

**ATCO Power Australia
(Karratha) Pty Ltd**

Electricity Generation Licence (EGL 21)

**2014 Performance Audit (Independent
Assurance) Report**

December 2014

Mr Roy Zylstra
General Manager Operations
ATCO Australia Pty Ltd
Level 12, 2 Mill Street
Perth, WA 6000

9 December 2014

Dear Roy

Electricity Generation Licence (EGL 21) Performance Audit report

We have completed the Electricity Generation Licence Performance Audit for ATCO Power Australia (Karratha) Pty Ltd for the period 1 September 2011 to 31 August 2014 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin on 9365 7236 or myself on 9365 7024.

Yours sincerely

Richard Thomas
Partner
Deloitte Touche Tohmatsu

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1 Independent Auditor's report

With the Economic Regulation Authority's (**the Authority**) approval, Deloitte Touche Tohmatsu (**Deloitte**) was engaged to conduct a performance audit relating to ATCO Power Australia (Karratha) Pty Ltd's (**APAK**) compliance with the conditions of its Electricity Generation Licence (**the Licence**).

The performance audit was conducted as a reasonable assurance engagement and in accordance with the specific requirements of the Licence and the April 2014 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (the **Guidelines**).

APAK's responsibility for compliance with the conditions of the Licence

APAK is responsible for ensuring compliance with the conditions of the Licence. This responsibility includes the following:

- Ensuring that it has complied in all material respects with the requirements of the Licence
- Establishing and maintaining an effective system of internal control over its systems designed to achieve compliance with the Licence requirements
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority
- Implementing corrective actions for instances of non-compliance.

Deloitte's responsibility

Our responsibility is to express a conclusion on APAK's compliance with the conditions of the Licence based on our audit procedures. The reasonable assurance engagement has been conducted in accordance with the Guidelines and the Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, APAK has complied, in all material respects with the conditions of its Licence as outlined in the approved Audit Plan (dated September 2014) for the period 1 September 2011 to 31 August 2014.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures consisted primarily of:

- Utilising the Guidelines and the Electricity Compliance Reporting Manual (**Reporting Manual**) as a guide for development of a risk assessment, and document review to assess controls
- Development of an Audit Plan for approval by the Authority and an associated work program
- Interviews with and representations from relevant APAK staff to gain an understanding of process controls
- Review of relevant documents
- Walkthrough of relevant processes and controls
- Sample testing where relevant for obligations rated as an Audit Priority 3 in the approved Audit Plan.

Limitations of use

This report is made solely for the information and internal use of APAK and is not intended to be, and should not be, used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report.

We understand that a copy of this report will be provided to the Authority for the purpose of reporting on the performance audit for APAK's electricity generation licence. We agree that a copy of this report may be provided to the Authority for its information in connection with this purpose but only

on the basis that we accept no duty, liability or responsibility to the Authority in relation to the report. We accept no duty, responsibility or liability to any party, other than APAK, in connection with the report or this engagement.

Inherent limitations

Our engagement will provide reasonable assurance as defined in ASAE 3100. Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following:

- The use of selective testing and testing as at a point of time
- The inherent limitations of internal control
- The fact that much of the evidence available to us is persuasive rather than conclusive
- The use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis. Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

In our opinion, based on the procedures performed, except for the effect of the issue set out below, APAK has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated September 2014) for the period 1 September 2011 to 31 August 2014.

Exceptions

The following performance criteria was assessed as non-compliant (rating 2):

Reporting manual no. & Licence condition		Issue
124	<i>Electricity Generation Licence condition 16.1</i> A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act.	APAK did not submit its 2011 compliance report to the Authority within the prescribed timeframes. This non-compliance was recognised by APAK in 2011 and APAK has since implemented a compliance scheduling system to improve its controls for meeting time related compliance obligations.

DELOITTE TOUCHE TOHMATSU

Richard Thomas

Partner

Perth, December 2014

2 Executive summary

2.1 Introduction and background

The Economic Regulation Authority (the **Authority**) has under the provisions of the *Electricity Industry Act 2004* (the **Act**), issued to ATCO Power Australia (Karratha) Pty Ltd (**APAK**) an Electricity Generation Licence (EGL21) (the **Licence**) to operate the Karratha Power Station (**KPS**), which is connected to the North West Interconnected System (**NWIS**).

Section 13 of the Act requires APAK to provide to the Authority a performance audit (the **audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period. With the Authority's approval, Deloitte Touche Tohmatsu (**Deloitte**) has been appointed to conduct the audit for the three year period 1 September 2011 to 31 August 2014.

The reasonable assurance audit was undertaken in order to state whether, in our opinion, based on the work performed, APAK has complied, in all material respects, with the relevant conditions of the Licence as outlined in the approved Audit Plan (dated September 2014) for the period 1 September 2011 to 31 August 2014.

The audit has been conducted in accordance with the April 2014 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (the **Guidelines**).

The objective of this report is to:

- (a) Provide a summary of the background to the audit and of the procedures performed by us
- (b) Communicate our audit findings and associated recommendations to you.

Our independent auditor's report is also contained in section 1 of this report.

