

**WR Carpenter No. 1 Pty Ltd**  
**Electricity Generation Licence (EGL 20)**  
**2015 Performance Audit (Independent**  
**Assurance) Report**  
**July 2015**

Mr Frank Sine  
Authorised Representative  
WR Carpenter No 1 Pty Ltd  
631 Karel Avenue  
Jandakot WA 6164

8 July 2015

Dear Frank

**Electricity Generation Licence (EGL 20) – 2015 Performance Audit report**

We have completed the Electricity Generation Licence Performance Audit for WR Carpenter Pty Ltd for the period 9 September 2008 to 31 March 2015 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 WR Carpenter No. 1 Pty Ltd's (**WR Carpenter**) 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**).

## WR Carpenter's responsibility for compliance with the conditions of the Licence

WR Carpenter 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 WR Carpenter'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 express a conclusion whether, in our opinion, based on the procedures performed, WR Carpenter has complied, in all material respects with the conditions of its Licence as outlined in the approved Audit Plan (dated April 2015) for the period 9 September 2008 to 31 March 2015.

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 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 WR Carpenter 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 WR Carpenter'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 WR Carpenter, in connection with the report or this engagement.

### Inherent limitations

Our 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:

- Use of selective testing and testing as at a point of time
- Inherent limitations of internal control
- Much of the evidence available to us is persuasive rather than conclusive
- 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 with the conditions of the Licence, 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 and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Qualified conclusion

In our opinion, based on the procedures performed, except for the effect of the issues set out in the Basis for qualified conclusion section below, WR Carpenter has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated May 2015) for the period 9 September 2008 to 31 March 2015.

### Basis for qualified conclusion

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

Reporting manual no. & Licence condition	Issue
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.	WR Carpenter notified the Authority of the details of the power station facility's asset management system on 22 August 2014, which did not comply with the requirement for that notification to be within 5 business days from the completion of construction of the generating works. That requirement was triggered when WR Carpenter's power station facility commenced operations in January 2014, even though some construction, facility modification and commissioning activities continued to occur.

Reporting manual no. & Licence condition		Issue
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.	WR Carpenter paid its 2012 licence fee after the 9 October 2012 due date.
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.	WR Carpenter submitted the required 2012 compliance report to the Authority after the 31 August 2012 due date.

DELOITTE TOUCHE TOHMATSU

**Richard Thomas**  
Partner  
Perth, July 2015

# 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 WR Carpenter No.1 Pty Ltd (**WR Carpenter**) an Electricity Generation Licence (EGL20) (the **Licence**) to operate a multi-fuel cogeneration power station for providing electricity and steam to BHP Billiton Worsley Alumina Pty Ltd (**WAPL**) and any excess electricity to the South West Interconnected System (**SWIS**). Under contractual arrangements with WR Carpenter, WAPL has assumed operational control and responsibility for the facility operations and maintenance.

Section 13 of the Act requires WR Carpenter 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 (or any longer period that the Authority allows) to gain reasonable assurance regarding WR Carpenter's compliance with the conditions of its Licence as outlined in the approved Audit Plan. The Authority set the period to be covered by the review as 9 September 2008 to 31 March 2015.

At the request of WR Carpenter, Deloitte Touche Tohmatsu (**Deloitte**) has undertaken a reasonable assurance engagement relating to WR Carpenter's compliance with the conditions of its Licence.

The reasonable assurance audit was undertaken in order to express a conclusion whether, in our opinion, based on the work performed, WR Carpenter has complied, in all material respects, with the relevant conditions of the Licence as outlined in the approved Audit Plan (dated May 2015) for the period 9 September 2008 to 31 March 2015.

