

Walkaway Wind Power Pty Ltd

Final

Audit Report

For

2008 Performance Audit and
Asset Management System Review

Electricity Generation Licence EGL2

Audit Period 27th January 2006 to 31st January 2008

Audit Plan	Authorisation	Name	Position	Date
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Agreed by (Licensee)		Rene Kuypers	Regional Asset Manager Babcock & Brown Wind Partners (BBWP)	14/05/2008
Approved by (ERA)				

Issue	Revised By	Revision	Date
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Issue 3	Authorisation	Name	Position	Date
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APPENDIX 1 **WWP Performance Audit April 2008**

APPENDIX 2 **WWP Asset Management System Review April 2008**

Glossary of Terms

AMIS - Asset Management Information System
 AMP – Asset Management Plan
 AMS – Asset Management System
 BBWP – Babcock & Brown Wind Partners
 DDMC - Doug Davies Management Consulting
 EPC – Engineering Procurement Contract
 ERA – Economic Regulation Authority
 PB - PB Associates
 SCADA – Supervisory Control and Data Acquisition
 Vestas – Operations and Maintenance Contractor
 VSS – Vestas Service System
 WOM – Warranty Operations Maintenance Contract
 WWP - Walkaway Wind Power Pty Ltd

Reference Documents

Generating Licence EGL2
 Electricity Compliance Reporting Manual (May 2007) (ERA)
 Audit Guidelines – Electricity, Gas and Water Licences (September 2006) (ERA)

1.0 EXECUTIVE SUMMARY

Walkaway Wind Power Pty Ltd (WWP) engaged Doug Davies Management Consulting (DDMC) and PB Associates (PB) to undertake the first Performance Audit and Asset Management System Review as required by the Economic Regulation Authority (ERA/Authority) under generation licence EGL2. This combined report contains the audit findings for both the performance audit and Asset Management System Review.

The Performance Audit has been conducted in order to assess the licensee's level of compliance with the conditions of its licence.

Sections 13 & 14 of the Electricity Industry Act 2004 require as a condition of every licence that the licensee must, not less than once in every period of 24 months (or any longer period that the Authority allows) calculated from the grant of the licence, provide the Authority with a Performance Audit and Asset Management System Review conducted by an independent expert acceptable to the Authority.

The Authority approved the appointment of DDMC and PB on the 15th of April 2008 and subsequently required the development of an audit plan for ERA approval. Notification of the approval of the audit plan for the 2008 Performance Audit of Licence EGL2 was provided on the 15th of April 2008.

This audit plan has been executed as planned in accordance with the process flowchart for performance/operational audits and asset management system reviews as detailed in the Audit Guidelines – Electricity, Gas and Water Licences (September 2006).

The period for the audit and review is the 27th January 2006 to 31st January 2008 and the submission of this report before 30 April 2008 is evidence of compliance with the Authority's requirements.

The Asset Management System Review and the Performance Audit have been conducted in order to assess the effectiveness of the Walkaway Wind Power Pty Ltd Wind Farm Asset Management Systems and level of compliance with the conditions of the Generation Licence EGL2. Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that the Walkaway Wind Power Pty Ltd Wind Farm has an effective asset management system and has complied with its Generating Licence during the audit period 27th January 2006 to 31st January 2008.

This audit report is an accurate representation of the audit teams findings and opinions.

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1.1 Performance Audit Summary

The Audit Teams assessment of the compliance rating for each of the clauses of the Generating Licence EGL2 are summarised in the following table. A comprehensive report of the performance audit findings used to determine these ratings is included in Appendix 1.

