

EDL NGD (WA)
2008 Electricity Integrated Regional Licence
Performance Audit Report

30 January 2009

Mr Mike Espenschied
Team Leader Asset Management Planning
Energy Developments Limited
PO Box 4046
Eight Mile Plains QLD 4113

30 January 2009

Dear Mr Espenschied

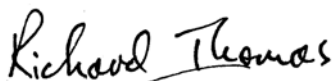
2008 Performance Audit Report – Electricity Integrated Regional Licence EIRL1

We have completed the Electricity Integrated Regional Licence Condition Performance Audit for EDL NGD (WA) Pty Ltd for the period 12 August 2005 to 31 July 2008 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin on 9365 7236 or myself on 9365 7024.

Yours sincerely



Richard Thomas
Partner

Contents

| | | |
|-----|--|----|
| 1 | Executive summary | 4 |
| 1.1 | Introduction and background | 5 |
| 1.2 | Independent auditor's report | 5 |
| 1.3 | Conclusion | 6 |
| 1.4 | EDL's response to previous audit recommendations | 8 |
| 1.5 | Findings | 8 |
| 1.6 | Recommendations and post audit implementation plans | 9 |
| 1.7 | Scope and objectives | 12 |
| 1.8 | Approach | 12 |
| 2 | Summary of findings | 13 |
| 3 | Detailed findings, recommendations and post audit implementation plans | 19 |
| 3.1 | Obligations not applicable | 44 |
| | Appendix A – Audit plan | 54 |
| | Appendix B – References | 55 |

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 140 countries, Deloitte brings world class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's 150,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

About Deloitte Australia

In Australia, Deloitte has 12 offices and over 4,500 people and provides audit, tax, consulting, and financial advisory services to public and private clients across the country. Known as an employer of choice for innovative human resources programs, we are committed to helping our clients and our people excel. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities. For more information, please visit Deloitte's web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Confidential - this document and the information contained in it are confidential and should not be used or disclosed in any way without our prior consent.

© Deloitte Touche Tohmatsu. January, 2009. All rights reserved.

1 Executive summary

1.1 Introduction and background

The Economic Regulation Authority (**the Authority**) has under the provisions of the Electricity Industry Act 2004 (**the Act**), issued to EDL NGD Pty Ltd (WA) (**EDL**) an Electricity Integrated Regional Licence (**the Licence**). The Licence relates to EDL's operation of electricity generating works in the locations of Broome, Derby, Fitzroy Crossing, Halls Creek and Looma, plus underground cabling between the Broome Power Station and Broome Substation. These power facilities are collectively referred to as the West Kimberley Power Project (**WKPP**). Through a formal Power Purchase Agreement (**PPA**) relevant to the WKPP, EDL has contractual obligations to supply electricity to Horizon Power.

Section 13 of the Act requires EDL to provide the Authority with an audit (**the audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or any longer period that the Authority allows). In August 2007 the Authority extended the period to be covered by the audit to the 36 month period ending 31 July 2008.

1.2 Independent auditor's report

With the Authority's approval, Deloitte Touche Tohmatsu (**Deloitte**) was engaged to conduct a reasonable assurance audit of EDL's compliance with the conditions of its Licence. The audit was conducted in accordance with the specific requirements of the Licence and the *Audit Guidelines: Electricity, Gas and Water Licences* issued by the Authority (**Audit Guidelines**).

This is the first such audit conducted in accordance with EDL's Licence requirements.

EDL's responsibility for compliance with the conditions of the Licence

EDL is responsible for:

- putting in place policies, procedures and controls, which are designed to ensure compliance with the conditions of the Licence
- implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority.

Our responsibility

Our responsibility is to express a conclusion on EDL's compliance with the conditions of the Licence based on our procedures. We conducted our engagement in accordance with the Audit Guidelines and Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, the conditions of the Licence have been complied with. Our engagement provides reasonable assurance as defined in ASAE 3100. Our procedures were set out in the Audit Plan reviewed and agreed with by the Authority, and set out in Appendix A.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, readers

of our reports should not rely on the report to identify all potential instances of non-compliance which may occur.

Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

Limitations of use

This report is made solely to the management of EDL in accordance with our engagement letter dated 20 June 2008, for the purpose of their reporting requirements under section 13 of the Act. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of EDL, or for any purpose other than that for which it was prepared. We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Inherent limitations

Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

1.3 Conclusion

In our opinion, based on the procedures performed, except for the effect of any issues and recommendations set out below, EDL has in all material respects complied with the conditions of its Licence for the period 12 August 2005 to 31 July 2008.

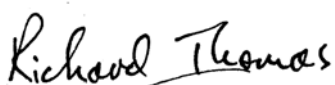
1.3.1 Exceptions

The following performance criteria were assessed as non-compliant (rating 2):

| Reporting manual no. & Licence condition | Issue |
|--|---|
| 83 | <p><i>Electricity Industry Act section 14(1)(b), Licence condition 16.1</i> - A licensee must notify details of the asset management system and any substantial changes to it to the Authority.</p> <p>This licence condition required EDL to notify the Authority of its asset management system within two days of completion of construction, which occurred for each of the generating works prior to May 2007. EDL did not notify the Authority of details of its asset management system until June 2007, through the provision of the WKPP Asset Management Plan (AMP).</p> <p>EDL has since developed a WKPP reporting notification matrix, which details each of its reporting requirements under its Licence.</p> |

| Reporting manual no. & Licence condition | | Issue |
|--|---|--|
| 347 | <i>Metering Code clause 4.2(1)</i> - A network operator must ensure that its registry complies with the Code and the prescribed clause of the market rules. | During the period subject to audit, EDL had not maintained a registry for the standing data relevant to the WKPP Broome metering points. Relevant information/data held by EDL was fragmented and not complete. |
| 348 | <i>Metering Code clause 4.3(1)</i> - The standing data for a metering point must comprise at least the items specified. | Subsequently, EDL established a registry in spreadsheet form. At the time of our audit, the registry was substantially complete, however two items of standing data had not been recorded. |
| 385 | <i>Metering Code Clause 5.20(1)</i> - A network operator must, within 6 months from the date this Code applies to the network operator, develop, in accordance with the communication rules, an energy data verification request form. | EDL has not prepared an energy data verification form. We acknowledge that Horizon Power is the only code participant relevant to EDL's Licence activities. In accordance with the established PPA, Horizon Power utilises check meters to validate meter data and is in a position to communicate directly with EDL in circumstances where energy data requires verification. |

DELOITTE TOUCHE TOHMATSU



Richard Thomas
Partner
Perth, January 2009

1.4 EDL's response to previous audit recommendations

As this is the first audit under this Licence, there are no previous audit recommendations to which EDL can respond.

1.5 Findings

The following table summarises the assessments made by the audit on EDL's compliance with the obligations of the Licence. On scale of 1 to 5, 5 is the highest rating possible (compliant with no recommendations for strengthening controls) with the rating scale moving down through lower levels of compliance. Refer to **Table 2** in the "Summary of findings" section of this report for a description of the compliance rating scale applied.

Table 1: Summary of findings, by audit priority¹ and compliance rating

| No. of Obligations | N/A ² | Compliance Rating | | | | | | |
|--------------------|------------------|------------------------|---|----------|---|-----------|-----------|------------|
| | | Not rated ³ | 1 | 2 | 3 | 4 | 5 | Total |
| Priority 3 | 53 | 1 | | | | | | 1 |
| Priority 4 | | 32 | | 4 | | 11 | 45 | 92 |
| Priority 5 | | 7 | | | | | 16 | 23 |
| Total | | 40 | | 4 | | 11 | 61 | 116 |

Specific assessments for each licence obligation are summarised at **Table 3** in the "Summary of findings" section of this report.

Detailed findings, including relevant observations, recommendations and post audit implementation plans are located in the "Detailed findings, recommendations and post audit implementation plans" section of this report.

