



Notice

4 January 2023

Southern Cross Energy Partnership

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 [post-audit and post-review implementation plan](#) for TEC Desert Pty Ltd & TEC Desert No.2 Pty Ltd's (trading as Southern Cross Energy Partnership) electricity trading licence ETL4, electricity distribution licence EDL3, electricity retail licence ERL7 and electricity generation licence EGL13.

Southern Cross Energy Partnership is a joint venture company operating a vertically integrated electricity business that holds electricity generation, transmission, distribution and retail licences. Southern Cross Energy Partnership is a subsidiary of TransAlta Energy Australia Pty Ltd through two entities, TEC Desert Pty Ltd and TEC Desert No.2 Pty Ltd.

The ERA's decision

The ERA considers that Southern Cross Energy Partnership has achieved a good level of compliance with its licences and has decided to increase the audit period from 48 to 60 months for all four licences. The next audit will cover the period 1 July 2022 to 30 June 2027, with the report due by 30 September 2027.

Southern Cross Energy Partnership had an effective management system during the review period, but there is room for improvement. The ERA has decided to maintain the review period at 48 months for all four licences. The next review will cover the period 1 July 2022 to 30 June 2026, with the report due by 30 September 2026.

Audit and review findings

Audit

The audit of the 142 licence obligations applicable to Southern Cross Energy Partnership found ten non-compliances and no controls deficiencies. One non-compliance related to the late payment of prescribed fees. The other nine non-compliances were due to Southern Cross Energy Partnership not having an approved Metrology Procedure as required under the *Electricity Industry (Metering Code) 2012*.

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 three asset management system processes requiring improvement. These are in the areas of environmental analysis, asset operations and asset maintenance.

The auditor made three recommendations to address the asset management system processes that require improvement. The post-review implementation plan prepared by Southern Cross Energy Partnership states the recommendations will be addressed by 30 June 2023.

The ERA's assessment of the audit findings

Southern Cross Energy Partnership achieved a good level of compliance with its licence obligations.

Nine of the ten non-compliances were due to Southern Cross Energy Partnership not having an approved Metrology Procedure. This is not considered material due to its Power Purchase Agreement with its customer that includes contractual obligations that address many of the same requirements that exist in the Metering Code.

The ERA considers all non-compliances are minor and administrative. There is no evidence to suggest that Southern Cross Energy Partnership's customer has been adversely affected by the non-compliances.

The ERA's assessment of the review findings

Southern Cross Energy Partnership has an effective management system, but there is room for improvement in the areas of environmental analysis, asset operations and asset maintenance.

The auditor's recommendations for improvement for the areas of environmental analysis and asset operations (investigations) have been addressed and no further action is required.

Southern Cross Energy Partnership is establishing processes to address the issues identified in the area under asset operations (training) and asset maintenance.

In consideration of these matters, the ERA has decided to maintain the review period at 48 months.

Further information

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