



Notice

17 November 2023

Rottnest Island Authority

2023 performance audit and asset management system review

The Economic Regulation Authority has published the 2023 [performance audit](#) and [asset management system review](#) reports and the [post-audit](#) and [post-review](#) implementation plans for Rottnest Island Authority's (RIA) electricity integrated regional licence EIRL3.

RIA operates 45 kilometres of 11 kV distribution line and 3.3 megawatts of generation capacity, comprising a mix of solar, wind and diesel, on Rottnest Island, 19 kilometres off the coast of Fremantle.

RIA services 25 small use business customers.¹ Each business also has residential premises on the island for its staff.

The ERA's decision

The ERA considers that RIA has achieved a high level of compliance with its licence and has decided to increase the audit period from 24 to 36 months. The next audit will cover the period 1 April 2023 to 30 March 2026, with the report due by 30 June 2026.

The ERA considers that while RIA has an effective asset management system, there is room for improvement and has decided to maintain the review period at 24 months. The next review will cover the period 1 April 2023 to 30 March 2025, with the report due by 30 June 2025.

Audit and review findings

Audit

The audit of the 297 licence obligations applicable to RIA found three non-compliances and no controls deficiencies. These relate to aging metering installations not complying with the *Electricity Industry (Metering) Code 2012*.

The auditor recommended that RIA update non-compliant metering installations. RIA has been progressively upgrading meters, as part of the WA Government's program for upgrades to the islands renewable and electrical infrastructure.²

The post-audit implementation plan states the recommendation will be resolved by December 2024.

¹ A 'small use customer' is a customer who consumes not more than 160 megawatt hours of electricity per year.

² More information on the State Electrical Network Upgrade Program can be found [online](#).

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 deficiencies.

The 12 processes are broken down into 58 effectiveness criteria and the auditor found five deficiencies across RIA's asset planning, asset disposal, environmental analysis and asset operations.

The deficiencies relate to RIA's risk management processes, including unclear procedures for updating risk assessments, potential inaccuracies in risk ratings on work orders and not maintaining the staff training matrix. Although performance standards were being achieved, the review found a decline in the overall performance of RIA's electricity assets, primarily due to ageing infrastructure.

The auditor made four recommendations to address the asset management system deficiencies. RIA has resolved two recommendations and a third relating to risk assessment will be addressed by December 2023. The remaining recommendation requires RIA to address performance standard benchmarking and will be monitored on an ongoing basis.

ERA's assessment of the audit and review findings

RIA had three minor non-compliances that did not impact customers and has been gradually replacing metering installations as part of ongoing infrastructure upgrades on the Island. As RIA has demonstrated a high level of compliance with its licence, the ERA has decided to increase the audit period to 36 months.

The review found that significant network upgrades are needed to address ageing infrastructure and improve reliability. While RIA has an effective management system, there is room for improvement and the ERA has decided to maintain the review period at 24 months.

The ERA will monitor RIA's progress in completing the action items in the post-audit and post-review implementation plans.

Further information

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