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 WR Carpenter's internal control procedures, structure and environment, and compliance awareness specifically relevant to those licence obligations subject to audit, we observed that WR Carpenter has:

- Since October 2012, demonstrated an awareness of its regulatory requirements relating to its Licence
- Allocated the primary responsibility for meeting key Licence obligations to the WR Carpenter Authorised Representative, GE Energy Financial Services, who is supported by the Senior Controller Technical & Operations, GE Energy Financial Services
- Through its contractual arrangements with WAPL, recognised that WAPL personnel are allocated responsibility for meeting relevant requirements of the Metering Code
- Developed 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 of WR Carpenter's compliance with and the adequacy of controls in place for WR Carpenter 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 <sup>1</sup>	Total
	1	2	3	4		
Priority 1	-	-	-	-	-	-
Priority 2	-	1	-	-	-	1
Priority 3	-	1	-	-	-	1
Priority 4	5	1	-	-	18	24
Priority 5	5	-	-	-	6	11
<b>Total:</b>	<b>10</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>37</b>

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

Audit Priority	Control adequacy rating				NP <sup>2</sup>	Total
	A	B	C	D		
Priority 1	-	-	-	-	-	-
Priority 2	1	-	-	-	-	1
Priority 3	1	-	-	-	-	1
Priority 4	1	-	-	-	23	24
Priority 5	-	1	-	-	10	11
<b>Total:</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>37</b>

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 WR Carpenter’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 WR Carpenter’s response to previous audit recommendations

As this is the first audit of WR Carpenter’s Licence obligations, there are no previous audit recommendations requiring WR Carpenter’s response.

<sup>1</sup> Refers to the obligations for which there was no relevant activity during the audit period; therefore a compliance assessment could not be made.

<sup>2</sup> Refers to the obligations for which a control assessment was not required (obligations with an audit priority of 4 or 5 and a compliance rating of 1).

## 2.5 Recommendations and action plans

In relation to the three instances of non-compliance detailed in the results of this audit (items 1/2015, 2/2015 and 3/2015), WR Carpenter has since taken sufficient corrective action and/or further improved its controls for meeting its compliance obligations. No further action is recommended in relation to those instances.

Reporting manual no. & Licence condition ref.		Audit Priority	Compliance Rating	Issue 4/2015
451	<p><i>Electricity Industry Metering Code clause 7.2(1)</i></p> <p>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>	Priority 5	1 Compliant	<p>Through WR Carpenter's contractual arrangements with WAPL, it appears likely that:</p> <p>(a) WAPL's Access Contract with Western Power forms the basis for Western Power to be notified of the operating arrangements of the MFC Facility</p> <p>(b) The provision of WAPL's contact details via that Access Contract is sufficient for the purpose of WR Carpenter's obligation to notify Western Power of the Licensee's contact details.</p> <p>However, there remains some doubt as to whether clause 7.2(1) of the Code still technically requires WR Carpenter's contact details to be notified to Western Power.</p>
			B Generally adequate controls – improvement needed	
<p><b>Recommendation 4/2015</b></p> <p>WR Carpenter confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.</p>		<p><b>Action Plan 4/2015</b></p> <p>WR Carpenter will confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.</p> <p><b>Responsible Person:</b> Senior Controller Technical &amp; Operations</p> <p><b>Target Date:</b> 31 October 2015</p>		

## 2.6 Scope and objectives

As described in our engagement letter dated 24 July 2014, we have conducted a reasonable assurance audit in order to express a conclusion whether, in our opinion, based on our procedures, WR Carpenter has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated May 2015) during the period 9 September 2008 to 31 March 2015.

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.

A reasonable assurance engagement in accordance with ASAE 3100 involves performing procedures to obtain evidence about the compliance with the conditions of the Licence. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in compliance with the conditions of the Licence.

In making those risk assessments; we considered internal controls in relation to compliance with the conditions of the Licence.

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 WR Carpenter’s operations.

## 2.7 Approach

The approach applied to this audit involved the following activities, which were undertaken during the period April to June 2015:

- 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 WR Carpenter and WAPL 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 WR Carpenter Authorised Representative 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:

- Use of selective testing and testing as at a point of time
- Inherent limitations of internal control
- Much of the evidence available to us is persuasive rather than conclusive
- 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 <sup>3</sup>		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 <sup>4</sup>	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 indicated a need to modify the nature and level of testing.