2.2 Observations

In considering APAK's internal control procedures, structure and environment, compliance culture and information systems specifically relevant to those licence obligations subject to audit, we observed that APAK has:

- Demonstrated a reasonable awareness of its regulatory requirements relating to its Licence
- Allocated the primary responsibility for meeting key Licence obligations to the ATCO Senior Engineer (currently) and previously to other designated managers
- Maintained procedures and controls designed to help:
 - Facilitate compliance with its Licence obligations
 - Uphold the integrity of its reporting to the Authority and other statutory organisations on matters specific to its Licence obligations.

2.3 Findings

The following tables summarise the assessments made during the audit on APAK's compliance with and the adequacy of controls in place for APAK to manage its compliance with the relevant obligations or conditions of the Licence:

- On a scale of 1 to 4, "1" is the highest compliance rating possible (defined as "Compliant") with the rating scale moving through to "4", the lowest rating possible (defined as "Non-compliant – major impact on customers or third parties")
- On a scale of A to D, "A" is the highest control adequacy rating (defined as "Adequate controls – no improvement needed") with the rating scale moving through to "D", the lowest control adequacy rating possible (defined as "No controls evident").

Table 3 at section 3 of this report provides further detail on the compliance and control adequacy rating scales.

Table 1: Summary of findings, by audit priority and compliance rating

Audit Priority	Compliance rating				NR	Total
	1	2	3	4		
Priority 1	-	-	-	-	-	-
Priority 2	-	-	-	-	-	-
Priority 3	1	1	-	-	-	2
Priority 4	5	-	-	-	21	26
Priority 5	5	-	-	-	6	11
Total:	11	1	-	-	27	39

Table 2: Summary of findings, by audit priority and controls adequacy

Audit Priority	Control adequacy rating				NP ¹	Total
	A	B	C	D		
Priority 1	-	-	-	-	-	-
Priority 2	-	-	-	-	-	-
Priority 3	2	-	-	-	-	2
Priority 4	-	-	-	-	26	26
Priority 5	-	-	-	-	11	11
Total:	2	-	-	-	37	39

Specific assessments for each licence obligation are summarised at **Table 4** in section 3 “Summary compliance ratings” of this report.

Note that, in accordance with the current Guidelines, obligations assessed as being “not applicable” to APAK’s operations have not been included within this report.

Detailed findings, including relevant observations, recommendations and action plans are located in section 4 “Detailed findings, recommendations and action plans” of this report.

2.4 APAK’s response to previous audit recommendations

This audit considered APAK’s progress in completing the action plans detailed in the 2011 performance audit report.

Through our examination of relevant documents, discussion with staff and consideration of the results of this audit’s testing against the associated licence obligations, we determined that all three action plans detailed in the 2011 performance audit report have been completed and no further action is required.

Refer to section 5 of this report for further detail.

¹ Refers to the obligations for which a control assessment was not required (obligations with an audit priority greater than 3 and a compliance rating of 1).

2.5 Recommendations and action plans

<p>Issue 1/2014</p> <p>APAK's record of its Metering Code obligations</p> <p>This audit noted a general lack of clarity around the relevance of a number of Metering Code obligations to APAK's metering arrangements. APAK's relevant obligations under the Metering Code and the impact of its metering arrangements to those obligations have not been clearly documented to provide staff and stakeholders with a full and consistent understanding of:</p> <ul style="list-style-type: none"> • Roles and responsibilities (if any) regarding metering and measuring equipment, including those captured under the Metering Code (currently referenced in the PPA as the responsibility of Horizon Power) • Details of any obligations imposed on APAK by Horizon Power in relation to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure. 	
<p>Recommendation 1/2014</p> <p>APAK:</p> <p>(a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure</p> <p>(b) Update its Station Measurement Manual to include:</p> <ul style="list-style-type: none"> ▪ Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code ▪ Details of any obligations imposed on APAK by Horizon Power. 	<p>Action plan 1/2014</p> <p>APAK will:</p> <p>(a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure</p> <p>(b) Update its Station Measurement Manual to include:</p> <ul style="list-style-type: none"> ▪ Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code ▪ Details of any obligations imposed on APAK by Horizon Power. <p>Responsible Person: KPS Station Manager</p> <p>Target Date: July 2015</p>

2.6 Scope and objectives

As described in our engagement letter dated 1 September 2014, we have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, APAK has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated September 2014) during the period 1 September 2011 to 31 August 2014.

Our engagement was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board and provides reasonable assurance as defined in ASAE 3100. The procedures we performed are described in more detail in section 2.7 below.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

The Authority has summarised the requirements of the applicable legislation that it expects to be reported upon and included in the scope of this audit in its *July 2014 Electricity Compliance Reporting Manual (Reporting Manual)*.

The Audit Plan approved by the Authority for this audit sets out the Licence conditions confirmed to be included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation. Note that under the current Audit Guidelines, the audit report is not required to include reference to those obligations assessed as "Not Applicable" to APAK's operations.

