - g. Continuous review of the effectiveness of the asset management plans.
3. The system relies largely on a combination of :

- a. Legacy based tools e.g. Lotus Notes databases for the Policy & Procedures, Incident Reporting, Contracts & PPA Obligations, Compliance & Statutory reporting obligations
 - b. Stand-alone systems e.g. GP MaTe for maintenance scheduling and stock ordering, SAP for financial control and monitoring)
 - c. SCADA / Citect / Historian systems (for plant operations, plant performance and data reporting).
 - d. Series of manually updated spreadsheets and reporting templates e.g. meter readings.
4. The individual systems are not seamlessly integrated. Data exchange between systems is not automated and partially compatible. Consolidated reports rely on manual extraction of data from individual systems.
 5. There is no central or effective Document Management System in place. The location of key information is dependent on an operator's or person's familiarity with the system and number of years of service in their respective positions. This includes the manual filing system.
 6. The overall effectiveness of the system is suited to the current scale of asset base that is owned and operated by Transalta for the Western Australian operations, which has evolved and improved, but remained largely unchanged for the past 15+ years.
 7. Notwithstanding point 6 above, the effectiveness of the Asset Management System could be compromised moving forwards, for the following conditions :
 - a. If the asset base / scale grows significantly (which is imminent, as Transalta continues to invest in acquisition or construction of new assets in WA)
 - b. If there are any changes in the current workforce or organisation structure e.g. new employees or changes to individuals in current key positions with significant history and familiarity in current systems
 8. There may be benefit to Transalta in investing in a more fully-integrated ERP based system which seamlessly integrates all of the modular systems mentioned and will assist in managing an increased asset or resource base.
 9. There may be benefit to Transalta in retirement and archival of any superseded legacy systems, to prevent confusion
 10. Documentation, procedures and/or plans requiring regular updates, have not been flagged as being updated e.g. PPA obligations with respect production of O&M plans, QA plans, contingency and risk plans, despite evidence showing the plans in place reflect these being updated.
 11. New staff on-boarding processes could be improved to ensure that there is little doubt that new employees are fully aware of all relevant procedures and policies which form part of the person's job.
 12. Staff training records can be improved to show upkeep of current competencies and completed training modules, as well as demonstrating full awareness of the existence of, and understanding of all policies and procedures.

7 Confirmation of the Audit/Review

I confirm that the audit/review carried out at GPPL on 2-4 September 2014 and recorded in this report is an accurate presentation of our findings and opinions.

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30 September 2014

Performance Audit and
Asset Management
Review

APPENDIX A
RISK
MANAGEMENT
FRAMEWORK



Types of Compliance Risk

Type of Risk	Examples
Supply quality and reliability	Delays in new connections, excessive supply interruptions, supply quality standards not met.
Consumer protection	Customer service levels not met, incorrect bills, disconnection and reconnection standards not met, customers unable to access financial hardship assistance.
Legislation/licence	Breach of industry Acts, regulations and codes, contravention of licence conditions.

Risk Assessment Rating Scales

The consequence, likelihood, inherent risk and adequacy of internal controls are assessed using a 3-point rating scale as described below. The rating scale is as per the Audit and Review Guidelines: Electricity and Gas Licences, (Economic Regulation Authority), April 2014.

Consequence Rating

The consequence rating scale is outlined below.

Rating	Supply Quality and Reliability	Consumer Protection	Breaches of Legislation or Other Licence Conditions
1 Minor	Breaches of supply quality or reliability standards – affecting small number of customers. Delays in providing a small proportion of new connections.	Customer complaints procedures not followed in a few instances. Small percentage of disconnections or reconnections not completed on time. Small percentage of bills not issued on time.	Legislative obligations or licence conditions not fully complied with, minor impact on customers or third parties. Compliance framework generally fit for purpose and operating effectively.
2 Moderate	Supply quality breach events that significantly impact customers; large number of customers affected and/or extended duration and/or damage to customer equipment. Supply interruptions affecting significant proportion of customers on the network for up to one day. Significant number of customers experiencing excessive number of interruptions per annum. Significant percentage of new connections not provided on time/ some customers experiencing extended delays.	Significant percentage of complaints not being correctly handled. Customers not receiving correct advice regarding financial hardship. Significant percentage of bills not issued on time. Ongoing instances of disconnections and reconnections not completed on time, remedial actions not being taken or proving ineffective. Instances of wrongful disconnection.	More widespread breaches of legislative obligations or licence conditions over time. Compliance framework requires improvement to meet minimum standards.
3 Major	Supply interruptions affecting significant proportion of customers on the network for more than one day. Majority of new connections not completed on time/ large number of customers experiencing extended delays.	Significant failure of one or more customer protection processes leading to ongoing breaches of standards. Ongoing instances of wrongful disconnection.	Wilful breach of legislative obligation or licence condition. Widespread and/or ongoing breaches of legislative obligations or licence conditions. Compliance framework not fit for purpose, requires significant improvement.