¹ Audit priority for each licence obligation was determined as an outcome of the risk assessment approach outlined in the Audit Plan at Appendix A

² Obligations assessed as not applicable to EDL's operations are detailed in the Audit Plan at Appendix A

³ Obligations for which there was no relevant activity during the period of audit. A compliance assessment could not be made

1.6 Recommendations and post audit implementation plans

| Reporting manual no. & Licence condition ref. | | Audit Priority | Compliance Rating | Issue 1 |
|--|---|--|-------------------|---|
| 83 | Act s.14(1)(b) - A licensee must notify details of the asset management system and any substantial changes to it to the Authority. | Priority 4 | Non compliant - 2 | This licence condition required EDL to notify the Authority of its asset management system within two days of completion of construction, which occurred for each of the generating works prior to May 2007. EDL did not notify the Authority of details of its asset management system until June 2007, through the provision of the WKPP AMP. EDL has since developed a WKPP reporting notification matrix, which details each of its reporting requirements under the EIRL. |
| Recommendation 1 Not applicable – corrective action implemented. | | Post Audit Implementation Plan 1 Not applicable – corrective action implemented. | | |

| Reporting manual no. & Licence condition ref. | | Audit Priority | Compliance Rating | Issue 2 |
|---|---|--|-------------------|---|
| 302 | Metering Code clause 3.1 - A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and also comply with any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act. <i>Note that this issue and recommendation also applies to obligation no. 307, 316, 321 and 415.</i> | Priority 4 | Compliant - 4 | Although nothing has come to our attention to indicate non-compliance by EDL with this obligation, EDL's metering procedures and activities are not fully documented in a manner which clearly accommodates all relevant aspects of the Metering Code, Horizon Power metrology procedure or applicable specifications or guidelines under the National Measurement Act. |
| Recommendation 2 EDL review and document its metering processes and activities to ensure they address all relevant requirements specified in the Horizon Power Metering Code, Metrology Procedure and by the National Measurement Institute the National Measurement Act. | | Post Audit Implementation Plan 2 EDL will review and document its metering processes and activities as per Recommendation 2 alongside. Responsible Person: Power Facilities Operations Manager Target Date: 30 June 2009 | | |

| Reporting manual no. & Licence condition ref. | | Audit Priority | Compliance Rating | Issue 3 |
|--|---|---|-------------------|---|
| 347 | Metering Code clause 4.2(1) - A network operator must ensure that its registry complies with the Code and the prescribed clause of the market rules. | Priority 4 | Non compliant - 2 | During the period subject to audit, EDL had not maintained a registry for the standing data relevant to the WKPP Broome metering points. Relevant information/data held by EDL was fragmented and not complete. |
| 348 | Metering Code clause 4.3(1) - The standing data for a metering point must comprise at least the items specified. | | | Subsequently, EDL established a registry in spreadsheet form. At the time of our audit, the registry was substantially complete, however two items of standing data had not been recorded. |
| Recommendation 3 EDL finalise the registry of standing data for the WKPP Broome metering points, in compliance with the Metering Code. | | Post Audit Implementation Plan 3 Since the time of the audit, EDL has now finalised the information pertaining to the missing items of data in the Metering Code Standing Data spreadsheet in compliance with Metering Code clause 4.3(1) and presented the completed spreadsheet to the auditor. Responsible Person: Team Leader Asset Management Planning Target Date: Complete (29 January 2009) | | |

| Reporting manual no. & Licence condition ref. | | Audit Priority | Compliance Rating | Issue 4 |
|---|--|---|-------------------|--|
| 385 | Metering Code clause 5.20(1) - A network operator must, within 6 months from the date this Code applies to the network operator, develop, in accordance with the communication rules, an energy data verification request form. | Priority 4 | Non-Compliant - 2 | EDL has not prepared an energy data verification form. We acknowledge that Horizon Power is the only code participant relevant to EDL's Licence activities. In accordance with the established PPA, Horizon Power utilises check meters to validate meter data and is in a position to communicate directly with EDL in circumstances where energy data requires verification. |
| Recommendation 4 EDL confirm the requirement for an energy data verification request form to be established for its distribution activities. In the event that an energy data verification request form is required, the form should be created as soon as practicable. | | Post Audit Implementation Plan 4 EDL will develop an energy data verification request form for its distribution activities as per recommendation 4 alongside. Responsible Person: Power Facilities Operations Manager Target Date: 28 February 2009 | | |

| Reporting manual no. & Licence condition ref. | | Audit Priority | Compliance Rating | Issue 5 |
|---|---|--|-------------------|---|
| 396 | <p><i>Metering Code clause 5.22(1) -</i> A network operator must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures <i>Note that this issue and recommendation also applies to obligation no.s 402, 404, 405, 406, 408 and 415.</i></p> | Priority 4 | Compliant - 4 | Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, EDL's energy data validation procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the rules and procedures set out in the Metering Code. |
| | <p>Recommendation 5 EDL review and document its energy data validation processes and activities to ensure they address all relevant aspects of the rules and procedures set out in the Metering Code.</p> | <p>Post Audit Implementation Plan 5 EDL will document its energy data validation processes and activities as per recommendation 5 alongside.</p> <p>Responsible Person: Power Facilities Operations Manager Target Date: 30 June 2009</p> | | |

1.7 Scope and objectives

The audit is designed to gain reasonable assurance regarding EDL's compliance with the conditions of its Licence during the 12 August 2005 to 31 July 2008.

