



# Notice

23 February 2017

## Alinta Energy Transmission (Roy Hill) 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 Energy Transmission (Roy Hill) Pty Ltd's (Alinta) electricity integrated regional licence EIRL6.

- [2016 audit report](#)
- [2016 review report](#)

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

### 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 October 2016 to 30 September 2019, with the reports to be provided to the ERA by 31 December 2019.

### BACKGROUND

Alinta has a licence for generation, transmission, distribution and retail activity to supply energy to the Roy Hill iron ore mine. The assets consist of a gas turbine plant in Newman, diesel generators at the Roy Hill mine site, and related transmission and distribution lines. The construction of the assets was completed in March 2015.

This is the first audit and review of the licence.

### Audit

The auditor assessed 163 obligations: 97 obligations were not rated for controls or compliance (NP/NR) due to the lack of relevant activity during the audit period.

Of the remaining 66 obligations, 48 were rated as compliant (ratings of NP/1 - B1), 12 were not rated for compliance but the auditor identified the need to improve controls (rated B/NR - D/NR); and six obligations were rated as non-compliant (rated A2 - C2). The details are in the audit report.

The audit disclosed that Alinta has complied with the majority of its licence conditions. The exceptions were in the area of 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



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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 exclusively supplies large use customers and there is no indication its customers have been adversely affected by the lack of fully compliant metering documentation. The auditor was satisfied that Alinta recorded its energy data and operated its meters to the satisfaction of its customers during the audit period.

The auditor made two recommendations to address the six non-compliances, and 17 controls improvements. Alinta plans to address both recommendations by 31 March 2017.

## Review

The auditor assessed 12 asset management components:<sup>1</sup> eight components achieved a rating of 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 material concerns.

The auditor made four recommendations:

- three recommendations address minor documentation improvements covering asset planning, contingency planning and undertaking regular reviews of the asset management system; and
- the fourth recommendation requires Alinta to finish populating its risk register, and implement a procedure for regularly reviewing its risks.

Alinta plans to address the recommendations by 30 September 2017.

For further information contact:

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<sup>1</sup> Components as described in the Authority's *Audit and Review Guidelines: Electricity and Gas Licences*.