Likelihood Ratings

The likelihood rating scale is described below.

Level	Description
A	Likely Non-compliance is expected to occur at least once or twice a year
B	Probable Non-compliance is expected to occur once every three years
C	Unlikely Non-compliance is expected to occur once every 10 years or longer

Inherent Risk Assessment Rating and Description

The inherent risk rating is based on the combined consequence and likelihood rating. The inherent risk assessment rating scale and descriptions are outlined below.

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

Adequacy Ratings for Existing Controls

The adequacy of existing internal controls is also assessed based on a 3-point scale as indicated below.

Level	Description
Strong	Controls that mitigate the identified risks to an appropriate level
Moderate	Controls that only cover significant risks; improvement required
Weak	Controls are weak or non-existent and have minimal impact on the risks

Assessment of Audit Priority

The assessment of audit priority is used to determine the audit objectives, the nature of audit testing and the extent of audit testing required. It combines the inherent risk and risk control adequacy rating to determine the priority level.

Inherent Risk	Adequacy of Existing Controls		
	Weak	Medium	Strong
High	Audit Priority 1	Audit Priority 2	
Medium	Audit Priority 3	Audit Priority 4	
Low	Audit Priority 5		

Performance Audit and
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APPENDIX B
ASSET
MANAGEMENT
PERFORMANCE
RATING
DEFINITIONS



Compliance Assessment Rating Scale

In accordance with the Audit Guidelines – Electricity, Gas and Water Licences (ERA, April 2014), a 7-point rating scale has been adopted to assess the licensee’s compliance against each licence condition. The rating scale and description of compliance is outlined below.

Compliance Status	Rating	Description of Compliance
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 the licensee’s business operations.
Not Rated	N/R	No relevant activity took place during the audit period therefore it is not possible to assess compliance.

Asset Management Review Rating Scales

The asset management review utilises a combination of asset management adequacy ratings and asset management performance ratings, which are outlined below. These are based on the Audit Guidelines – Electricity, Gas and Water Licenses (ERA, April 2014).

Asset Management Adequacy Ratings

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> ▪ Processes and policies are documented. ▪ Processes and policies adequately document the required performance of the assets. ▪ Processes and policies are subject to regular reviews, and updated where necessary. ▪ The asset management information system(s) are adequate in relation to the assets that are being managed
B	Requires some improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation requires improvement. ▪ Processes and policies do not adequately document the required performance of the assets. ▪ Reviews of processes and policies are not conducted regularly enough. ▪ The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed)
C	Requires significant improvement	<ul style="list-style-type: none"> ▪ Process and policy documentation is incomplete or requires significant improvement ▪ Processes and policies do not document the required performance of the assets ▪ Processes and policies are significantly out of date ▪ The asset management improvement system(s) require significant improvements (taking into consideration the assets that are being managed).
D	Inadequate	<ul style="list-style-type: none"> ▪ Processes and policies are not documented. ▪ The asset management information system is not fit for purpose (taking into consideration the assets that are being managed).

Asset Management Performance Ratings

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none">▪ The performance of the process meets or exceeds the required levels of performance▪ Process effectiveness is regularly assessed and corrective action taken when necessary
2	Opportunity for improvement	<ul style="list-style-type: none">▪ The performance of the process requires some improvement to meet the required level▪ Process effectiveness reviews are not performed regularly enough▪ Process improvement opportunities are not actioned
3	Corrective action required	<ul style="list-style-type: none">▪ The performance of the process requires significant improvement to meet the required level▪ Process effectiveness reviews are performed irregularly or not at all▪ Process improvement opportunities are not actioned
4	Serious action required	<ul style="list-style-type: none">▪ Process is not performed or the performance is so poor that the process is considered to be ineffective.