The Authority has summarised the requirements of the applicable legislation that it expects to be reported and included in the scope of the audit in its Electricity Compliance Reporting Manual (**Reporting Manual**).

The Audit Plan set out at Appendix A lists those licence conditions confirmed to be included in the scope of the audit, along with the risk assessments made for and audit priority assigned to each licence obligation.

1.7.1 Scope/risk assessment revisions

As a result of the audit work performed, the risk assessment presented in the audit plan¹ has been modified to recognise the following aspects of the Metering Code, which have now been confirmed to be not applicable to EDL's operations and licence obligations:

| Compliance obligations, Code reference | Explanation of revised assessment |
|---|--|
| 327, Metering Code clause 3.14(3) | This clause applies to metering installations commissioned prior to the commencement of the Metering Code. As EDL had not installed any meters prior to the commencement of the Metering Code, this clause does not apply to EDL's circumstances |

1.8 Approach

Our approach for this audit involved the following activities, which were undertaken during the period August to November 2008:

- utilising the Audit Guidelines and Reporting Manual as a guide, development of a risk assessment which involved discussions with key staff and document review to assess controls
- development of an audit plan (see **Appendix A**) and associated work program for approval by the Authority
- interviews with relevant site level EDL staff to gain understanding of process controls (see **Appendix B** for staff involved)
- review of documents, processes and controls to assess the overall compliance and effectiveness of the powerhouse management in line with the licence obligations (see **Appendix B** for reference listing)
- reporting of findings to EDL for review and response.

¹ The initial scope of the audit was based on the Reporting Manual's record of licence holder obligations

2 Summary of findings

Table 2 sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, EDL was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

Table 2: Compliance rating scale

| Name | Rating | Description |
|-----------------------------|--------|--|
| 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 |

The remainder of this report provides:

- a summary of the findings for the compliance obligations (at **Table 3** below).
- detailed findings, including relevant observations, recommendations and post audit implementation plans (at **section 3**).

Note that other than as listed at section 1.7.1 “Scope/risk assessment revisions” above, the risk assessment that was presented in the audit plan remains unchanged as no issues or concerns were identified that would indicate a need to modify the nature and levels of testing. The risk assessment has been included in this summary to give context to the ratings that have been determined.

Table 3: Compliance summary

Refer to Detailed Findings at section 3 and Audit Plan at Appendix A for descriptions of the obligations

| | | | | | | | Compliance Rating | | | | |
|--|--|-------------|---|----------------------|--------------|----------------|-------------------|---|---|---|---|
| No. | Obligations under Condition | Consequence | Likelihood | Inherent Risk Rating | Control Risk | Audit Priority | 1 | 2 | 3 | 4 | 5 |
| 12 Electricity Industry Act - Licence Conditions and Obligations | | | | | | | | | | | |
| 81 | 13(1) | Minor | Unlikely | Low | Low | Priority 5 | | | | | ✓ |
| 82 | 14(1)(a) | Minor | Unlikely | Low | Low | Priority 5 | | | | | ✓ |
| 83 | 14(1)(b) | Moderate | Unlikely | Medium | Medium | Priority 4 | | ✓ | | | |
| 84 | 14(1)(c) | Minor | Unlikely | Low | Low | Priority 5 | | | | | ✓ |
| 85 | 17(1) | Minor | Unlikely | Low | Medium | Priority 5 | | | | | ✓ |
| 86 | 31(3) | Minor | Unlikely | Low | Low | Priority 5 | | | | | ✓ |
| 87 | 41(6) | Moderate | Unlikely | Medium | High | Priority 3 | Not rated | | | | |
| 88 to 94 | 54(1), 54.2, 62(1)(b), 64(2), 65(d), 76, 101 | | Assessed as not applicable for EDL's operations | | | | | | | | |
| 95 | 115(1) | Moderate | Unlikely | Medium | Low | Priority 4 | | | | | ✓ |
| 96 | 115(2) | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 13 Electricity licences – Conditions and Obligations | | | | | | | | | | | |
| 97 to 102 | 6.1, 6.2, 13.2, 13.3, 14.1, 15.2 | | Assessed as not applicable for EDL's operations | | | | | | | | |
| 103 | 20.2 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 104 | 20.3 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 105 | 21.1 | Moderate | Unlikely | Medium | Low | Priority 4 | | | | | ✓ |
| 106 | 22.4 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 107 | 23.2 | Moderate | Unlikely | Medium | Low | Priority 4 | | | | | ✓ |
| 108 | 24.4 | Moderate | Unlikely | Medium | Low | Priority 4 | | | | | ✓ |
| 109 | 25.1 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 110 | 26.1 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 111 | 27.2 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 112 | 28.1 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 15 Electricity Industry Metering Code – Licence Conditions and Obligations | | | | | | | | | | | |
| 300 | 2.2(1)(a) | Minor | Unlikely | Low | Medium | Priority 5 | | | | | ✓ |
| 301 | 2.2(1)(b) | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |

| | | | | | | | Compliance Rating | | | | |
|------------|---|---|------------|----------------------|--------------|----------------|-------------------|---|---|---|---|
| No. | Obligations under Condition | Consequence | Likelihood | Inherent Risk Rating | Control Risk | Audit Priority | 1 | 2 | 3 | 4 | 5 |
| 302 | 3.1 | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 303 | 3.2(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 304 | 3.3(1) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 305 | 3.3(3) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 306 | 3.5(1) and (2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 307 | 3.5(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 308 | 3.5(4) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 309 | 3.5(6) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 310 | 3.5(9) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 311 | 3.7 | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 312 | 3.8 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 313 | 3.9(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 314 | 3.9(7) | Assessed as not applicable for EDL’s operations | | | | | | | | | |
| 315 | 3.9(9) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 316 | 3.10 | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 317 | 3.11(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 318 | 3.11(2) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 319 | 3.11(3) | Assessed as not applicable for EDL’s operations | | | | | | | | | |
| 320 | 3.12(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 321 | 3.12(2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 322 | 3.12(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 323 | 3.12(4) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 324 | 3.13(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 325 | 3.13(3)(c) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 326 | 3.13(4) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 327 to 333 | 3.14(3), 3.16(1), 3.16(2), 3.16(3), 3.16(5), 3.16(6), 3.18(1) | Assessed as not applicable for EDL’s operations | | | | | | | | | |
| 334 | 3.20(1) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 335 | 3.20(3) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 336 | 3.21(1) | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |

| | | | | | | | Compliance Rating | | | | |
|-----|-----------------------------|---|------------|----------------------|--------------|----------------|-------------------|---|---|---|---|
| No. | Obligations under Condition | Consequence | Likelihood | Inherent Risk Rating | Control Risk | Audit Priority | 1 | 2 | 3 | 4 | 5 |
| 337 | 3.21(2) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 338 | 3.22 | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 339 | 3.23(a) | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 340 | 3.23(b) | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 341 | 3.25 | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 343 | 3.29 | Moderate | Unlikely | Medium | Low | Priority 4 | Not rated | | | | |
| 344 | 4.1(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 345 | 4.1(2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 346 | 4.1(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 347 | 4.2(1) | Moderate | Probable | Medium | Medium | Priority 4 | | ✓ | | | |
| 348 | 4.3(1) | Moderate | Probable | Medium | Medium | Priority 4 | | ✓ | | | |
| 349 | 4.4(1) | Minor | Unlikely | Low | Medium | Priority 5 | Not rated | | | | |
| 350 | 4.5(1) | Minor | Unlikely | Low | Medium | Priority 5 | Not rated | | | | |
| 352 | 4.6(1) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 353 | 4.6(2) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 354 | 4.7 | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 355 | 4.8(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 356 | 4.8(4) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 357 | 4.8(5) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 358 | 4.9 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 359 | 5.1(1) | Minor | Unlikely | Low | Medium | Priority 5 | | | | | ✓ |
| 360 | 5.1(2) | Minor | Unlikely | Low | Low | Priority 5 | | | | | ✓ |
| 361 | 5.3 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 362 | 5.4(1) | Minor | Unlikely | Low | Medium | Priority 5 | | | | | ✓ |
| 364 | 5.5(2) | Moderate | Unlikely | Medium | Medium | Priority 4 | Not rated | | | | |
| 366 | 5.6(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 367 | 5.7 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 368 | 5.8 | Moderate | Probable | Medium | Low | Priority 4 | | | | | ✓ |
| 369 | 5.9 | Moderate | Probable | Medium | Low | Priority 4 | | | | | ✓ |
| 370 | 5.10 | Assessed as not applicable for EDL's operations | | | | | | | | | |