Operational / performance audit compliance summary

Generating Licence Reference (Cl.=clause, Sch.=schedule)	Generation Licence Criteria	Likelihood	Consequence	Inherent Risk	Adequacy of existing controls	Compliance Rating				
						1	2	3	4	5
CL 1	Definitions									
CL 2	Grant of Licence	Unlikely	Major	High	Strong					✓
CL 3	Term	Unlikely	Major	High	Strong					✓
CL 4	Fees	Unlikely	Major	High	Moderate			✓		
CL 5	Compliance	Unlikely	Major	High	Strong				✓	
CL 6	Transfer of licence									
CL 7	Cancellation of Licence									
CL 8	Surrender of licence									
CL 9	Review of licence									
CL 10	Amendment of licence on application of the Licensee									
CL 11	Amendment of licence by the authority	Unlikely	Major	High	Strong					✓
CL 12	Expansion or Reduction of Generating Works, Distribution Systems and Transmission Systems									
CL 13	Accounting records	Unlikely	Major	High	Strong					✓
CL 14	Individual performance standards									
CL 15	Performance audit	Unlikely	Major	High	Strong				✓	
CL 16	Asset Management System	Unlikely	Major	High	Moderate			✓		
CL 17	Reporting	Unlikely	Major	High	Strong				✓	
CL 18	Provision of information	Unlikely	Major	High	Strong					✓
CL 19	Publishing Information	Unlikely	Major	High	Strong					✓
CL 20	Notices	Unlikely	Major	High	Strong					✓
CL 21	Review of Authorities decisions	Unlikely	Major	High	Strong					✓

Adequacy ratings for existing controls

Level	Description
3	Strong Strong controls that are sufficient for the identified risks
2	Moderate Moderate controls that cover significant risks; improvement possible
1	Weak Controls are weak or non-existent and have minimal impact on the risks

Operational/performance compliance rating scale

Compliance Status	Rating	Description of Compliance
Compliant	5	Compliant with no further action required to maintain compliance
Compliant	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance
Compliant	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance
Non-Compliant	2	Does not meet minimum requirements
Significantly Non-Compliant	1	Significant weaknesses and/or serious action required

For the following clauses of the licence there were no activities to audit and report on.

CL 1	Definitions
CL 6	Transfer of licence
CL 7	Cancellation of Licence
CL 8	Surrender of licence
CL 9	Review of licence
CL 10	Amendment of licence on application of the Licensee
CL 12	Expansion or Reduction of Generating Works, Distribution Systems and Transmission Systems
CL 14	Individual performance standards

Rating Type - Classification of Non-Compliance (Electricity Compliance Reporting Manual)

Rating Type	Classification of Non-Compliance	Criteria for Classification
1	Major	Classified on the basis that: (1) the consequences of non-compliance would cause major damage, loss or disruption to customers; or (2) the consequences of non-compliance would endanger or threaten to endanger the safety or health of a person
2	Moderate	Classified on the basis that: (1) the consequences of non-compliance impact the efficiency and effectiveness of the licensee's operations or service provision but do not cause major damage, loss or disruption to customers; or (2) the regulatory obligation is not otherwise classified as a Type 1 or TYPE NR non-compliance
NR	Minor	Classified on the basis that: (1) the consequences of non-compliance are relatively minor - i.e. non-compliance will have minimal impact on the licensee's operations or service provision and do not cause damage, loss or disruption to customers (2) compliance with the obligation is immeasurable; or (3) the non-compliance is required to be reported to the Regulator under another instrument, guideline or code; or (4) the non-compliance is identified by a party other than the licensee, or (5) the licensee only need to use its reasonable endeavours or best endeavour to achieve compliance or where the obligation does not otherwise impose a firm obligation on the licensee
		Reclassification of Type NR as a Type 2 may occur in circumstances of (1) systemic non-compliance; or (2) a failure to resolve non-compliance promptly

1.2 Asset Management System Review Summary

The Asset Management System established by Walkaway Wind Power Pty Ltd is effective in the maintenance of the assets. However the system is in a commissioning phase as the plant and equipment are currently under warranty requirements and the maintenance and operational aspects are implemented by Vestas under the WOM agreement.

Planning evidence for future amendments to the asset management system were sighted and provide the audit team with assurance that continual improvement of the environment for the management of assets will be maintained at the wind farm. The nature of the current EPC contract also provides the environment for an effective asset management system as the key driver is availability targets.

The Audit Teams assessment of the effectiveness ratings for each key process in the licensee's Asset Management System are summarised in the following table. A comprehensive report of the audit findings is included in Appendix 2.

