



Notice

13 December 2016

Alinta DEWAP Pty Ltd

2016 PERFORMANCE AUDIT AND ASSET MANAGEMENT REVIEW

The Economic Regulation Authority (**ERA**) has published the 2016 performance audit and asset management review reports for Alinta DEWAP Pty Ltd's electricity integrated regional licence EIRL7.

- [2016 Audit Report](#)
- [2016 Review Report](#)

The reports include the post-audit and post-review implementation plans prepared by Alinta.

This is the first audit and review of the licence.

Action by the ERA

The ERA considers that Alinta has demonstrated a satisfactory level of compliance with its licence conditions and has an effective asset management system.

The ERA has decided to increase the audit and review period from 24 to 36 months. The next audit and review will cover the period 1 July 2016 to 30 June 2019, with the reports to be provided to the ERA by 30 September 2019.

BACKGROUND

Alinta is licensed for electricity generation, transmission and retail services in Port Hedland. It operates a power station and transmission lines to access Horizon Power's distribution network for the purpose of supplying electricity to two large use customers.¹

Audit

The auditor assessed 161 licence obligations. The auditor did not provide a rating for 95 of the obligations, because they were not active during the audit period.

Of the 66 obligations that were rated, 59 achieved a good or adequate rating.²

There were five non-compliances (rated C2, significant controls improvement required) and two

¹ Large use customers have an annual electricity consumption greater than 160MWh.

² 12 obligations achieved the highest rating (A1), 10 obligations required minor controls improvement (B1), 31 obligations were compliant but controls were not tested in the audit (NP/1); and 6 obligations were not rated for compliance due to the lack of activity, but controls required minor improvement.



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obligations which require controls improvement (rated C1 and C/NR).³

The audit found that Alinta has complied with the majority of its licence conditions. The exceptions were in establishing and maintaining documentation in accordance with the *Electricity Industry (Metering) Code 2012 (Metering Code)*. The Metering Code details the requirements for a model service level agreement, metrology procedure, metering database, recording of standing data; and the installation and maintenance of meters.

Alinta has established documentation that achieves the objectives of the Metering Code, but is not fully compliant with the Code. Alinta only supplies large use customers and there is no evidence its customers have been adversely affected by the lack of fully compliant metering documentation. The auditor was satisfied that Alinta has recorded its energy data and operated its meters to the satisfaction of its customers during the audit period.

The auditor made two recommendations. One recommendation addresses the Metering Code issues, and the second recommendation addresses a relatively minor administrative matter about notifying the ERA of significant changes to its asset management system.

Alinta plans to address both recommendations by 31 December 2016.

Review

The auditor assessed 12 asset management components: eight components were rated A1 (highest rating), three were rated A2 (performance improvement opportunity) and one was rated B2 (performance and documentation improvement opportunity). The auditor did not identify any significant concerns.

The auditor made four recommendations:

- three recommendations address minor documentation improvements covering asset planning, contingency planning and the process to regularly review the asset management system; and
- the fourth recommendation requires Alinta to finish populating the risk assessment and treatment plan register, and set a procedure for the review of the register.

Alinta plans to address the recommendations by 30 September 2017.

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³ C1: fully compliant but significant controls improvement is required; and C/NR: not rated for compliance, significant controls improvement required.