



# Notice

6 April 2017

## Mumbida 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 Mumbida Wind Farm Pty Ltd's (Mumbida) electricity generation licence EGL24.

#### Action by the ERA

The ERA considers that Mumbida 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 30 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

Mumbida is located 40 km South East of Geraldton in Western Australia. The plant is operated by General Electric International Pty Ltd (GE), which has been contracted by the owners to provide operation and maintenance services for the wind farm.

The wind farm has 22 GE 2.5 MW Wind Turbine generators, with a total generating capacity of 55 MW.

Mumbida's sole business is the generation of electricity and the sale of that electricity, and Renewable Energy Certificates, to the Water Corporation.

#### 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.

Of the remaining 11 obligations, 10 received the highest rating of A1 (adequate controls, compliant), and one obligation was rated C2 (inadequate controls, non-compliant).

The auditor made one recommendation in the post-audit implementation plan, which has been completed.

#### Review

The review assessed 12 asset management components<sup>1</sup>: seven components were rated A1 (fully effective), three were rated ANR (policy effective, performance rating not provided), and two were rated NPNR (both policy and performance rating not provided).

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<sup>1</sup> The components are described in the ERA's *Audit and Review Guidelines: Electricity and Gas Licences*.



# Notice

The auditor states that some of the asset management system functions are undertaken by the owner of Mumbida. The owner, Infrastructure Capital, performs the asset management components of asset creation/acquisition and asset disposal; the strategic asset planning; and capital expenditure planning related to expanding the wind farm.

Because of this separation of functions, the auditor rated Mumbida's asset creation/acquisition and asset disposal components as NPNR (policy and performance not performed). The auditor has also rated Mumbida's asset planning and capital expenditure planning components as ANR (effective policy, performance not rated), because Mumbida 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 Mumbida's asset management system.

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

### ***Audit***

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

The ERA considers the single non-compliance covers a relatively minor administrative matter and is satisfied with the action undertaken by Mumbida to address the recommendation.

### ***Review***

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

The asset management system has improved significantly across all areas over which Mumbida has direct control. There has also been a marked improvement in risk management and contingency planning.

## **Post-Audit Implementation Plan**

The auditor made one recommendation in the post-audit implementation plan, which has been completed.

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