Asset management effectiveness summary

ASSET MANAGEMENT SYSTEM	Not performed	Performed informally	Planned and tracked	Well defined	Quantitatively controlled	Continuously improving
Process Effectiveness rating	0	1	2	3	4	5
Asset planning				✓		
Asset creation/ acquisition	✓					
Asset disposal					✓	
Environmental analysis				✓		
Asset operations				✓		
Asset maintenance				✓		
Asset Management Information System					✓	
Risk management				✓		
Contingency planning				✓		
Financial planning					✓	
Capital expenditure planning					✓	
Review of AMS				✓		

Asset Management System Effectiveness Rating

Effectiveness	Rating	Description
Continuously improving	5	Continuously improving organisation capability and process effectiveness
Quantitatively controlled	4	Measurable performance goals established and monitored
Well-defined	3	Standard processes documented, performed and coordinated
Planned and tracked	2	Performance is planned, supervised, verified and tracked
Performed informally	1	Base practices are performed
Not performed	0	Not performed (indicate if not applicable)

2.0 PERFORMANCE AUDIT**2.1 Performance Audit Scope**

This is the first ERA compliance audit conducted at WWP Pty Ltd to determine compliance with obligations relating to Generation Licence EGL2.

The scope of the audit was to:

- assess the license holder's internal compliance systems
- assess the license holder's compliance with its license

For the period - 27th of January 2006 to the 31st of January 2008

The Authority's Electricity Compliance Reporting Manual May 2007 was used as the performance criteria for the compliance elements.

This is the first performance audit conducted since the issue of the licence and therefore previous ERA audit report findings are not relevant to the content of the audit report.

The performance audit was conducted during April 2008 by Doug Davies (Lead Auditor) and Mick Walbank (Technical Expert) and included audit planning, a 2 day site audit, desktop review and interview sessions and reporting.

The Australian Asset Manager BBWP, Regional Asset Manager BBWP and the Vestas Regional Manager and Site Supervisor participated in the performance audit.

The key documents and other information sources are detailed within appendix 1.

The Performance Audit was conducted and reported in the following stages as defined by the Audit Guidelines. The stages, auditor hours and the appropriate audit guide/tool are detailed below;

Stage	Auditor	Hours	Relevant Auditing Standard
1. Risk & Materiality Assessment Outcome - Operational/ Performance Audit Plan	Doug Davies Mick Walbank	12 2	AUS 302: Planning AUS 402: Risk Assessments and Internal Controls AUS 808: Planning Performance Audits AS/NZS ISO 19011:2003: Guidelines for quality and/or environmental management systems auditing (i.e. consistent with AUS 302) AS/NZS 4360:2004: Risk Management
2. System Analysis	Doug Davies Mick Walbank	4 4	AS/NZS 9004:2000: Quality Management Systems – Guidelines for performance improvements AUS 810: Special Purpose Reports on Effectiveness of Control Procedures AS 3806-2006: Compliance Programs
3. Fieldwork Assessment and testing of; <ul style="list-style-type: none"> • The control environment • Information system • Compliance procedures • Compliance attitude 	Doug Davies Mick Walbank	8 8	AUS 502: Audit Evidence AUS 806: Performance Auditing

Stage	Auditor	Hours	Relevant Auditing Standard
4. Reporting	Doug Davies Mick Walbank	12 6	AS/NZS ISO 19011:2003: Guidelines for quality and/or environmental management systems auditing (i.e. consistent with AUS 302) AUS 806: Performance Auditing

The intent of subsequent audits and reviews will be to assess the implementation of recommendations in the previous audit / review and measure performance over time.

2.2 Performance Audit Objective

The objective of the performance audit, as defined by the Audit Guidelines, was to assess the effectiveness of measures taken by the licensee to meet obligations of the performance and quality standards referred to in the licence.

In addition to compliance requirements, the audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The audit outcome was to identify areas of non-compliance and areas of compliance where improvement is required and recommend corrective action as necessary.

2.3 Performance Audit Method

A risk assessment, assessment of control environment and allocation of audit priority was undertaken in accordance with the Audit Guidelines – Electricity, Gas and Water Licences (September 2006) on each element relating to Generation licensee's of the Electricity Compliance Reporting Manual May 2007 issued by the Authority. It was the opinion of the audit team that this approach would provide an effective assessment of compliance due to each licence condition being incorporated into the document.