2.7 Approach

The approach applied to this audit involved the following activities, which were undertaken during the period August to October 2014:

- Utilising the Audit Guidelines and Reporting Manuals (May 2011, February and June 2013, May and July 2014 versions) as a guide, development of a risk assessment, which involved discussions with key staff and document review to assess controls
- Development of an Audit Plan for approval by the Authority and an associated work program
- Interviews with and representations from relevant APAK staff to gain an understanding of process controls (see **Appendix A** for staff involved)
- Review of relevant documents and walkthrough of relevant processes and controls (see **Appendix A** for reference listing)
- Reporting of findings to the Senior Engineer for review and response.

2.8 Inherent limitations

This engagement provides reasonable assurance as defined in ASAE 3100. Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following:

- The use of selective testing and testing as at a point of time
- The inherent limitations of internal control
- The fact that much of the evidence available to us is persuasive rather than conclusive
- The use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis. Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

3 Summary of compliance and control ratings

Table 3 below sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence and the adequacy of controls for licence obligations with audit priorities of 1, 2 or 3 and those that are rated as non-compliant by this audit.

Table 3: Performance audit compliance and controls rating scales

Adequacy of controls rating ²		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
NP ³	An assessment of controls was not provided	NR	No relevant activity existed during the period for an assessment of compliance to be made.

The remainder of this report provides:

- A summary of the ratings for the compliance obligations (Table 4 below)
- Detailed findings, including any relevant observations (Section 4).

Note that the risk assessment presented in the audit plan remains unchanged. No issues or concerns were identified that would indicate a need to modify the nature and level of testing.

² Assessment of adequacy of controls is not part of the reasonable assurance conclusion

³ In accordance with the Audit Guidelines, an assessment of control adequacy is not required for obligations with an audit priority of 4 or 5 and a compliance rating of 1.

Table 4: Compliance ratings

The table below provides the compliance and control adequacy rating for each relevant Licence condition. The ratings are assigned as per the rating scale in Table 3.

#	Obligation reference (condition/clause)	Consequence	Likelihood	Inherent Risk Rating	Adequacy of controls rating						Compliance rating					
					Control assessment	A	B	C	D	NP	Audit Risk/ Priority	1	2	3	4	NR
12. Electricity Industry Act – Licence Conditions and Obligations																
101	13(1)	Minor	Probable	Low	Moderate						✓	Priority 5	✓			
102	14(1)(a)	Minor	Unlikely	Low	Moderate						✓	Priority 5	✓			
103	14(1)(b)	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓			
104	14(1)(c)	Minor	Probable	Low	Moderate						✓	Priority 5	✓			
105	17(1)	Moderate	Probable	Medium	Weak	✓						Priority 3	✓			
106	31(3)	Minor	Probable	Low	Moderate						✓	Priority 5	✓			
107	41(6)	Moderate	Unlikely	Medium	Moderate						✓	Priority 4				✓
13. Electricity Licences – Licence Conditions and Obligations																
119	12.1	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓			
120	13.4	Moderate	Unlikely	Medium	Moderate						✓	Priority 4				✓
121	14.2	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓			
122	20.5	Moderate	Probable	Medium	Moderate						✓	Priority 4	✓			
123	15.1	Moderate	Probable	Medium	Moderate						✓	Priority 4				✓
124	16.1	Moderate	Probable	Medium	Weak	✓						Priority 3		✓		
125	17.1 and 17.2	Moderate	Probable	Medium	Moderate						✓	Priority 4				✓
126	18.1	Moderate	Unlikely	Medium	Moderate						✓	Priority 4	✓			
15. Electricity Industry Metering Code – Licence Conditions and Obligations																
Part 3 – Meters and metering installations																
324	3.3B	Moderate	Unlikely	Medium	Moderate						✓	Priority 4				✓
339	3.11(3)	Moderate	Probable	Medium	Moderate						✓	Priority 4				✓
364	3.27	Moderate	Probable	Medium	Moderate						✓	Priority 4				✓
Part 4 – The metering database																
371	4.4(1)	Minor	Probable	Low	Moderate						✓	Priority 5				✓
372	4.5(1)	Minor	Probable	Low	Moderate						✓	Priority 5				✓

#	Obligation reference (condition/clause)	Consequence	Likelihood	Inherent Risk Rating	Adequacy of controls rating					Compliance rating						
					Control assessment	A	B	C	D	NP	Audit Risk/Priority	1	2	3	4	NR
373	4.5(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
Part 5 – Metering services																
388	5.4(2)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
401	5.16	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
405	5.18	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
416	5.21(5)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
417	5.21(6)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
Part 6 - Documentation																
448	6.1(2)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
Part 7 – Notice and confidential information																
451	7.2(1)	Minor	Unlikely	Low	Moderate					✓	Priority 5	✓				
453	7.2(4)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
454	7.2(5)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
455	7.5	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
456	7.6(1)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
Part 8 – Dispute resolution																
457	8.1(1)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
458	8.1(2)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
459	8.1(3)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
460	8.1(4)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
461	8.3(2)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
Obligations removed from the 2013 Reporting Manual, but included in the May 2011 Reporting Manual ⁴ (applicable for the period 1 September 2011 to 6 December 2012)																
361	3.16(5)	Moderate	Probable	Medium	Moderate					✓	Priority 4					✓
395	5.5(3)	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓

⁴ Numbering is based on the May 2011 Reporting Manual.

