



# Notice

31 March 2017

## Collgar Wind Farm Pty Ltd

### 2016 PERFORMANCE REPORT AND ASSET MANAGEMENT REVIEW

The Economic Regulation Authority (ERA) has published the [2016 performance audit \(audit\) and asset management review \(review\) report](#) for Collgar Wind Farm Pty Ltd's (Collgar) electricity generation licence EGL22.

#### Action by the ERA

The ERA considers that Collgar has achieved a high level of compliance with its licence and has an effective asset management system.

The ERA has decided to increase the audit and review period from 42 to 60 months. The next audit and review will cover 1 November 2016 to 31 October 2021, with the report due by 31 January 2022.

#### BACKGROUND

Collgar Wind Farm is located near the town of Merredin, 256 km east of Perth.

The generation plant consists of 111 Vestas 1.86 MW wind turbines with a total generating capacity of 206 MW.<sup>1</sup>

Collgar supplies electricity to the South West Interconnected Network<sup>2</sup> and sells electricity into the Wholesale Electricity Market or directly to Synergy, by way of bilateral arrangements under an energy supply contract. Collgar has contracted Vestas to maintain the generation plant.

#### Audit

The audit assessed 43 licence obligations. The auditor did not provide a rating for 32 of the obligations, because there was no relevant activity during the audit period.

The remaining 11 obligations received the highest rating of A1 (adequate controls, compliant). The auditor did not make any recommendations.

#### Review

The review assessed 12 asset management components:<sup>3</sup> eight components were rated A1 (fully effective), two were rated ANR (policy effective, performance rating not provided), and two were rated NPNR (both policy and performance rating not provided).

<sup>1</sup> Collgar's assets also include buildings, a high voltage switchyard, 33kV underground / overhead collection facilities and property leases from local farmers.

<sup>2</sup> This is a network of transmission and distribution lines, covering the geographic area from Kalbarri to Albany and Perth to Kalgoorlie, operated by Western Power.

<sup>3</sup> The components are described in the ERA's *Audit and Review Guidelines: Electricity and Gas Licences*.



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The auditor states that some of the asset management system functions are undertaken by the owners of Collgar.<sup>4</sup> The owners perform the asset management components of asset creation/acquisition and asset disposal; strategic asset planning; and capital expenditure planning related to expanding the wind farm.

Because of this separation of functions, the auditor rated Collgar's asset creation/acquisition and asset disposal components as NPNR (policy and performance not performed). The auditor has also rated Collgar's asset planning and capital expenditure planning components as ANR (effective policy, performance not rated), because Collgar maintains some non-strategic asset planning and capital expenditure planning policies, but they were not exercised during the review period.

The auditor did not identify any material concerns with Collgar's asset management system.

## **ERA's response to the audit and review**

### ***Audit***

The ERA considers Collgar has achieved a high level of compliance with its licence conditions.

### ***Review***

The ERA is of the view that Collgar is managing its generation assets effectively.

There are strong commercial and regulatory incentives for Collgar to maintain a high standard of operational performance for the wind farm assets.<sup>5</sup>

## **Post-Audit and Post-Review Implementation Plan**

As the auditor did not make any recommendations, there is no post-audit and post-review implementation plan.

For further information contact:

### **General Enquiries**

Alex Kroon

Phone: 08 6557 7989

Email: [records@erawa.com.au](mailto:records@erawa.com.au)

### **Media Enquiries**

Colette Baker

Mobile: 0428 859 826

Email: [communications@erawa.com.au](mailto:communications@erawa.com.au)

<sup>4</sup> The owners of Collgar are UBS International Infrastructure Fund Holding Cooperative U.A. and Retail Employees Superannuation Fund.

<sup>5</sup> In particular, the requirement for Collgar to maintain its generation plant such that it can meet its obligations under the Wholesale Electricity Market Rules, which are regulated by the Australian Energy Market Operator.