The Electricity Compliance Reporting Manual (May 2007) specifically classifies each licence condition according to non-compliance rating. The Generation Licence held by WWP Pty Ltd results in only Minor and Moderate Ratings for non-compliance, there are no Major ratings classified (Refer page 5 Rating Type - Classification of Non-Compliance).

In order to focus the audit effort and identify areas for testing and analysis a preliminary assessment of the risk and materiality of non-compliance with the Generation Licence was undertaken in accordance with the requirements of AS/NZS4360 Risk Management, Section 5.3 and Appendix 1 of the Audit Guidelines. This assessment rating was reviewed during the audit process subject to the verification of the control environment. The pre-assessment ratings for the adequacy of existing controls for Clause 4 and clause 16 of the generating licence were amended to moderate as a result of the audit process.

Performance Audit Findings, Corrective Actions and Post Audit Implementation Plan

Ref	Description	Effectiveness	Corrective Action	Post Audit Implementation Plan
81	A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.	Review is now being undertaken and will be completed within the prescribed time. However, the implementation of the audit was reactionary to a note sent by the ERA and not planned.	Identify compliance requirement in the compliance manual. Include audit schedule dates.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008

Ref	Description	Effectiveness	Corrective Action	Post Audit Implementation Plan
83	A licensee must notify details of the asset management system and any substantial changes to it to the Authority.	The original application 'ERA-APP for generation licence September 05.pdf' sighted which contained the asset management plan. The latest asset management plan was sighted on site version 'Service plan and check list V82; No: CHL 8000447; number 21311'. No significant changes has been identified between the original and the current version	Identify compliance requirement in the compliance manual i.e. The authority must be notified of substantial changes.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008
84	A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	Review is currently underway by PB and DDMC	Identify compliance requirement in the compliance manual. Include audit schedule dates.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008
85	A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence.	Licence granted on 27 January 2006 and the requirement is for the invoices to be paid by 28 February of each year. Invoices for 2006 and 2007 period were sighted. The 2006 invoice - Inv No 074 - was issued by ERA on 08 February 2006 and authority to pay was given on 01 March 2006. The 2007 invoice - Reference ERA005 - was issued on 15 May 2007 and authorised to pay on 02 July 2007. The requirement is to pay the invoice within one month of the licence being granted, however this does not appear to have occurred. A grading of 3 is given as all invoices have been paid, abet late.	Identify compliance requirement in the compliance manual. Include payment dates as part of the schedule of events	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008
86	A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	Review of the Service Management Plan (SMP). The SMP provides an overview of systems in place at WWP for the safe management and control of incidents that are likely to occur. The latest version was issued on 10/05/2007, but some of the contact details are out of date.	Annual review of the details within the SMP. Include review dates as part of the schedule of events.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008
429	A user must, after becoming aware of any change in a site's prescribed attributes, notify the network operator of the change within the timeframes prescribed.	WWP has not changed any of the site attributes. However, we did not identify a process in place to ensure that the timeframes would be met.	Identify compliance requirement in the compliance manual. Include timeframes in the schedule of events to ensure regulatory timeframes are met.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008

Ref	Description	Effectiveness	Corrective Action	Post Audit Implementation Plan
469	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.	Western Power is the metering service provider on behalf of WWP. However, we did not identify any process in place to ensure that the details would reach the operator in the prescribed time.	Identify compliance requirement in the compliance manual. Include timeframes in the schedule of events to ensure regulatory timeframes are met.	Develop and implement the compliance manual. Responsibility: Regional Asset Manager Due Date: 30 September 2008

The Post Audit Plan has been developed by the audit team in consultation with the licensee. Approval of the report endorses the content of the post audit plan and assessment of the implementation of the actions will be included in the next audit.

3.0 ASSET MANAGEMENT SYSTEM EFFECTIVENESS REVIEW

3.1 Scope of the AMS Review

The AMS review has been established as a requirement of the current Generating Licence issued by the Economic Regulation Authority to Walkaway Wind Power Pty Ltd.

The scope of the AMS review included an assessment of the adequacy and effectiveness of the Walkaway Wind Power Pty Ltd asset management system during the audit period 27th January 2006 to 31st January 2008.

