



Notice

4 November 2022

Alinta DEWAP 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](#) and the [post-audit and post-review implementation plan](#) for Alinta DEWAP Pty Ltd's electricity integrated regional licence EIRL7.

Alinta holds an electricity integrated regional licence that authorises it to operate generating works and a transmission system and supply electricity to large use customers in Port Hedland in the Pilbara.¹ Alinta's Port Hedland power station is connected to Horizon Power's North West Interconnected System by Alinta's transmission system. Alinta supplies electricity to two large use customers connected to the NWIS.

The ERA's decision

The ERA considers that Alinta has achieved a good level of compliance with its licence and has an effective asset management system.

The ERA has decided to maintain the audit and review period at 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.

Audit and review findings

Audit

The audit of the 171 licence obligations applicable to Alinta found five non-compliances and no controls deficiencies.

The non-compliances were with the *Electricity Industry (Metering) Code 2012*, because Alinta did not:

- Have a code-compliant and ERA-approved Metrology Procedure, Model Service Level Agreement or Mandatory Link Criteria during the audit period (four non-compliances).²
- Publish Communication Rules on its website during the audit period (one non-compliance).³

¹ A 'large use customer' is a customer who consumes more than 160 MWh of electricity per year.

² The Metering Code requires network operators to have ERA-approved documents that cover matters like the technical specifications of metering equipment, remote communication devices and the provision of metering services to network users.

³ Communication Rules define the processes, procedures and methods used to communicate between the network operator and network users (generators and retailers).

The auditor made two recommendations to address the non-compliances. The post-audit implementation plan states that Alinta will address the recommendations by 31 December 2023.

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 no asset management system deficiencies. The 12 processes are broken down into 58 effectiveness criteria and the auditor found one deficiency from the 58 criteria, which was in asset maintenance.

Alinta could not demonstrate that its root cause analysis of unplanned outages provided an adequate assessment to assist in making corrective actions to prevent the same unplanned outages reoccurring and how the analysis was used to initiate changes to operational and maintenance practices. The auditor noted a decline in the power station's performance in 2021/22 compared to 2020/21.

The auditor made one recommendation to address the asset management deficiency. The post-review implementation plan states Alinta will address the recommendation by 30 June 2023.

The ERA's assessment of the audit and review findings

Audit

Alinta continues to be non-compliant with the Metering Code, after the same non-compliances were identified in its 2019 audit. However, Alinta has applied to the Pilbara ISOCO for an exemption from those obligations and expects a decision in 2023.⁴ While the Pilbara ISOCO assesses Alinta's exemption application, the ERA does not consider there is value in enforcing compliance with the Metering Code.

The Metering Code is designed for large networks with many users, such as the South West Interconnected System. There are some parts of the Metering Code that are challenging for small network operators to comply with and not always necessary for the nature and size of their operations.

The auditor found that Alinta's two customers were not affected by the non-compliances and noted Alinta DEWAP only has three meters for its two customers.

Review

The auditor found that Alinta had an effective asset management system during the review period, but there was a deficiency in its asset maintenance practices. While only one deficiency from 58 effectiveness criteria is a good outcome, there is room for improvement and the deficiency relates to unplanned outages, which can affect customers. Alinta has committed in its post-review implementation plan to reviewing its asset maintenance practices.

Further information

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⁴ The Pilbara ISOCO is the independent system operator established by the State Government in 2021 to operate the NWIS.