<sup>3</sup> Assessment of adequacy of controls is not part of the reasonable assurance conclusion

<sup>4</sup> 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	Probable	Low	Moderate					✓	Priority 5	✓				
103	14(1)(b)	Moderate	Likely	High	Moderate	✓					Priority 2		✓			
104	14(1)(c)	Minor	Probable	Low	Moderate					✓	Priority 5	✓				
105	17(1)	Moderate	Probable	Medium	Moderate	✓					Priority 4		✓			
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	Unlikely	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	Unlikely	Medium	Moderate					✓	Priority 4					✓
364	3.27	Moderate	Unlikely	Medium	Moderate					✓	Priority 4					✓
Part 4 – The metering database																
371	4.4(1)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓
372	4.5(1)	Minor	Unlikely	Low	Moderate					✓	Priority 5					✓

Summary of compliance and control ratings

#	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	Unlikely	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	Probable	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					✓

# 4 Detailed findings, recommendations and action plans

The following sub-sections are categorised by the relevant instruments that require an assessment of WR Carpenter's compliance. The instruments relevant to WR Carpenter'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 WR Carpenter'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* – WR Carpenter'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											
2	-	-	-	5	7	4	2	-	-	1	7
4.2. Electricity Licences - Licence Conditions and Obligations											
1	-	-	-	7	8	5	1	-	-	2	8
4.3. Electricity Industry Metering Code 2005											
-	1	-	-	21	22	1	-	-	-	21	22
3	1	-	-	33	37	10	3	-	-	24	37

## 4.1 Electricity Industry Act 2004

No	Obligation under Condition	Findings
101	<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.	Deloitte was appointed with the Authority's approval to undertake the performance audit for the period 9 September 2008 to 31 March 2015.
	Priority: 5    Controls rating: NP    Compliance rating: 1	
102	<i>Electricity Industry Act section 14(1)(a)</i> A licensee must provide for an asset management system.	<p><i>Obligations 102 and 103</i></p> <p>Through examination of supporting references and discussion with the Senior Controller Technical &amp; Operations, GE Energy Financial Services, we observed that:</p> <ul style="list-style-type: none"> <li>Through a Capacity Purchase Agreement and Operations &amp; Maintenance Agreement with WR Carpenter, on 8 January 2014 WAPL assumed operational control and responsibility for final construction and commencement of the Multi-fuel Cogeneration power station facility (<b>MFC facility</b>)</li> <li>WR Carpenter notified the Authority of the details of the facility's asset management system on 22 August 2014</li> <li>Since that notification on 22 August 2014, WR Carpenter has not changed its asset management philosophy or made further amendments to the asset management system to accommodate new generating works or new technologies.</li> </ul> <p>Clause 20.2 of the Licence requires WR Carpenter to notify the Authority of the details of the asset management system within 5 business days from the completion of construction of the generating works. Although some construction, facility modification and commissioning activities continued to occur subsequent to 8 January 2014, the facility was in partial operations mode and therefore triggered the requirement for the notification to the Authority. In conclusion, WR Carpenter did not comply with the 5 day notification requirement, however the requirement has since been met and no further action is required.</p>
	Priority: 5    Controls rating: NP    Compliance rating: 1	
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.	<p>Clause 20.2 of the Licence requires WR Carpenter to notify the Authority of the details of the asset management system within 5 business days from the completion of construction of the generating works. Although some construction, facility modification and commissioning activities continued to occur subsequent to 8 January 2014, the facility was in partial operations mode and therefore triggered the requirement for the notification to the Authority. In conclusion, WR Carpenter did not comply with the 5 day notification requirement, however the requirement has since been met and no further action is required.</p>
	Priority: 2    Controls rating: A    Compliance rating: 2	
	<p><b>Recommendation 1/2015</b></p> <p>n/a - no further action is required.</p>	
104	<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.	Deloitte was appointed with the Authority's approval to undertake the asset management system review for the period 9 September 2008 to 31 March 2015.
	Priority: 5    Controls rating: NP    Compliance rating: 1	

