



Mr Paul Kelly
Executive Director
Regulations and Inquiries
Economic Regulation Authority

By email to: Holly.Medranda@erawa.com.au

08 Nov 2022

Dear Paul,

The Assurance Advisory Group prepared and submitted Alcoa's 2022 Performance Audit and Asset Management System (AMS) Audit reports to the ERA on the 26th of October 2022. There were no findings made under the Performance Audit requiring an action plan, but three findings requiring action plans under the AMS Audit.

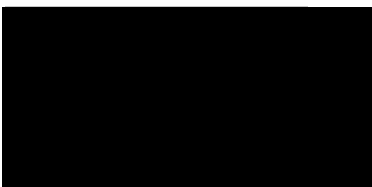
This letter outlines the action plans that Alcoa has put in place to address those findings in the AMS Audit. Alcoa will provide an update to the ERA by 30 June 2023 in regard to progress towards addressing the action plans.

Finding	Audit finding	Remediation action plan	Due date
#1	4. Environmental Analysis <i>4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</i> 6. Asset Maintenance <i>6.5 Risk management is applied to prioritise maintenance tasks</i> Each of Alcoa's Powerhouses had consistently not met target maintenance performance during the audit period. The Pinjarra Powerhouse achieved only half of the target for the 'Late Critical Compliance %' metric (which reports details of overdue work orders relating to critical assets), due to lack of resources and some miscommunication between the mobile maintainer and Alcoa's eAM system. Work relating to standardising procedures for Electrical Power Distribution assets for all three Powerhouses was underway and numerous work orders have been raised in relation to tracking completion of this work. Nevertheless, a backlog of works indicates an increasing trend towards failure in the work order management processes	(a) Review the implications of the continued trend towards failure in its work order management processes; and (b) Determine any further appropriate actions to remedy the trend.	31 December 2023

#2	<p>5. Asset Operations</p> <p>5.6 Staff resources are adequate, and staff receive training commensurate with their responsibilities</p> <p>The following factors indicate staffing levels have not been sufficient for maintaining control of the maintenance works management processes:</p> <ul style="list-style-type: none"> • An increasing backlog of maintenance tasks and overdue work orders for each Powerhouse, particularly critical tasks at Pinjarra • Recent turnover in key leadership staff at the Pinjarra and Wagerup sites • Some improvement opportunities identified in 2017 risk registers remain open. 	<p>Alcoa establish requirements to debottleneck the current backlog of work orders and regain full control of its asset management and maintenance works processes.</p>	<p>31 December 2023</p>
#3	<p>6. Asset Maintenance</p> <p>6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule</p> <p>In light of the increasing backlog of maintenance works at all three sites (especially at Pinjarra), there is an increasing need for more concentrated effort in the allocation of resources, including the use contractors and specialist companies that can assist in diagnosing maintenance works for aging assets. This issue is essentially a symptom of the issues raised at 4.2 (relating to performance standards) and 5.6 (relating to staff resources).</p>	<p>Addressed by the action plans identified in items #1 and #2.</p>	<p>n/a</p>

Should the ERA wish to discuss these action plans, please call me on 0404 800 025.

Yours sincerely



Nick Eaton
 Energy Director – Alcoa of Australia