The assessment was based on the evaluation of the following elements of the AMS

1. Asset Planning
2. Asset creation/acquisition
3. Asset disposal
4. Environmental analysis
5. Asset operations
6. Asset maintenance
7. Asset management information system
8. Risk management
9. Contingency planning
10. Financial planning
11. Capital expenditure planning
12. Review of asset management system

This is the first Asset Management System Review conducted since the issue of the licence and therefore previous ERA audit report findings are not relevant to the content of the audit report.

The AMS review was conducted during April 2008 By Doug Davies (Lead Auditor) and Mick Walbank (Technical Expert) and included audit planning, a 2 day site audit, desktop review and interview sessions and reporting.

The Australian Asset Manager BBWP, Regional Asset Manager BBWP and the Vestas Regional Manager and Site Supervisor participated in the AMS Review.

The key documents and other information sources are detailed within appendix 2.

The AMS review was conducted and reported in the following stages as defined by the Audit Guidelines. The stages, auditor hours and the appropriate audit guide/tool are detailed below;

Stage	Auditor	Hours	Relevant Auditing Standard
1. Risk & Materiality Assessment Outcome - Operational/ Performance Audit Plan	Doug Davies Mick Walbank	12 2	AUS 302: Planning AUS 402: Risk Assessments and Internal Controls AUS 808: Planning Performance Audits AS/NZS ISO 19011:2003: Guidelines for quality and/or environmental management systems auditing (i.e. consistent with AUS 302) AS/NZS 4360:2004: Risk Management

Stage	Auditor	Hours	Relevant Auditing Standard
2. System Analysis	Doug Davies Mick Walbank	4 4	AS/NZS 9004:2000: Quality Management Systems – Guidelines for performance improvements AUS 810: Special Purpose Reports on Effectiveness of Control Procedures AS 3806-2006: Compliance Programs
3. Fieldwork Assessment and testing of; <ul style="list-style-type: none"> • The control environment • Information system • Compliance procedures • Compliance attitude 	Doug Davies Mick Walbank	8 8	AUS 502: Audit Evidence AUS 806: Performance Auditing
4. Reporting	Doug Davies Mick Walbank	12 6	AS/NZS ISO 19011:2003: Guidelines for quality and/or environmental management systems auditing (i.e. consistent with AUS 302) AUS 806: Performance Auditing

The intent of subsequent audits and reviews will be to assess the implementation of recommendations in the previous audit / review and measure performance over time.

3.2 Objective of the Asset Management System Review

The objective of the review was to assess the

- Effectiveness of the processes used by Walkaway Wind Power Pty Ltd to provide asset management
- Information systems supporting asset management activities
- Data and knowledge used to make decisions about asset management.

These elements were reviewed from a life cycle perspective i.e. planning, construction, operation, maintenance, renewal, replacement and disposal using the guidelines developed by the Economic Regulation Authority (ERA).

3.3 Asset Management System Review Method

The audit method detailed in Appendix 1 & 2 of the Audit Guidelines – Electricity, Gas and Water Licences (September 2006) was used to conduct the Asset Management System Review and the results are detailed in Appendix 2 of this report

The audit elements for the Asset Management System Review followed the key processes in an asset management lifecycle as defined in the Audit Guidelines;

1. Asset Planning
2. Asset creation/acquisition
3. Asset disposal
4. Environmental analysis
5. Asset operations
6. Asset maintenance

7. Asset management information system
8. Risk management
9. Contingency planning
10. Financial planning
11. Capital expenditure planning
12. Review of asset management system

Asset Management System Effectiveness Rating

A 6 point rating scale was used as defined in the Audit Guidelines to evaluate the effectiveness of the Asset Management System.