4 Detailed findings, recommendations and action plans

The following sub-sections are categorised by the relevant instruments that require an assessment of APAK's compliance. The instruments relevant to APAK's licence are:

- 4.1. Electricity Industry Act 2004
- 4.2. Electricity Licences - Licence Conditions and Obligations
- 4.3. Electricity Industry Metering Code 2005.

Each sub-section contains:

- **Assessment of compliance and control adequacy** - the conclusions from our audit procedures, a determination of APAK's compliance with the applicable obligations and where applicable, assessment of the adequacy of internal controls. These tables include (where relevant):
 - *Findings* – the auditor's understanding of the process and any issues that have been identified during the audit
 - Reference to recommendations and action plans at section 2.5 of this report:
 - *Recommendations* – recommendations for improvement or enhancement of the process or control
 - *Action plans* – APAK's formal response to audit recommendations, providing details of action to be implemented to address the specific issues raised by the audit, assignment of actions to appropriate staff and corresponding completion dates for the actions.

The compliance and control adequacy ratings have been summarised below for each sub-section.

Controls adequacy rating						Compliance rating					
A	B	C	D	NP	Total	1	2	3	4	NR	Total
4.1. Electricity Industry Act 2004											
1	-	-	-	6	7	6	-	-	-	1	7
4.2. Electricity Licences - Licence Conditions and Obligations											
1	-	-	-	7	8	4	1	-	-	3	8
4.3. Electricity Industry Metering Code 2005											
-	-	-	-	24	24	1	-	-	-	23	24
2	-	-	-	37	39	11	1	-	-	27	39

4.1 Electricity Industry Act 2004

No	Obligation under Condition	Findings
101	<p><i>Electricity Industry Act section 13(1)</i> 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.</p>	<p>The previous performance audit was conducted by McGill Engineering Services Pty Ltd, with the Authority's approval for the period to 31 August 2011.</p> <p>Deloitte was appointed with the Authority's approval to undertake the performance audit for the period 1 September 2011 to 31 August 2014.</p> <p>In 2011, the Authority set the audit period for APAK at 36 months following the results of the previous performance audit.</p>
	<p>Priority: 5 Controls rating: NP Compliance rating: 1</p>	
102	<p><i>Electricity Industry Act section 14(1)(a)</i> A licensee must provide for an asset management system.</p>	<p><i>Obligations 102 and 103</i> Through discussions with the Senior Engineer and sighting of relevant documentation, we determined that APAK:</p>
	<p>Priority: 5 Controls rating: NP Compliance rating: 1</p>	
103	<p><i>Electricity Industry Act section 14(1)(b)</i> A licensee must notify details of the asset management system and any substantial changes to it to the Authority.</p>	<ul style="list-style-type: none"> • Has provided for a functioning asset management system for its generating facility (note that the 2014 Asset Management System review will report on the effectiveness of that system for the period) • Advised the Authority of details of its Asset Management System via the issue of its Asset Management Plan (AMP) in January 2010 • Has not made any amendments to its asset management system to accommodate new generating works or new technologies • Has not changed its asset management philosophy. <p>Based on our examination of APAK's AMP, we determined that:</p> <ul style="list-style-type: none"> • The plan was recently reviewed in October 2014 to accommodate changes to legislation and references to previous compliance performance • Key content in the plan remains relevant to APAK's operations and current asset management philosophy.
	<p>Priority: 4 Controls rating: NP Compliance rating: 1</p>	
104	<p><i>Electricity Industry Act section 14(1)(c)</i> A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.</p>	<p>The previous asset management system review was conducted by McGill Engineering Services Pty Ltd, with the Authority's approval for the period to 31 August 2011.</p> <p>Deloitte was appointed with the Authority's approval to undertake the asset management system review for the period 1 September 2011 to 31 August 2014.</p> <p>In 2011, the Authority set the review period for APAK at 36 months following the results of the previous asset management system review.</p>
	<p>Priority: 5 Controls rating: NP Compliance rating: 1</p>	

