



Notice

13 June 2023

Alinta Energy Transmission (Roy Hill) 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 reports](#) and the [post-audit and post-review implementation plan](#) for Alinta Energy Transmission (Roy Hill) Pty Ltd's electricity integrated regional licence EIRL6.

Alinta holds an electricity integrated regional licence for generation, transmission, distribution and retail activities related to its Newman power station in the Pilbara, which supplies electricity to the Roy Hill iron ore mine. Alinta's licence only permits it to supply large use customers.¹

The ERA's decision

The ERA considers that Alinta has achieved a satisfactory 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 October 2022 to 30 September 2025, with the report due to be provided by 30 December 2025.

Audit and review findings

Audit

The audit of the 166 licence obligations applicable to Alinta found 10 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 (six 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 megawatt-hours 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).

- Did not include all its meters in its metering database or maintain a metering database that contains all the required standing data and energy data for each metering point on its network (three non-compliances).⁴

The auditor made three recommendations to address the non-compliances. The post-audit implementation plan states that Alinta will address the recommendations by 31 March 2024.

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 two deficiencies from the 58 criteria, which were in environmental analysis and asset operations. The deficiencies relate to staff training and awareness of emergency response requirements. The review found some training for site emergency response was overdue for staff assigned to operations managed from the Newman Power Station.

The auditor made one recommendation, which was for Alinta to schedule staff training, with special emphasis on site specific emergency response drills and ensuring sufficient resources are allocated to maintain training requirements and emergency response drills.

The post-review implementation plan states Alinta will address the recommendation by 31 December 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.

The ERA acknowledges that 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 due to the nature and size of their operations.

Alinta has committed to establishing a metering management plan and procedures to meet the intent of the Metering Code and clarify the agreed approach with Roy Hill on managing the meters and metering data. This will have the benefit of putting all metering requirements in one document.

Alinta also uses a power purchase agreement and network connection agreement with Roy Hill, which provide the governance for the supply arrangements between the parties.

Review

The auditor found that, overall, Alinta had an effective asset management system during the review period and has improved the system. While only two deficiencies from 58 effectiveness criteria is a good outcome, Alinta needs to improve its staff training and it has committed in its post-review implementation plan to reviewing its asset maintenance practices relating to staff resources and training.

⁴ A network operator must establish, maintain and administer a metering database containing standing data and energy data for each metering point on its network.

The ERA considers that the actions proposed by Alinta in the post-review implementation plan will address the deficiencies.

Further information

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