



Notice

7 January 2019

ATCO Power Australia (Karratha) Pty Ltd

2018 performance audit and asset management system review

The Economic Regulation Authority has published the 2018 [performance audit](#) and [asset management system review](#) reports for ATCO Power Australia (Karratha) Pty Ltd's electricity generation licence EGL21.

ATCO holds a generation licence for the Karratha Power Station, supplying electricity to a single customer, Horizon Power, through the North West Interconnected System.¹ The power station generation assets consist of two open cycle gas turbine generators with a total rated capacity of 96MW.

The ERA's response to the audit and review

The audit and review reports show that ATCO has demonstrated a high level of compliance with the conditions of its licence and has an effective asset management system.

The ERA has decided to increase the period covered by the next audit and review from 48 to 60 months. The next audit and review will cover 1 September 2018 to 31 August 2023, with the report due by 30 November 2023.

Background to the ERA's decision

Audit ratings

The auditor assessed 22 licence obligations applicable to ATCO's licence and found:

- 11 were rated A1 (adequate controls, compliant)
- one was rated B1 (generally adequate controls, compliant)
- 10 were rated NP/NR (not performed, not rated for compliance due to lack of relevant activity).

The audit did not find any non-compliances.

¹ The North West Interconnected System comprises the interconnected generation, transmission and distribution assets in the Pilbara region, including the towns of Karratha and Port Hedland. The assets are owned by many different parties, under both private and public ownership.

Audit recommendations

The auditor made one recommendation for ATCO to improve its communication protocols with Horizon Power, which the ERA considers to be a minor administrative issue.

ATCO did not provide a post-audit implementation plan.²

Review ratings

The assessment of the 12 asset management components prescribed in the ERA's *Audit and Review Guidelines: Electricity and Gas Licences* found:

- 10 components were rated A1 (documentation adequately defined, performing effectively).
- One component was rated A2 (documentation adequately defined, performance requires some improvement).
- One component was rated B2 (documentation requires some improvement, performance requires some improvement).

Review recommendations

The auditor made nine recommendations, which are all considered to be process improvements.

The recommendations identified opportunities for ATCO to improve its documentation for five asset management components: environmental analysis, asset management information system, risk management, contingency planning and review of the asset management system.

ATCO did not provide a post-review implementation plan.³

Further information

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² As per section 11.8 of the [2014 Audit and Review Guidelines: Electricity and Gas Licences](#), it is only mandatory to provide a post-audit and post-review implementation plan if licence obligations have been rated C, D, 2, 3 or 4 or asset management process deficiencies rated C, D, 3 or 4.

³ Refer to footnote 2.