No	Obligation under Condition	Findings
105	<p><i>Electricity Industry Act section 17(1)</i></p> <p>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.</p>	<p>Through discussions with the Senior Engineer and walkthrough of ATCO's compliance scheduling system, we identified that APAK has implemented the following controls to ensure compliance with time related licence obligations:</p> <ul style="list-style-type: none"> • Assigned overall responsibility to the Senior Engineer (and previously to other designated staff) to manage compliance obligations • Developed a scheduling system within its maintenance system (MEX) to alert relevant staff of upcoming regulatory commitments, including payment of Licence fees. <p>By obtaining APAK's records of its payment of the 2011, 2012 and 2013 licence fees, we determined that payments were made within the one month period required by section 17(1) of the Act (i.e. by 19 January).</p>
	<p>Priority: 3 Controls rating: A Compliance rating: 1</p>	
106	<p><i>Electricity Industry Act section 31(3)</i></p> <p>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.</p>	<p>Through discussions with the Senior Engineer and consideration of APAK's contingency planning and business continuity processes, we identified that APAK:</p> <ul style="list-style-type: none"> • Has a detailed contingency planning process in place to manage the impact of unplanned outages and unplanned events. Contingency options include: <ul style="list-style-type: none"> ○ Maintenance of a spare turbine ○ Access to a pool system of spare parts under its Long Term Service Agreement (LTSA) with GE Packaged Power Inc ○ Arrangements with other businesses within its locality to access parts (if required parts cannot be obtained via the pool system). • Subjects its Crisis Management and Contingency Planning processes to annual scenario testing to ensure that plans have been designed to effectively manage an event. We sighted evidence of the crisis management exercised performed in November 2013 • Contracts regular conditioning monitoring to GE Packaged Power Inc via its LTSA, to identify any faults at an early stage • Has a detailed schedule for planned outages during the year, which is regularly reviewed and monitored.
	<p>Priority: 5 Controls rating: NP Compliance rating: 1</p>	
107	<p><i>Electricity Industry Act section 41(6)</i></p> <p>A licensee must pay the costs of taking an interest in land or an easement over land.</p>	<p>The Finance Manager - Power confirmed that during the period 1 September 2011 to 31 August 2014, APAK:</p> <ul style="list-style-type: none"> • Continued to lease the land on which its power plant is located • Did not obtain any further interest or easement over land. <p>As APAK has not obtained ownership in or easement over land during the period subject to audit, there has been no requirement for APAK to pay for the associated costs.</p>
	<p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	

4.2 Electricity Licences – Licence Conditions and Obligations

No	Obligation under Condition	Findings
119	<p><i>Electricity Generation Licence condition 12.1</i></p> <p>A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.</p>	<p>The Finance Manager - Power confirmed that for the period 1 September 2011 to 31 August 2014:</p> <ul style="list-style-type: none"> • APAK was compliant with the Australian Accounting Standards Board (AASB) standards • There were no significant accounting transactions or items that could jeopardise APAK's compliance with the AASB standards. <p>Annual Financial Reports for APAK for the years ending 31 December 2011, 2012 and 2013 were sighted. The Independent Auditor's reports attached to each report confirmed compliance with Australian Accounting Standards and were unqualified.</p>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: 1</p>	
120	<p><i>Electricity Generation Licence condition 13.4</i></p> <p>A licensee must comply with any individual performance standards prescribed by the Authority.</p>	<p>The Senior Engineer confirmed that, for the period 1 September 2011 to 31 August 2014, APAK was not prescribed individual performance standards by the Authority.</p>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
121	<p><i>Electricity Generation Licence condition 14.2</i></p> <p>A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.</p>	<p><i>Obligations 121 and 122</i></p> <p>The audit and review plans approved by the Authority on 22 September 2014 commit APAK and Deloitte (auditor and expert) to complying with the prescribed audit guidelines and reporting manual issued by the Authority.</p> <p>Deloitte confirms that the audit and review were undertaken utilising the framework from the Audit and Review Guidelines: Electricity and Gas Licences, dated April 2014.</p>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: 1</p>	
122	<p><i>Electricity Generation Licence condition 20.5</i></p> <p>A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the Authority's standard guidelines dealing with the asset management system.</p>	
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: 1</p>	

No	Obligation under Condition			Findings
123	<p><i>Electricity Generation Licence condition 15.1</i></p> <p>A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.</p>			<p>APAK's Licence clause 15.1 requires APAK to report relevant information to the Authority in the event that it:</p> <ul style="list-style-type: none"> (a) Is under external administration (b) Experiences a change in its corporate, financial or technical circumstances upon which this licence was granted; and that change may materially affect APAK's ability to perform its obligations under this licence (c) Changes its name, ABN or address. <p>The Finance Manager – Power confirmed that, for the period 1 September 2011 to 31 August 2014, APAK:</p> <ul style="list-style-type: none"> (a) Was not under external administration (b) Did not experience any change in its corporate, financial or technical circumstances upon which the Licence was granted (c) Did not change its name, ABN or address.
	Priority: 4	Controls rating: NP	Compliance rating: NR	
124	<p><i>Electricity Generation Licence condition 16.1</i></p> <p>A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act.</p>			<p>Through discussions with the Senior Engineer, we determined that APAK has processes in place to respond to requests for information from the Authority. We note that APAK has:</p> <ul style="list-style-type: none"> • Assigned responsibility to a designated staff member for managing communications with and obligations to the Authority. The Senior Engineer is currently the responsible staff member, who conducts the following activities, with input from relevant staff: <ul style="list-style-type: none"> ○ Maintaining records of communication with the Authority, including timing for submission of required information and reports ○ Monitoring compliance with APAK's licence obligations ○ Developing and submitting the Annual Compliance reports to the Authority by 31 August each year • Developed a compliance scheduling system within its MEX system to generate alerts for its time related obligations relevant to its Licence. <p>We sighted the 2011, 2012 and 2013 letters for APAK's submission of annual compliance reports and observed that the 2012 and 2013 compliance reports were submitted on time, however the 2011 compliance report was not submitted on time. This non-compliance was recognised by APAK in 2011 and APAK has since implemented a compliance scheduling system to improve its controls for meeting time related obligations. No further control improvements are required.</p> <p>The Senior Engineer confirmed that the Authority did not request APAK to provide any other information in connection with its functions under the Electricity Industry Act.</p>
	Priority: 3	Controls rating: A	Compliance rating: 2	

