



Notice

27 July 2015

WR Carpenter No. 1 Pty Ltd

2015 PERFORMANCE AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority has published the 2015 performance audit (**audit**) and asset management system review (**review**) report for WR Carpenter No. 1 Pty Ltd's (**WR Carpenter**) electricity generation licence, EGL20.

- [2015 Audit and Post-Audit Implementation Plan](#)
- [2015 Review and Post-Review Implementation Plan](#)

Action by the Authority

The Authority is satisfied that WR Carpenter 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 period of time until the next audit and review from 24 months to 60 months. The next audit and review will cover the period from 1 April 2015 to 31 March 2020, with the report on the audit and review to be provided to the Authority by 30 June 2020.

BACKGROUND

Audit

This is the first audit of the WR Carpenter generation licence.

The Audit identified three non-compliances in the audit, all of which related to minor administrative matters. The auditor reported that WR Carpenter had rectified all three non-compliances by the time of the audit.

The auditor made a single recommendation, which requires WR Carpenter to confirm the contact details that have been provided to Western Power, pursuant to clause 7.2 of the *Electricity Industry Metering Code 2012*. The post-audit implementation plan prepared by WR Carpenter states that the recommendation will be addressed by 31 October 2015.

Review

Of the 12 asset management components assessed in the Review, WR Carpenter achieved a rating of A1 (highest rating) for eight of the asset management system components, and a rating of B2 (improvement opportunity) for one component. Three components (Asset Creation and Acquisition; Asset Disposal; and Capital Expenditure Planning) were 'Not Rated' because new construction, asset creation and acquisition activities have not extended beyond the creation of the current generation assets, and no plans had been



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made for the disposal of any of the new, recently commissioned, assets. In relation to the capital expenditure planning, there is currently no provision for capital items in WR Carpenter's budget.

The auditor has made one recommendation in relation to the 2015 Review, which represents a process improvement opportunity. Whilst the asset management system appears to be sufficiently mature, robust and stable, no independent assessments of the effectiveness and performance of the system have been conducted, other than the assessment performed as part of the licence review. The post-review implementation plan states that the recommendation will be addressed by 31 October 2015.

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