



Notice

4 November 2022

Karara Power Pty Ltd

2022 performance audit and asset management system review

The Economic Regulation Authority has published the [2022 performance audit and asset management system review report](#) for Karara Power Pty Ltd's electricity transmission licence ETL6.

Karara has a 106-kilometre, 330 kilovolt transmission line running from Western Power's Three Springs Terminal to the Karara mine site in the Mid-West region. Western Power supplies electricity to a single customer (Golden Grove mine site) through a second circuit on Karara's transmission towers.

The ERA's decision

The ERA considers that Karara 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 24 to 36 months. The next audit and review will cover the period 1 July 2022 to 30 June 2025, with the report due to be provided by 30 September 2025.

Section 32 notice – Compliance enforcement

In February 2021, due to Karara's poor performance in its 2020 performance audit and asset management system review, the ERA:¹

- Reduced Karara's audit and review period from 48 to 24 months.
- Served Karara with a compliance enforcement notice under section 32 of the *Electricity Industry Act 2004*.

The ERA served Karara with a compliance enforcement notice for failure to have an asset management system for its transmission system. The notice required Karara to rectify the non-compliance by implementing and maintaining an asset management system for its assets operated under ETL6 by 7 February 2022.

On 6 February 2022, Karara provided the ERA with information to show that it had implemented all 12 components of an asset management system as required by the ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences*. Consequently, the ERA closed the section 32 notice.²

¹ More information is provided in this [notice](#).

² Further information is available on the ERA [website](#).

Audit and review findings

Audit

The auditor found that Karara has improved its compliance with its licence since the 2020 audit. The audit of the 22 licence obligations applicable to Karara did not find any non-compliances or controls deficiencies, compared to 11 non-compliances and seven controls deficiencies in the 2020 audit.

Review

The assessment of the 12 asset management system processes prescribed in the ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences* found Karara has an effective asset management system with no deficiencies. This contrasts with the 2020 review, which found that Karara did not have an asset management system and resulted in the ERA serving Karara with a compliance enforcement notice.

The ERA's assessment of the audit and review findings

Audit

Karara's overall compliance with its licence has improved since the 2020 audit. The 2022 audit found that Karara achieved a high level of compliance with its licence during the audit period and had effective controls to manage compliance with its licence conditions.

Review

The 2022 review found that Karara implemented an effective asset management system for the operation and maintenance of its assets during the review period. This is a significant improvement on the findings from the 2020 review.

Accordingly, the ERA has decided to increase the audit and review period from 24 to 36 months.

Further information

General enquiries

Alex Kroon
Ph: 08 6557 7989
info@erawa.com.au

Media enquiries

Danielle Asarpota
Mob: 0428 859 826
media@erawa.com.au