



Notice

18 December 2023

Western Power 2023 performance audit

The Economic Regulation Authority has published the 2023 [performance audit](#) report and [post-audit implementation plan](#) for the Electricity Networks Corporation's (trading as Western Power) electricity distribution licence EDL1 and electricity transmission licence ETL2.

Western Power is a statutory State-owned corporation that builds, operates and maintains the distribution and transmission network in the South West Interconnected System.

The ERA's decision

The ERA considers that Western Power has achieved a satisfactory level of compliance with its licence and has decided to maintain the audit period at 36 months. The next audit will cover the period 1 July 2023 to 30 June 2026, with the report due by 30 September 2026.

Audit findings

Non-compliances

The auditor assessed the 306 licence obligations applicable to Western Power and found 29 non-compliances and no control deficiencies. Western Power achieved similar levels of compliance to its 2020 audit.

The ERA nominated nine obligations for special focus in the audit. Obligations nominated for special focus are required to have a higher audit priority to ensure there is a more in-depth assessment of the licensee's processes and procedures. The focus was on repeat non-compliances from previous audits that could have affected customers.

The non-compliances found in the audit that could have had a material effect on customers were (including areas of special focus):

- Not connecting new customers and reconnecting existing customers in required timeframes.
- Not providing meter reading and data services to retailers within required timeframes.
- Disclosing wrong customer meter data to retailers.
- Customers across its network experienced more supply interruptions than the permitted standard in the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*.

Type 1 non-compliance

During the audit period, Western Power reported one Type 1 non-compliance.¹ The non-compliance was reported to the ERA in March 2023. Western Power breached the obligation by not adding or updating the email addresses of nine life support customers within the timeframe required by the *Code of Conduct for the Supply of Electricity to Small Use Customers 2022*.

Although Western Power had registered the supply addresses and other contact details of these customers, it used another process to update email addresses, which resulted in the delay and led to the non-compliance. The customers were not affected. Western Power has implemented a process to prevent future non-compliances (this was managed through a separate process by the ERA earlier in the year, following the notification by Western Power of the non-compliance).

More information about the Type 1 non-compliance is on the ERA's [website](#).

Auditor recommendations

The auditor made six recommendations to address 13 non-compliances. The auditor determined that the remaining 16 non-compliances did not require a recommendation due to Western Power addressing the non-compliances during the audit period through internal process improvements and strengthening policies and procedures.

The ERA will monitor Western Power's progress with implementing the proposed actions in the post-audit implementation plan and seek the first update in March 2024 with regular updates thereafter.

The ERA's assessment of the audit findings

The ERA considers that Western Power had adequate controls for most of its obligations during the audit period. The auditor found that Western Power has a strong compliance culture and internal compliance monitoring and reporting processes. For most obligations, the auditor found that Western Power's controls can be expected to ensure ongoing compliance as far as is reasonably practicable. This resulted in Western Power achieving relatively high compliance percentage rates with a large number of its obligations (more than 98%).

Western Power customers experienced more supply interruptions than the permitted standard. It did not meet the standard for various reasons, including extreme weather events. Western Power restored electricity supply to all affected customers as soon as practicable.²

The ERA acknowledges the challenges Western Power faced during the COVID-19 pandemic, which caused an increase in some non-compliances. For example, the pandemic caused a shortage of meter readers due to travel restrictions and border closures in Western Australia.

The continued rollout of advanced meters (smart meters) that can be remotely read should improve Western Power's performance against many of its obligations. As smart meters can be read remotely, they increase the number of actual readings (reducing estimated bills), enable network and meter faults to be detected more quickly, and allow customers to be reconnected more efficiently. Western Power expects to complete its smart meter rollout in 2027.

¹ Obligations rated Type 1 are obligations that may have a major effect on customers if they are breached. Licensees are required to notify the ERA of a Type 1 breach as soon as they become aware of it.

² In March 2023, the ERA published its [final decision](#) on Western Power's fifth access arrangement for the period 2022/23 to 2026/27. The decision approved \$9 billion in funding for Western Power over the five years, which includes capital expenditure to improve network reliability for customers.

Western Power has a substantial number of licence obligations to comply with and a large customer base of more than 1.2 million customer connections. This makes achieving a high level of compliance with some obligations challenging, even with robust controls. Nevertheless, there is scope for Western Power to improve, and the ERA will seek regular updates and information from Western Power on its progress with implementing the actions in its post-audit implementation plan.

Further information

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