Effectiveness	Rating	Description
Continuously improving	5	Continuously improving organisation capability and process effectiveness
Quantitatively controlled	4	Measurable performance goals established and monitored
Well-defined	3	Standard processes documented, performed and coordinated
Planned and tracked	2	Performance is planned, supervised, verified and tracked
Performed informally	1	Base practices are performed
Not performed	0	Not performed (indicate if not applicable)

AMS Review Findings, Corrective Actions and Post Audit Implementation Plan

Ref	Details/Requirements	Effectiveness	Corrective Action	Post Audit Implementation Plan
1.1	Integration of asset strategies into operational or business plans will establish a framework for existing and new assets to be effectively utilised and their service potential optimised.	The Australian Asset Management Plan defines the strategy of the business and how the strategy will be implemented at each development stage. The Operational Plan and the System Management Plan (Vestas) support the Australian Asset Management Plan. These documents identify how the assets (i.e. WWP) will be managed. The documents are aligned with the overall business strategy. The Australian Asset Management Plan is well defined, but out of date (dated December 2006). The Operational Plan is also well defined but is currently in draft format. The System Management Plan was recently updated (10-4-2008). All the documents are available and clearly articulate the strategy of the business, but two of the documents require updating.	Update the Australian Asset Management Plan and update the Operational Plan	Review Australian Asset Management Plan and the Operational Plan annually and incorporate amendments. Responsibility: Regional Asset Manager. Due Date: 30 September 2008

Ref	Description	Effectiveness	Corrective Action	Post Audit Implementation Plan
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning	The Australian Asset Management Plan in conjunction with the Operational Plan identifies the needs of the stakeholders and addresses how the business will meet the needs of the stakeholders. Both plans address the needs of the financial stakeholders (shareholders) and the needs of the stakeholders pertinent to the site (for example landowners). However, the Australian Asset Management Plan was completed in December 2006 and is in the process of being updated. The Operational Plan is in draft form. Both plans define the needs of the stakeholders, but require updating.	Update the Australian Asset Management Plan and update the Operational Plan	Review Australian Asset Management Plan and the Operational Plan annually and incorporate amendments. Responsibility: Regional Asset Manager. Due Date: 30 September 2008
1.5	Lifecycle costs of owning and operating assets are assessed	Vestas are the contracted operator and maintenance manager for the wind farm. Under this contract, lifecycle costs are the responsibility of Vestas. The contract commenced on 26 January 2006 and is in place for a five year period. The life cycle costs are currently being accessed to establish the costs on completion of the five year WOM contract.	Complete the life cycle costs to cover the period after the five year WOM contract	Review and determine the life cycle costs to cover the period after the five year WOM contract. Responsibility: Regional Asset Manager. Due Date: 30 April 2009
1.6	Funding options are evaluated	Vestas are the contracted operator and maintenance manager for the wind farm. Under this contract, funding options are agreed for the five year period. In the contract services levels are specified and performance requirements are stated. The contract commenced on 26 January 2006 and is in place for a five year period.	Complete the funding options for the period after the completion of the WOM	Review and determine the funding options for the period after the completion of the WOM. Responsibility: Regional Asset Manager. Due Date: 30 April 2009
1.7	Costs are justified and cost drivers identified	Vestas are the contracted operator and maintenance manager for the wind farm. Under this contract, funding options are agreed for the five year period. In the contract service levels are specified and performance requirements are stated. The contract commenced on 26 January 2006 and is in place for a five year period.	Identify cost drivers for the period after the completion of the WOM	Review and determine cost drivers for the period after the completion of the WOM. Responsibility: Regional Asset Manager. Due Date: 30 April 2009
1.9	Plans are regularly reviewed and updated	The Service Management Plan (SMP) is reviewed on an annual basis. This is supported with a third party audit - the last third party audit was in December 2006. The 2007 third party audit was deferred as audit recommendations were not completed. Turbine Service manuals are updated on a monthly basis by Vestas. The information is supplied via CD.	Schedule and conduct a third party audit.	Schedule and conduct an audit of site operation and follow up previous audit recommendations. Responsibility: Regional Asset Manager. Due Date: June 2008

