

NOTICE

Notice to Rectify Contraventions of Electricity Licence

Rottnest Island Authority

The Economic Regulation Authority has served notice on the Rottnest Island Authority (RIA) to rectify several contraventions that have been identified under the RIA's Integrated Regional Electricity Licence (EIRL3).

Under the *Electricity Industry Act 2004* (Act), the RIA must provide the Authority with a Performance Audit (Audit) and Asset Management System Review (Review) Report. An audit and review report was prepared for the RIA by an independent expert (Qualeng) and submitted to the Authority on 19 September 2008. It included a post-audit implementation plan which detailed Qualeng's recommendations and the RIA's corresponding proposed actions.

The Authority has considered the report, which is available on its [web site](#), and believes that the RIA has contravened clauses 24.1 and 5.1 of its electricity licence.

Clause 24.1 of the licence states:

The licensee must provide for, and notify the Authority of, an asset management system in relation to the generating works and, distribution systems within 2 business days from the commencement date or from the completion of construction of the generating works or, distribution systems, whichever is later.

The post-audit implementation plan documents a breach of this clause, which is that the asset management system is still being developed and needs to be completed. The commencement date stated in the Licence is 21 June 2006.

Clause 5.1 of the RIA's licence states:

Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation including, but not limited to, the Electricity Industry Customer Transfer Code 2004, the Reliability and Quality of Supply Code 2005, the Electricity Industry Metering Code and the Code of Conduct for the Supply of Electricity to Small Use Customers 2004.

The post-audit implementation plan also identified several areas where the RIA had not complied with "applicable legislation", as defined in its licence.

In accordance with section 32(1) of the Act, the Authority has served notice to the RIA requiring it to rectify the licence contraventions by 31 March 2009. A copy of the section 32(1) notice can be obtained from the Authority's [web site](#).

If the RIA does not comply with the notice, the Authority may, in accordance with the Act, do one or more of the following:

- (a) serve a letter of reprimand on the RIA;
- (b) order it to pay a penalty of up to \$100,000;
- (c) have the contravention rectified to the Authority's satisfaction (at the RIA's expense).

For further information contact:

General Enquiries

Mr Paul Reid
Assistant Director Monitoring
Ph: 61 8 9213 1900
Fax: 61 8 9213 1999

Media Enquiries

Mr Paul Byrne
Byrne & Byrne Corporate Communications
Ph: 61 8 9336 2081
Mb: 0417 922 452

LYNDON ROWE
CHAIRMAN

13 November 2008