



Notice

16 June 2023

Alinta Energy Transmission (Chichester) 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 (Chichester) Pty Ltd's electricity integrated regional licence EIRL10.

Alinta holds an electricity integrated regional licence to build, own and operate 65 km of 220 kV transmission line, which connects the Roy Hill mine to the Fortescue Metals Group's (FMG) iron ore mines at Christmas Creek and Cloudbreak in the Pilbara.

Alinta's licence only permits it to supply large use customers.¹

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 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 seven 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

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.

- Alinta's metering database did not contain commentary or data on all the standing data items (two non-compliances).³
- Alinta did not pay the 2018/19 annual licence fee to the ERA by the due date.

Alinta resolved the non-compliance of failing to pay the annual licence fee to the ERA on time by strengthening its compliance monitoring arrangements.

The auditor made two recommendations to address the outstanding 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.

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 Fortescue Metals Group 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 Fortescue Metals Group, 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

³ A network operator must ensure that its registry complies with the code to contain full commentary or data on the 30 specified standing data items.

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.

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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