Ref	Details/Requirements	Effectiveness	Corrective Action	Post Audit Implementation Plan
4.4	Compliance with statutory and regulatory requirements	Compliance with statutory and regulatory compliance is a requirement of the maintenance agreement. We did not identify any process for ensuring that statutory or regulatory requirements were met, but we did not have any reason to doubt that they were being met.	Create a compliance manual that includes proactive confirmation that regulatory and statutory requirements are met	Develop and implement the compliance manual. Responsibility: Regional Asset Manager. Due Date: 30 September 2008
5.2	Operational policies and procedures are documented and linked to service levels required	The maintenance service provider did present a documented procedure that was linked to the operational policies. We were able to confirm that the scheduled maintenance periods were being applied. However, some of the completed maintenance schedules were incomplete or missing.	Ensure documentation is available to support the regular inspections conducted.	Review and implement the record management system. Responsibility: Regional Asset Manager Due Date: 30 June 2008
5.3	Risk management is applied to prioritise operations tasks	<p>The SCADA system allows for real time monitoring of the wind turbine generators. This is monitored and the site supervisor is able to prioritise work to ensure that the risk and service level is maintained.</p> <p>However, we examined environmental aspects, OH&S, vehicles, harnesses, calibration and electrical testing and found some of the documentation to be lacking.</p> <p>Environmental Aspects - we found that there had been an oil spill on site. Appropriate measures and documentation were in place, but we found that two additional spills had occurred, but not recorded. Therefore we are unable to ascertain if the appropriate response had occurred or the extent of the spill and what the response should be.</p> <p>We note that temporary storage was brought in for oil. A requirement of oil storage is that there is sufficient bunds in place to hold the oil should a leak occur. In our opinion the bunding for the current storage is insufficient for the volume of stored oil.</p> <p>We also noted that temporary bunds are being used on site, however, the bunds are outside and at risk to overflow should it rain.</p> <p>Harnesses - monthly checks are completed on harnesses and the test sheets were stored and made available, this is an appropriate proactive move to ensure that harnesses are suitable for the task. However, we were not able to identify if all the harnesses were tested as there was no single register or</p>	Introduce appropriate checks and processes to ensure that the site meets environmental, electrical and other requirements.	Schedule and conduct an audit of site operation to follow up previous audits and identify areas requiring improvement. Responsibility: Regional Asset Manager. Due Date: June 2008

		<p>reconciliation to ensure that all the harnesses had been tested.</p> <p>Calibration - we were shown a list of calibrated equipment on site, this was reconciled against a list of items that needed testing. However, we found one minor issue where a recently tested item had returned from calibration, but the 'date of next test' had not been completed. Therefore a user of the equipment would not be able to confirm that they were using an appropriately calibrated meter.</p> <p>Internal auditing process - we were not able to identify that any internal audits had been conducted nor was there a schedule to identify when the audits were due. A site inspection had been carried out on 10/04/08, but this does not meet the requirements of an internal audit</p> <p>Vehicles - we were shown monthly check sheet for all the vehicles that are undertaken by the staff, but the vehicle log books were not available for inspection, so we were not able to establish when the vehicles were last maintained inspected.</p> <p>Electrical testing - portable appliance tests are conducted on site, but we were not able to identify a single register of equipment on site. Additionally, on a brief inspection of the site we identified several items that had not been tested.</p>		
5.6	Staff receive training commensurate with their responsibilities	<p>Staff knowledge - we were not able to establish how the knowledge of the staff was documented and recorded. We did not view the following: Training matrix identifying training and training needs, training records and records of competencies (i.e. qualified electrician). It was reported that copies were kept at the main office in Melbourne and were not accessible from site.</p>	Copies of relevant Position descriptions, records of competencies, training needs and training records to be maintained on site.	<p>Vestas to provide a copy of these documents immediately and maintain copies on site.</p> <p>Responsibility: Regional Asset Manager.</p> <p>Due Date: May 2008</p>
6.3	Regular inspections are undertaken of asset performance and condition	<p>The service provider undertakes regular inspections of the assets under the WOM. On inspecting the documentation to support that the inspections had been undertaken, we found gaps in the records. We examined 10 Wind turbine files and found that the documentation for the tests that had been undertaken in the last 4 months were not present, but were stored in a different place. We also found 2 missing reports that could not be located.</p>	Ensure documentation is available to support the regular inspections conducted.	<p>Review and implement the record management system.</p> <p>Responsibility: Regional Asset Manager.</p> <p>Due Date: 30 June 2008</p>