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>Priority: 4      Controls rating: A      Compliance rating: 2</p> <p><b>Recommendation 2/2015</b> n/a - no further action is required.</p>	<p>By examining records of WR Carpenter's payment of the 2012, 2013 and 2014 licence fees, we determined that:</p> <ul style="list-style-type: none"> <li>For the 2013 and 2014 licence fees, payment was made within the one month period required by section 17(1) of the Act (i.e. by 9 October)</li> <li>Payment of the 2012 licence fee was made after the due date, in breach of the Act.</li> </ul> <p>Since 2012, WR Carpenter has maintained a compliance diary to ensure its adherence to the licence fee payment timeframe required by the Act. No further control improvement is required.</p> <p><b>Action Plan 2/2015</b> n/a - no further action is required.</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>Priority: 5      Controls rating: NP      Compliance rating: 1</p>	<p>Through discussions with the Senior Controller Technical &amp; Operations, GE Energy Financial Services and WAPL A/Manager Production Power; and consideration of the contingency planning and business continuity processes established by WAPL to accommodate the MFC facility, we observed that:</p> <ul style="list-style-type: none"> <li>A key objective of all stakeholders is to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity</li> <li>The following circumstances impact on the facility's availability: <ul style="list-style-type: none"> <li>As the inherent purpose of the MFC facility is to supply steam and electricity to the WAPL refinery, WAPL has a direct incentive to maintain the facility's availability so that the required levels of steam are supplied to the refinery</li> <li>WAPL's contractual responsibility for the day-to-day operation and maintenance of the facility requires and enables WAPL to closely manage plant availability</li> </ul> </li> <li>WAPL has: <ul style="list-style-type: none"> <li>Detailed contingency planning process in place to manage the impact of unplanned outages and unplanned events, including emergencies</li> <li>A number of specific contingencies and arrangements in place to provide for continuity of its fuel and water requirements</li> <li>A detailed schedule for planned outages during the year, which is regularly reviewed and monitored.</li> </ul> </li> </ul>
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>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	<p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that during the period 9 September 2008 to 31 March 2015:</p> <ul style="list-style-type: none"> <li>WR Carpenter had established sub-lease arrangements with WAPL to accommodate the construction and operation of the facility</li> <li>There were no costs associated with those sub-lease arrangements</li> <li>WR Carpenter did not obtain any further interest or easement over land.</li> </ul>

## 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 (AASB) Standards or equivalent International Accounting Standards.</p>	<p>WR Carpenter prepares special purpose accounts, which have been audited by KPMG against the terms of the Syndicated Facility Agreement (up to 31 December 2014) and in accordance with the <i>Corporations Act 2001</i>. We examined the special purpose accounts for the financial years ending 31 December 2013 and 2014 and determined that the accounts were unqualified by KPMG.</p> <p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that for the period 9 September 2008 to 31 March 2015 there were no significant accounting transactions or items that could jeopardise WR Carpenter's compliance with the AASB standards.</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 Controller Technical &amp; Operations, GE Energy Financial Services confirmed that, for the period 9 September 2008 to 31 March 2015, WR Carpenter 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 5 May 2015 commit WR Carpenter 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>	
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>WR Carpenter's Licence clause 15.1 requires WR Carpenter to report relevant information to the Authority in the event that it:</p> <ul style="list-style-type: none"> <li>(a) Is under external administration</li> <li>(b) Experiences a change in its corporate, financial or technical circumstances upon which the licence was granted; and that change may materially affect its ability to perform its obligations under the licence</li> <li>(c) Changes its name, ABN or address.</li> </ul> <p>As a result of a change in WR Carpenter's controlling entity, we sighted WR Carpenter's written notification to the Authority in July 2012, advising of a change in contact personnel and address.</p> <p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that for the period 9 September 2008 to 31 March 2015 WR Carpenter was not under external administration and had not undergone any significant change in the circumstances upon which the licence was granted which may affect its ability to meet its obligations.</p>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: 1</p>	

