



# Notice

21 July 2023

## **ATCO Gas Australia Pty Ltd** 2023 asset management system review

The Economic Regulation Authority has published the 2023 [asset management system review report](#) and the [post-review implementation plan](#) for ATCO Gas Australia Pty Ltd's gas distribution licence GDL8.

ATCO is the owner operator of Western Australia's largest gas distribution network. It supplies gas to approximately 760,000 customers through 14,000 kilometres of pipeline. The network services Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the Perth metropolitan area.

### **The ERA's decision**

The ERA considers that ATCO has an effective asset management system, but there is room for improvement.

The ERA has decided to maintain the review period at 36 months. The next review will cover the period 1 February 2023 to 31 January 2026, with the report due to be provided by 30 April 2026.

### **Review findings**

The assessment of the 12 asset management system processes prescribed in the ERA's *2019 Audit and Review Guidelines: Electricity and Gas Licences* found two asset management system deficiencies.

The 12 processes are broken down into 58 effectiveness criteria and the auditor found six deficiencies from the 58 criteria. The deficiencies were in asset planning, asset creation/acquisition, risk management, contingency planning and review of the asset management system.

The auditor also found that the control environment around ATCO's management of its assets is comprehensive and performing effectively, but with some opportunities to improve.

The auditor made 10 recommendations to address the six deficiencies.

The post-review implementation plan states that ATCO will address the recommendations by 31 August 2023.

## **The ERA's assessment of the review findings**

While the ERA considers ATCO has an effective asset management system, there has been a slight deterioration in its asset management system since the last review in 2020 when two deficiencies were identified from the 58 criteria.

During the review period, ATCO improved its asset management practices in several areas, but the auditor also found that system had deteriorated in other areas and ATCO needs to resolve the deficiencies. The ERA does not consider these deficiencies to be material when measured against the auditor's assessment that ATCO's overall control environment for managing its assets is comprehensive and effective.

The deficiencies focus on reviewing and maintaining documents and systems and are relatively simple to address. For example, an internal view of ATCO's asset management plan is overdue and should be carried out as soon as possible.

The ERA will monitor ATCO's progress in completing the action items in its post-review implementation plan.

### **Further information**

General enquiries

Alex Kroon

Ph: 08 6557 7989

[info@erawa.com.au](mailto:info@erawa.com.au)

Media enquiries

Danielle Asarpota

Ph: +61 428 859 826

[media@erawa.com.au](mailto:media@erawa.com.au)