



Notice

24 June 2020

ATCO Gas Australia Pty Ltd 2020 asset management system review

The Economic Regulation Authority has published the [2020 asset management system review report](#) and the [post-review implementation plan](#) for ATCO Gas Australia Pty Ltd's gas distribution licence GDL8.

ATCO owns and operates the largest gas distribution network in Western Australia, delivering gas to approximately 750,000 end users. The gas distribution network services Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the wider Perth metropolitan area.

The ERA's decision

ATCO has demonstrated that overall it has an adequate asset management system.

The ERA has decided to maintain the review period at 36 months. The next review will cover the period 1 February 2020 to 31 January 2023, with the report due by 30 April 2023.

Background to the ERA's decision

Review ratings

The assessment of the 12 asset management components prescribed in the ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences* found:¹

- Six components were rated A1 (process and policy adequately defined, performing effectively).
- Three components were rated A2 (process and policy adequately defined, performance requires improvement).
- One component was rated B1 (process and policy require some improvement, performing effectively).
- One component was rated B2 (process and policy require some improvement, performance requires improvement).

¹ A copy of the guidelines is available on the ERA [website](#).

- One component was rated B3 (process and policy require some improvement, performance requires corrective action).

As required by the ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences*, the auditor also provided a rating for each of the 56 asset management effectiveness criteria.

Two of the effectiveness criteria under risk management were rated as deficient:

- Risk management policies and procedures were not applied, which led to three major works permits not being signed-off as completed.
- ATCO's technical compliance register had 167 actions listed as overdue. The actions in the register were not assigned risk levels, which limited ATCO's ability to determine the priority for each action.

Review recommendations

The auditor made two recommendations to address the two asset management deficiencies.

The post-review implementation plan states that ATCO will address the review recommendations between now and September 2020.²

The ERA's assessment of the review findings

The only area of concern is the two deficiencies under the risk management component.

There was no evidence to suggest that the major works permits were not completed satisfactorily and therefore it is reasonable to conclude that the safety of customers and the community was not compromised. However, the ERA considers the absence of a completion sign-off on the permits would create uncertainty within ATCO that the work undertaken under these permits was completed.

The owners of the overdue actions in the technical compliance register did not have sufficient guidance on the consequences of not completing the actions when they were assigning revised completion dates. ATCO has addressed this issue by implementing a priority rating system for actions in the register and, from June 2020, incorporating reporting on the status of these actions into management reports.

The ERA considers the actions proposed by ATCO adequately address the two deficiencies in the post-review implementation plan.

Further information

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² As per section 5.1.8 of the *2019 Audit and Review Guidelines: Electricity and Gas Licences*, the licensee is only required to provide a post-review implementation plan for asset management process deficiencies rated 3, 4, C or D.