Ref	Details/Requirements	Effectiveness	Corrective Action	Post Audit Implementation Plan
7.1	The asset management information system provides authorised, complete and accurate information for the day-to-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.	Vestas maintain an Asset Management information System linked to their head office in Melbourne and Denmark. The database (VSS) collates information on all the assets as replaced assets can only be ordered from the head office. As Vestas are the contracted maintenance service provider we were not able to review the details within the database, but we were able to review the datasheets used prior to the information being entered into the system. From the review of the check lists, we found that some of the original check lists were incomplete or missing. Therefore, we were unable to verify that the AMIS system would have been completed accurately.	Ensure documentation is available to support data entry requirements and data entry is verified and recorded.	Review and implement the record management system. Responsibility: Regional Asset Manager Due Date: 30 June 2008
7.3	Input controls include appropriate verification and validation of data entered into the system	We were not able to review the AMIS system as this is an internal process for Vestas. However, Vestas are under contract (WOM) to provide measurable services, which are monitored by WWP. We do note that check lists used during maintenance events were incomplete or missing from the file. Although we do not doubt that the maintenance was undertaken, but we are not able to confirm that the data entered into the database was complete.	Ensure documentation is available to support data entry requirements and data entry is verified and recorded.	Review and implement the record management system. Responsibility: Regional Asset Manager. Due Date: 30 June 2008
7.8	Management reports appear adequate for the licensee to monitor licence obligations	On review, we were not able to establish if a management report has been generated that records and identifies licence obligations. We understand that notification of a licence breaches is received from the Regulator (ERA) and this breach is then investigated and resolved. (For example a voltage drop occurred and WWP did not perform as expected). We do acknowledge that any identified licence breach is addressed and remediated by WWP in the appropriate timescales.	Create a compliance manual	Develop and implement the compliance manual. Responsibility: Regional Asset Manager. Due Date: 30 September 2008
8.2	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system	The current risk management policies are governed by the maintenance service provider and monitored via the WOM. WWP monitor the output and allow the maintenance service provider to control their own systems. The post warranty risks (3 years away) are currently under review for the development and implementation of a maintenance program at the appropriate time.	Determine post warranty risks and prepare for handover at end of warranty period.	Review post warranty risks and prepare for handover in 3 years. Responsibility: Regional Asset Manager Due Date: 30 April 2009

Ref	Details/Requirements	Effectiveness	Corrective Action	Post Audit Implementation Plan
8.3	Risks are documented in a risk register and treatment plans are actioned and monitored	The SMP contains the risk register in relation to hazards and environmental aspects and documents the associated risks and the relevant controls in place to mitigate the risk. A JSEA (Job safety, environmental analysis) is developed for high risk activities. Environmental and Safety inspection checklists were available but not conducted regularly.	Conduct regular environmental and safety inspections and record and action results	Schedule and conduct regular environmental and safety inspections and record and action results to ensure hazards and aspects are controlled. Responsibility: Regional Asset Manager Due Date: 30 September 2008
9.2	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	We were able to identify that the contingency plans were documented and understood but we were not able to confirm that they had been tested to confirm the operability to cover higher risks.	Conduct test emergency plans and record effectiveness	Schedule and conduct test emergency plans to verify effectiveness and record and analyse results. Responsibility: Regional Asset Manager Due Date: 30 June 2008
12.1	Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency.	We reviewed the Asset Management Plan and we note that it is currently out of date and in draft format although the information appears to be relevant and accurate and is comprehensive.	Update the AMP	Review Australian Asset Management Plan annually and incorporate amendments. Responsibility: Regional Asset Manager. Due Date: 30 September 2008
12.2	A review process is in place to ensure that the Asset Management Plan and the Asset Management System described therein are kept current.	We were not able to establish a review process to ensure that the AMP and the AMS are kept up to date.	Update the AMP	Review Australian Asset Management Plan annually and incorporate amendments. Responsibility: Regional Asset Manager. Due Date: 30 September 2008

The Post Audit Plan has been developed by the audit team in consultation with the licensee. Approval of the report endorses the content of the post audit plan and assessment of the implementation of the actions will be included in the next audit.

This report is prepared by representatives of DDMC Pty Ltd and PB ASSOCIATES in relation to the above named client's conformance to the nominated audit standard(s). Audits are undertaken using a sampling process and the report and its recommendations are reflective only of activities and records sighted during this audit process. DDMC Pty Ltd and PB ASSOCIATES shall not be liable for loss or damage caused to or actions taken by third parties as a consequence of reliance on the information contained within this report or its accompanying documentation.