No	Obligation under Condition	Findings			
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 Controller Technical &amp; Operations, GE Energy Financial Services, we determined that WR Carpenter has:</p> <ul style="list-style-type: none"> <li>• Processes and protocols in place to respond to requests for information from the Authority</li> <li>• Assigned responsibility to the following officers for managing communications with and obligations to the Authority: <ul style="list-style-type: none"> <li>○ The Senior Vice President, GE Energy Financial Services is the designated officer for formal communications with the Authority</li> <li>○ The Senior Controller Technical &amp; Operations, GE Energy Financial Services conducts the following activities: <ul style="list-style-type: none"> <li>▪ Maintaining records of communication with the Authority, including timing for submission of required information and reports</li> <li>▪ Monitoring compliance with WR Carpenter's licence obligations</li> <li>▪ Developing and submitting the annual compliance reports to the Authority by 31 August each year.</li> </ul> </li> </ul> </li> </ul> <p>We sighted the 2012, 2013 and 2014 letters for WR Carpenter's submission of annual compliance reports and observed that the:</p> <ul style="list-style-type: none"> <li>• 2013 and 2014 compliance reports were submitted by 31 August in accordance with the Licence requirement</li> <li>• 2012 compliance report was submitted in October 2012, in breach of the Licence requirement. Since 2012, WR Carpenter has maintained a compliance diary to ensure its adherence to the compliance report submission timeframe required by the Licence. No further control improvement is required.</li> </ul> <p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that the Authority did not request WR Carpenter to provide any other information in connection with its functions under the Electricity Industry Act.</p>			
	<table border="1"> <tr> <td data-bbox="241 1023 490 1086">Priority: 3</td> <td data-bbox="490 1023 734 1086">Controls rating: A</td> <td data-bbox="734 1023 999 1086">Compliance rating: 2</td> </tr> </table>	Priority: 3	Controls rating: A	Compliance rating: 2	
Priority: 3	Controls rating: A	Compliance rating: 2			
	<p><b>Recommendation 3/2015</b></p> <p>n/a - no further action is required.</p>	<p><b>Action Plan 3/2015</b></p> <p>n/a - no further action is required.</p>			
125	<p><i>Electricity Generation Licence condition 17.1&amp;2</i></p> <p>A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.</p>	<p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that, for the period 9 September 2008 to 31 March 2015, the Authority did not direct WR Carpenter to publish any information with regards to its Licence (other than information associated with annual compliance reports and the performance audit report).</p>			
	<table border="1"> <tr> <td data-bbox="241 1340 490 1340">Priority: 4</td> <td data-bbox="490 1340 734 1340">Controls rating: NP</td> <td data-bbox="734 1340 999 1340">Compliance rating: NR</td> </tr> </table>	Priority: 4	Controls rating: NP	Compliance rating: NR	
Priority: 4	Controls rating: NP	Compliance rating: NR			

No	Obligation under Condition	Findings
126	<p><i>Electricity Generation Licence condition 18.1</i></p> <p>Unless otherwise specified, all notices must be in writing.</p>	<p>The Senior Controller Technical &amp; Operations, GE Energy Financial Services confirmed that:</p> <ul style="list-style-type: none"> <li>• WR Carpenter maintains records to evidence formal communications with the Authority in a designated folder within its corporate network</li> <li>• All responses to requests from the Authority have been made in writing, unless otherwise requested</li> <li>• No formal requests had been made from the Authority to WR Carpenter during the period 9 September 2008 to 31 March 2015.</li> </ul>
	Priority: 4	Controls rating: NP
		Compliance rating: 1

## 4.3 Electricity Industry Metering Code 2005

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>The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that:</p> <ul style="list-style-type: none"> <li>All meters installed by Western Power at the MFC facility are subject to bi-directional electricity flows</li> <li>During the period 9 September 2008 to 31 March 2015, no additional metering installations had become subject to bi-directional electricity flows.</li> </ul>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
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><i>Obligations 339 to 371</i></p> <p>The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that as Western Power (the network operator) is responsible for installing, owning and operating the meters located at the substation on WAPL's premises, WAPL (on behalf of WR Carpenter) is not required to be in a position to perform any functions regarding metering arrangements on behalf of Western Power. Further, Western Power has full visibility of all electricity generation activity within the WAPL power facilities. Therefore, until such time the current arrangements change, the obligations under clause 3.11(3) and 4.4(1) of the Metering Code are not relevant to WR Carpenter's operations.</p>
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
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</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
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</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	

