



Notice

13 February 2015

EDL NGD (WA) PTY LTD

2014 PERFORMANCE AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**Authority**) has published the 2014 performance audit (**Audit**) and asset management system review (**Review**) reports, including the post-audit and post-review implementation plans, for the electricity integrated regional licence (EIRL1) held by EDL NGD (WA) Pty Ltd (**EDL**).

- [2014 Audit Report](#)
- [2014 Review Report](#)

Action by the Authority

The Authority is satisfied that EDL has demonstrated a high level of compliance with its licence conditions, and has an effective asset management system.

The Authority has decided to increase the Audit and Review interval from 36 months to 60 months. The next Audit and Review will cover the period 1 August 2014 to 31 July 2019, with the reports on the Audit and Review to be provided to the Authority by 31 October 2019.

BACKGROUND

Audit

Of the 39 licence obligations that were assessed, 27 were rated NP/NR (not performed during the Audit period; not rated). Of the remaining 12 obligations that were tested, 10 obligations were rated NP/1 (not performed, compliant), one obligation was rated A1 (highest rating) and one obligation was rated A2 (adequate controls, non-compliant with minor impact).

Of the 27 licence obligations that were rated NP/NR, 24 obligations relate to the *Electricity Industry (Metering) Code 2012 (Metering Code)*. The auditor concluded that the result of the 2009 amendment to the *Electricity Industry Exemption Order 2005 (Exemption Order)* is to exclude the EDL licence from coverage under the Metering Code. The 2011 Audit had incorrectly concluded that the Metering Code still applied to the generation service covered by the licence. The Authority concurs with the auditor's conclusions that the Metering Code does not apply to the generation business carried out under EDL's licence.

The auditor made a single recommendation, which requires EDL to confirm that the auditor's assessment of the application of the Metering Code to EDL's licence is, and continues to be, acceptable to the Authority.



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Review

Of the 12 asset management components that were assessed in the Review, EDL has achieved a rating of A1 (highest rating) for nine of the asset management components, a rating of A/NR (adequately defined policy, no activity to test performance) for two components and a rating of B2 (policy requires improvement, performance requires improvement) for one component.

The auditor made two recommendations in the 2014 Review. Both recommendations are considered to be process improvement opportunities.

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