No	Obligation under Condition	Findings
125	<p><i>Electricity Generation Licence condition 17.1&2</i> A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	The Senior Engineer confirmed that, for the period 1 September 2011 to 31 August 2014, the Authority did not direct APAK to publish any information with regards to its Licence (other than information associated with annual compliance reports and the performance audit report).
126	<p><i>Electricity Generation Licence condition 18.1</i> Unless otherwise specified, all notices must be in writing.</p> <p>Priority: 4 Controls rating: NP Compliance rating: 1</p>	<p>The Senior Engineer confirmed that:</p> <ul style="list-style-type: none"> • APAK maintains records to evidence formal communications with the Authority within its virtual Document Management System (DMS) • All responses to requests from the Authority have been made in writing, unless otherwise requested • No formal requests had been made from the Authority to APAK during the period 1 September 2011 to 31 August 2014.

4.3 Electricity Industry Metering Code 2005

Background

Clause 13 of APAK's Power Purchase Agreement (**PPA**) with Horizon Power states that:

- Horizon Power is responsible for installing, operating and maintaining metering equipment, which measures and records electricity supplied in accordance with the PPA. We understand such metering equipment is subject to the requirements of the Metering Code. As a result, APAK is not in a position to perform any functions regarding metering arrangements on behalf of Horizon Power
- APAK is responsible for installing and maintaining "fired hours" measuring equipment to record the number of "fired hours" for each unit. We understand such measuring equipment is not subject to the requirements of the Metering Code and is not intended to be used by APAK to validate and check the accuracy of Horizon Power meters.

We understand that:

- Horizon Power's Operation Control Centre (**OCC**) has been designed to have full visibility of all activity within the APAK power station and any data collected from APAK's measuring equipment (stored within APAK's data historian)
- Although not technically an access contract, the PPA provides for the equivalent relationship between Horizon Power as the network operator and APAK as the user
- APAK's Station Measurement Manual is intended to provide a record of all meters used by APAK, including gas and water supplied to APAK.

These arrangements were in place for the period 1 September 2011 to 31 August 2014.

Issue 1/2014***APAK's record of its Metering Code obligations***

This audit noted a general lack of clarity around the relevance of a number of Metering Code obligations to APAK's metering arrangements. APAK's relevant obligations under the Metering Code and the impact of its metering arrangements on those obligations have not been clearly documented to provide staff and stakeholders with a full and consistent understanding of:

- Roles and responsibilities (if any) regarding metering & measuring equipment, including those captured under the Metering Code (referenced in the PPA as Horizon Power's responsibility)
- Details of any obligations imposed on APAK by Horizon Power in relation to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure.

Recommendation 1/2014

APAK:

- (a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure
- (b) Update its Station Measurement Manual to include:
 - Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code
 - Details of any obligations imposed on APAK by Horizon Power.

Action plan 1/2014

APAK will:

- (a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure
- (b) Update its Station Measurement Manual to include:
 - Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code
 - Details of any obligations imposed on APAK by Horizon Power.

Responsible Person: KPS Station Manager

Target Date: July 2015

No	Obligation under Condition	Findings
324	<p><i>Electricity Industry Metering Code clause 3.3B</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	The KPS Station Manager confirmed that during the period 7 December 2012 to 31 August 2014, no metering installations became subject to bi-directional electricity flows.
339	<p><i>Electricity Industry Metering Code clause 3.11(3)</i></p> <p>A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	As described in the Background section above, under the current arrangements with Horizon Power, this obligation is not relevant to APAK's operations.
364	<p><i>Electricity Industry Metering Code clause 3.27</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	As Horizon Power is responsible for installing and managing all metering installations on APAK's site, APAK has not installed any metering installations on the network.
371	<p><i>Electricity Industry Metering Code clause 4.4(1)</i></p> <p>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.</p> <p>Priority: 5 Controls rating: NP Compliance rating: NR</p>	As described in the Background section above, APAK was not in a position to become aware of any discrepancy between energy data held in a metering installation and data held in the metering database.
372	<p><i>Electricity Industry Metering Code clause 4.5(1)</i></p> <p>A Code participant must not knowingly permit the registry to be materially inaccurate.</p> <p>Priority: 5 Controls rating: NP Compliance rating: NR</p>	<p><i>Obligations 372 and 373</i></p> <p>As described in the Background section above, APAK does not maintain any standing data or energy data in relation to the metering installations captured under the Metering Code. Such activities are conducted by Horizon Power and APAK does not have any visibility of or influence over the data contained in the registry or metering database.</p> <p>As Horizon Power is solely responsible for the management of standing data within the registry and/or metering database, these obligations are not relevant to APAK's operations for the period 1 September 2011 to 31 August 2014.</p>