No	Obligation under Condition	Findings
372	<p><i>Electricity Industry Metering Code clause 4.5(1)</i> 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> The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that WAPL (on behalf of WR Carpenter) 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 Western Power and WAPL (on behalf of WR Carpenter) does not have any visibility of or influence over the data contained in the registry or metering database.</p>
373	<p><i>Electricity Industry Metering Code clause 4.5(2)</i> 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>	<p>As Western Power is solely responsible for the management of standing data within the registry and/or metering database, these obligations are not relevant to WR Carpenter’s operations for the period 9 September 2008 to 31 March 2015.</p>
388	<p><i>Electricity Industry Metering Code clause 5.4(2)</i> 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 WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that all meters installed at the WR Carpenter 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) of the Metering Code cannot be made.</p>
401	<p><i>Electricity Industry Metering Code clause 5.16</i> 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> The WAPL Manager Production Power confirmed that Western Power is responsible for installing, owning and operating the meters located at the substation on WAPL’s premises, including for the MFC facility. As a result, WAPL (on behalf of WR Carpenter) is not required to be in a position to perform any functions regarding metering arrangements on behalf of Western Power.</p>
405	<p><i>Electricity Industry Metering Code clause 5.18</i> 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>	<p>Further, Western Power has full visibility of all electricity generation activity within the WAPL power facilities. Therefore, until such time the current arrangements change, the obligations under clause 5.16 and 5.18 of the Metering Code are not relevant to WR Carpenter’s operations.</p>
416	<p><i>Electricity Industry Metering Code clause 5.21(5)</i> 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> The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that, during the period 9 September 2008 to 31 March 2015, WAPL (on behalf of WR Carpenter) did not request a test or audit of the items at clause 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> <p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	
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> <p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	<p>Section 6.1(2) of the Metering Code requires WR Carpenter (as a user) to comply with the network operator's Metrology procedure, Communication rules, Mandatory Link Criteria or Service Level Agreements (SLA) (if any).</p> <p>As WR Carpenter, via WAPL does not have a specific SLA in place with Western Power, the Metering Code model SLA provides the most relevant reference for the provision of metering services.</p> <p>We did not observe any evidence to indicate non-compliance with the requirements of Western Power's Metrology procedure, Communication rules or Mandatory Link Criteria. The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that to the best of his knowledge, WAPL is aware of and complies with the relevant requirements prescribed within the above documents.</p>
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>Priority: 5      Controls rating: B      Compliance rating: 1</p>	<p>Through discussions with the Senior Controller Technical &amp; Operations, GE Energy Financial Services and consideration of WR Carpenter's business practices, we determined that WR Carpenter maintains electronic, facsimile and voice communication channels commensurate with the expectations of a major business.</p> <p>Through WR Carpenter's contractual arrangements with WAPL, it appears likely that:</p> <ul style="list-style-type: none"> <li>(a) WAPL's Access Contract with Western Power forms the basis for Western Power to be notified of the operating arrangements of the MFC Facility</li> <li>(b) The provision of WAPL's contact details via that Access Contract is sufficient for the purpose of WR Carpenter's obligation to notify Western Power of the licensee's (as a Code Participant) contact details.</li> </ul> <p>However, there remains some doubt as to whether clause 7.2(1) of the Code still technically requires WR Carpenter's contact details to be notified to Western Power.</p>
	<p><b>Recommendation 4/2015</b> WR Carpenter confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.</p>	<p><b>Action Plan 4/2015</b> WR Carpenter will confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.</p> <p><b>Responsible Person:</b> Senior Controller Technical &amp; Operations <b>Target Date:</b> 31 October 2015</p>

