



# Notice

21 March 2019

## TEC Hedland Pty Ltd

### Performance audit and asset management system review 2018

The Economic Regulation Authority has published the [2018 performance audit and asset management system review report](#) and [post-audit implementation plan](#) for TEC Hedland Pty Ltd's electricity integrated regional licence, [EIRL9](#).

TEC Hedland owns and operates the 150 megawatt combined cycle South Hedland Power Station in the Pilbara. TEC Hedland supplies electricity to two customers:

- Horizon Power
- The Pilbara Infrastructure Pty Ltd (a subsidiary of Fortescue Metals Group).

TEC Hedland uses Horizon Power's transmission and distribution network to supply electricity to Fortescue's port operations in Port Hedland and to Horizon Power to enable it to meet its electricity supply requirements in the Pilbara.

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

The ERA considers that TEC Hedland has achieved a high level of compliance with the licence and has an effective asset management system. The ERA has decided to extend the audit and review period from 24 months to 48 months.

The next audit and review will cover 1 November 2018 to 31 October 2022, with the report due by 31 January 2023.

#### *Background to the ERA's decision*

##### **Audit ratings**

The auditor assessed 157 licence obligations that were applicable to TEC Hedland's licence and found two non-compliances:

- paying an ERA licence fee invoice late
- providing licence standing charge data to the ERA late.

### ***Audit recommendations***

The non-compliance of failing to provide licence standing data on time was resolved during the audit period.

The auditor made one recommendation to address the non-compliance of failing to pay an ERA invoice on time.

In its post-audit implementation plan, TEC Hedland has accepted the auditor's recommendation to address the non-compliance. The post-audit implementation plan states that TEC Hedland will address the recommendation by 31 March 2019.

### ***Review ratings***

The auditor rated all 12 of the asset management components A1. This is the highest rating available (documentation adequately defined, performing effectively).

### ***Review recommendations***

The auditor made two process improvement recommendations. One recommendation was about asset management planning and one was about the review of the asset management system.

TEC Hedland elected not to provide a post-review implementation plan.<sup>1</sup>

### **Further information**

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<sup>1</sup> Under the ERA's *Audit and Review Guidelines: Electricity and Gas Licences*, it is not mandatory for post-review implementation plans to include recommendations for asset management processes rated A or B for process and policy definition, or 1 or 2 for performance.