No	Obligation under Condition	Findings
373	<p><i>Electricity Industry Metering Code clause 4.5(2)</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	
388	<p><i>Electricity Industry Metering Code clause 5.4(2)</i></p> <p>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).</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	<p>The KPS Station Manager confirmed that all meters installed at the APAK site are designated as interval meters. Therefore, until such time meters are installed or designated as accumulation meters, an assessment of compliance with clause 5.4(2) cannot be made.</p>
401	<p><i>Electricity Industry Metering Code clause 5.16</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	<p><i>Obligations 401 and 405</i></p> <p>As described in the Background section above, APAK was not in a position to collect or receive:</p> <ul style="list-style-type: none"> • Energy data from a metering installation • Information regarding a change in the energisation status of a metering point.
405	<p><i>Electricity Industry Metering Code clause 5.18</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	
416	<p><i>Electricity Industry Metering Code clause 5.21(5)</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	<p><i>Obligations 416 and 417</i></p> <p>The Senior Engineer confirmed that, during the period 1 September 2011 to 31 August 2014, APAK did not request a test or audit of the items at s.5.21 (1) of the Metering Code.</p>

No	Obligation under Condition	Findings	
417	<p><i>Electricity Industry Metering Code clause 5.21(6)</i> A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.</p>		
	Priority: 4	Controls rating: NP	Compliance rating: NR
448	<p><i>Electricity Industry Metering Code clause 6.1(2)</i> A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.</p>	As described in the Background section above, APAK does not have any such obligations imposed on it by Horizon Power, for which it is required to comply.	
	Priority: 4	Controls rating: NP	Compliance rating: NR
451	<p><i>Electricity Industry Metering Code clause 7.2(1)</i> 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.</p>	<p>Through discussions with the Senior Engineer and consideration of APAK's business practices, we determined that APAK maintains electronic, facsimile and voice communication channels commensurate with the expectations of a major business.</p> <p>APAK's PPA with Horizon Power contains APAK's current contact details, including details for all of the communication methods listed above.</p>	
	Priority: 5	Controls rating: NP	Compliance rating: 1
453	<p><i>Electricity Industry Metering Code clause 7.2(4)</i> 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.</p>	<p><i>Obligations 453 and 454</i></p> <p>The Senior Engineer confirmed that, during the period 1 September 2011 to 31 August 2014:</p> <ul style="list-style-type: none"> • Horizon Power did not make a request of APAK to provide its contact details • APAK did not make any changes to its contact details. 	
	Priority: 4	Controls rating: NP	Compliance rating: NR
454	<p><i>Electricity Industry Metering Code clause 7.2(5)</i> 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.</p>		
	Priority: 4	Controls rating: NP	Compliance rating: NR

No	Obligation under Condition	Findings
455	<p><i>Electricity Industry Metering Code clause 7.5</i></p> <p>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.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	<p><i>Obligations 455 and 456</i></p> <p>The Senior Engineer confirmed that during the period 1 September 2011 to 31 August 2014, APAK:</p> <ul style="list-style-type: none"> Was not required under a provision in the Metering Code to disclose confidential information Did not disclose, or permit the disclosure of, any confidential information in connection to the Code.
456	<p><i>Electricity Industry Metering Code clause 7.6(1)</i></p> <p>A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.</p> <p>Priority: 4 Controls rating: NP Compliance rating: NR</p>	
457	<p><i>Electricity Industry Metering Code clause 8.1(1)</i></p> <p>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.</p> <p>Priority: 5 Controls rating: NP Compliance rating: NR</p>	<p><i>Obligations 457 to 461</i></p> <p>For the purposes of the Metering Code, 'disputes' refers to metering disputes between APAK as a generator, a Code Participant, another generator, the network operator (Horizon Power), a user or the IMO. As the definition of Code Participant applies, the only parties with whom APAK may have disputes are Horizon Power and the IMO.</p> <p>The Senior Engineer confirmed that no disputes have arisen between APAK and Horizon Power or the IMO, during the period 1 September 2011 to 31 August 2014.</p>
458	<p><i>Electricity Industry Metering Code clause 8.1(2)</i></p> <p>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.</p> <p>Priority: 5 Controls rating: NP Compliance rating: NR</p>	
459	<p><i>Electricity Industry Metering Code clause 8.1(3)</i></p> <p>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.</p> <p>Priority: 5 Controls rating: NP Compliance rating: NR</p>	

No	Obligation under Condition	Findings	
460	<p><i>Electricity Industry Metering Code clause 8.1(4)</i></p> <p>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.</p>		
	Priority: 4	Controls rating: NP	Compliance rating: NR
461	<p><i>Electricity Industry Metering Code clause 8.3(2)</i></p> <p>The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).</p>		
	Priority: 5	Controls rating: NP	Compliance rating: NR

Obligations removed from the 2013 Reporting Manual, but included in the May 2011 Reporting Manual (applicable for the period 1 September 2011 to 6 December 2012)