No	Obligation under Condition	Findings
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>	The Senior Controller Technical & Operations, GE Energy Financial Services confirmed that during the period 9 September 2008 to 31 March 2015 WR Carpenter had not been requested by Western Power to provide notification of its contact details.
	<p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	
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 is notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.</p>	<p>As detailed at obligation 451 above, WAPL has provided its contact details to Western Power as the operator of the MFC Facility and in lieu of WR Carpenter directly notifying Western Power of its contact details.</p> <p>The WAPL A/Manager Production Power confirmed that during the period 9 September 2008 to 31 March 2015, WAPL's contact details have not changed.</p>
	<p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	
455	<p><i>Electricity Industry Metering Code clause 7.5</i> 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><i>Obligations 455 and 456</i></p> <p>As a result of the nature of WR Carpenter's operations, there is no instance where WR Carpenter would be aware of any confidential information, which would be required not to be disclosed under clause 8.1(2).</p> <p>Further, the WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that, during the period 9 September 2008 to 31 March 2015, WAPL (on behalf of WR Carpenter) was not required under a provision in the Metering Code to disclose confidential information.</p>
	<p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	
456	<p><i>Electricity Industry Metering Code clause 7.6(1)</i> A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.</p>	Accordingly, an assessment of compliance with clause 7.5 and 7.6(1) of the Metering Code cannot be made for the period subject to audit.
	<p>Priority: 4      Controls rating: NP      Compliance rating: NR</p>	
457	<p><i>Electricity Industry Metering Code clause 8.1(1)</i> 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><i>Obligations 457 to 461</i></p> <p>For the purposes of the Metering Code, 'disputes' refers to metering disputes between WR Carpenter as a Code Participant, a retailer, another generator, the network operator (Western Power), a user or the IMO.</p> <p>The WAPL Process Analysis &amp; Improvement Engineer – Electrical confirmed that no metering disputes have arisen between WAPL (on behalf of WR Carpenter) and Western Power or any other relevant Code Participants during the period 9 September 2008 to 31 March 2015.</p>
	<p>Priority: 5      Controls rating: NP      Compliance rating: NR</p>	
458	<p><i>Electricity Industry Metering Code clause 8.1(2)</i> 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>	Accordingly, an assessment of compliance with clause 8.1 of the Metering Code cannot be made for the period subject to audit.
	<p>Priority: 5      Controls rating: NP      Compliance rating: NR</p>	

No	Obligation under Condition	Findings
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</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
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>	
	<p>Priority: 4</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	
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>	
	<p>Priority: 5</p> <p>Controls rating: NP</p> <p>Compliance rating: NR</p>	

# 5 Previous audit non compliances and recommendations

As this is the first audit of WR Carpenter's Licence obligations, there are no previous audit recommendations to which WR Carpenter can respond.

# Appendix A – References

## Key WR Carpenter/ WAPL contacts

### WR Carpenter

- Frank Sine – Authorised Representative; Senior Vice President, GE Energy Financial Services
- Chris Hince -- Senior Controller Technical & Operations

### WAPL

- Manager Production Power
- A/Manager Production Power
- Process Analysis & Improvement Engineer – Electrical.

## Deloitte staff

Name	Position	Hours
• Richard Thomas	Partner	2.5
• Andrew Baldwin	Account Director	18
• Amit Grover	Senior Analyst	5
• Stephanie Elson	Senior Analyst	28
• Darren Gerber	Partner (Quality Assurance Review)	1

## Key Documents and other information sources

- Evidence of payment of licence fees
- Annual Compliance Reports for 2011/12, 2012/13 and 2013/14
- Audited financial statements for the 2013 and 2014 financial years
- Capacity Purchase Agreement with WAPL, including the following schedules:
  - Site Services Agreement
  - Operations & Maintenance Agreement
  - Implementation Agreement
- Notices to the Authority relating to:
  - Details of asset management system – August 2014
  - Updated contact details – July 2012
- Email correspondence with the Authority
- Representations from:
  - Senior Controller Technical & Operations
  - WAPL Process Analysis & Improvement Engineer – Electrical
  - WAPL A/Manager Power Production.

# Appendix B – Post Audit Implementation Plan

## Issue 4/2015

### **Obligation 451:** *Electricity Industry Metering Code clause 7.2(1)*

Through WR Carpenter's contractual arrangements with WAPL, it appears likely that:

- (a) WAPL's Access Contract with Western Power forms the basis for Western Power to be notified of the operating arrangements of the MFC Facility
- (b) The provision of WAPL's contact details via that Access Contract is sufficient for the purpose of WR Carpenter's obligation to notify Western Power of the Licensee's contact details.

However, there remains some doubt as to whether clause 7.2(1) of the Code still technically requires WR Carpenter's contact details to be notified to Western Power.

## Recommendation 4/2015

WR Carpenter confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.

## Action Plan 4/2015

WR Carpenter will confirm whether the obligation to notify Western Power of its contact details is satisfied through the MFC Facility operating arrangements established between WR Carpenter and WAPL, or whether more specific notification is required.

**Responsible Person:** Senior Controller Technical & Operations

**Target Date:** 31 October 2015