No	Obligation under Condition	Findings	
361	<p><i>Electricity Industry Metering Code clause 3.16(5)</i></p> <p>A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16(4) of the Code.</p>	The Senior Engineer confirmed that, during the period 1 September 2011 to 6 December 2012, APAK was not required to enter into any Service Level Agreement with Horizon Power, other than the existing PPA.	
	Priority: 4	Controls rating: NP	Compliance rating: NR
395	<p><i>Electricity Industry Metering Code clause 5.5(3)</i></p> <p>A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment.</p>	The KPS Station Manager confirmed that, during the period 1 September 2011 to 6 December 2012, APAK did not provide any data under the Electricity Industry Metering Code.	
	Priority: 4	Controls rating: NP	Compliance rating: NR

5 Previous audit non compliances and recommendations

A. Resolved before end of previous audit period						
Reference (no./year)	Legislative Obligation	Compliance rating	Details of the issue (as stated in the 2011 audit report)	Auditors' Recommendation or action taken	Date Resolved	Further action required
1/2011 (103)	<i>Electricity Industry Act section 14(1)(b)</i> A licensee must notify details of the asset management system and any substantial changes to it to the Authority.	Non-compliant – 2	Late submission in 2009 of AMS.	None - The issue has been addressed, as the Authority has been advised of the AMS.	2009	No

B. Resolved during current audit period						
Reference (no./year)	Legislative Obligation	Compliance rating	Details of the issue (as stated in the 2011 audit report)	Auditors' Recommendation or action taken	Date Resolved	Further action required
2/2011 (105)	<i>Electricity Industry Act section 17(1)</i> 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.	Non-compliant – 2 ⁵	The fees have been paid but not all on time.	Establish a time related process in the maintenance IT system (MEX) to manage all regulatory obligations.	January 2012	No

⁵ Note that this obligation is rated as compliant for the current audit period 1 September 2011 to 31 August 2014

B. Resolved during current audit period						
Reference (no./year)	Legislative Obligation	Compliance rating	Details of the issue (as stated in the 2011 audit report)	Auditors' Recommendation or action taken	Date Resolved	Further action required
3/2011 (124)	<i>Generation Licence condition 16.1</i> A Licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act.	Compliant – 3	The Licensee has met the reporting manual requirements but the 2011 report while late was outside the audit period.	Establish a time related process in the maintenance IT system (MEX) to manage all regulatory obligations.	January 2012	No
4/2011 (451)	<i>Electricity Industry Metering Code clause 7.2(5)</i> A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.	Non-compliant – 2	APAK changed the contact details for its head office, however did not advise Horizon Power of the change within the required timeframes.	Establish a time related process in the maintenance IT system (MEX) to manage all regulatory obligations.	January 2012	No

C. Unresolved at end of current audit period						
Reference (no./year)	Legislative Obligation	Compliance rating	Details of the issue (as stated in the 2011 audit report)	Auditors' Recommendation or action taken	Date Resolved	Further action required
n/a	n/a	n/a	n/a	n/a	n/a	n/a

Appendix A – References

Key APAK/ATCO contacts

- Senior Engineer
- Finance Manager – Power
- Manager, Commercial & Risk
- KPS Station Manager

Deloitte staff

Name	Position	Hours
• Richard Thomas	Partner	2
• Andrew Baldwin	Account Director	17.5
• Emlyn King	Senior Analyst	52
• Darren Gerber	Partner (Quality Assurance Review)	1

Key Documents and other information sources

- KPS Contingency Plan
- APAK Station Measurement Manual
- LTSA with GE Packaged Power Inc
- APAK Business Continuity Plans
- APAK Crisis Management documentation
- PPA with Horizon Power
- KPS Asset Management Plan
- Evidence of payment of licence fees
- Annual Compliance Reports for 2011/12, 2012/13, 2013/14
- Representations from:
 - Finance Manager – Power
 - Senior Engineer
 - KPS Station Manager.

Appendix B – Post Audit Implementation Plan

Issue 1/2014

APAK's record of its Metering Code obligations

This audit noted a general lack of clarity around the relevance of a number of Metering Code obligations to APAK's metering arrangements. APAK's relevant obligations under the Metering Code and the impact of its metering arrangements on those obligations have not been clearly documented to provide staff and stakeholders with a full and consistent understanding of:

- Roles and responsibilities (if any) regarding metering & measuring equipment, including those captured under the Metering Code (referenced in the PPA as Horizon Power's responsibility)
- Details of any obligations imposed on APAK by Horizon Power in relation to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure.

Recommendation 1/2014

APAK:

- (a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure
- (b) Update its Station Measurement Manual to include:
 - Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code
 - Details of any obligations imposed on APAK by Horizon Power.

Action plan 1/2014

APAK will:

- (a) Engage with Horizon Power to confirm the extent of the practical obligations on APAK (if any) relating to Horizon Power's Technical Rules, Communication Rules or Metrology Procedure
- (b) Update its Station Measurement Manual to include:
 - Reference to roles and responsibilities regarding metering and measuring equipment, including those captured under the Metering Code
 - Details of any obligations imposed on APAK by Horizon Power.

Responsible Person: KPS Station Manager

Target Date: July 2015