| | | | | | | | Compliance Rating | | | | |
|------------|--|---|------------|----------------------|--------------|----------------|-------------------|---|---|---|---|
| No. | Obligations under Condition | Consequence | Likelihood | Inherent Risk Rating | Control Risk | Audit Priority | 1 | 2 | 3 | 4 | 5 |
| 371 | 5.11 | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 372 | 5.12(1) | Moderate | Unlikely | Medium | Low | Priority 4 | Not rated | | | | |
| 373 | 5.13 | Moderate | Unlikely | Medium | Low | Priority 4 | Not rated | | | | |
| 374 | 5.14(3) | Moderate | Unlikely | Medium | Low | Priority 4 | Not rated | | | | |
| 375 | 5.15 | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 379 to 384 | 5.19(1), 5.19(2), 5.19(3), 5.19(4), 5.19(5), 5.19(6) | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 385 | 5.20(1) | Moderate | Probable | Medium | Medium | Priority 4 | | ✓ | | | |
| 386 | 5.20(2) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 387 | 5.20(4) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 388 | 5.21(2) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 389 | 5.21(4) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 392 | 5.21(8) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 393 | 5.21(9) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 394 | 5.21(11) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 395 | 5.21(12) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 396 | 5.22(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 397 | 5.22(2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 398 | 5.22(3) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 399 | 5.22(4) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 400 | 5.22(5) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 401 | 5.22(6) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 402 | 5.23(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 403 | 5.23(3) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 404 | 5.24(1) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 405 | 5.24(2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 406 | 5.24(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |
| 407 | 5.24(4) | Moderate | Probable | Medium | Medium | Priority 4 | Not rated | | | | |
| 408 | 5.25 | Moderate | Probable | Medium | Medium | Priority 4 | | | | ✓ | |

| | | | | | | | Compliance Rating | | | | |
|---|---|---|---|----------------------|--------------|----------------|-------------------|---|---|---|---|
| No. | Obligations under Condition | Consequence | Likelihood | Inherent Risk Rating | Control Risk | Audit Priority | 1 | 2 | 3 | 4 | 5 |
| 410 to 414 | 5.29, 5.30(1), 5.31(1), 5.31(2), 5.34(2) | | Assessed as not applicable for EDL's operations | | | | | | | | |
| 415 | 6.1(1) | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | ✓ | |
| 417 | 6.20(4) | Minor | Unlikely | Low | Low | Priority 5 | Not rated | | | | |
| 418 | 7.2(1) | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 419 | 7.2(2) | Moderate | Unlikely | Medium | Medium | Priority 4 | | | | | ✓ |
| 424 | 8.1(1) | Minor | Unlikely | Low | Low | Priority 5 | Not rated | | | | |
| 425 | 8.1(2) | Minor | Unlikely | Low | Low | Priority 5 | Not rated | | | | |
| 426 | 8.1(3) | Minor | Unlikely | Low | Low | Priority 5 | Not rated | | | | |
| 427 | 8.1(4) | Moderate | Unlikely | Medium | Low | Priority 4 | Not rated | | | | |
| 428 | 8.3(2) | Minor | Unlikely | Low | Low | Priority 5 | Not rated | | | | |
| 16 Electricity Industry (Network Quality and Reliability of Supply) Code – Licence Conditions and obligations | | | | | | | | | | | |
| 429 | 5(1) | Minor | Probable | Low | Low | Priority 5 | | | | | ✓ |
| 430 | 8 | Minor | Probable | Low | Low | Priority 5 | | | | | ✓ |
| 431 | 9 | Minor | Probable | Low | Low | Priority 5 | | | | | ✓ |
| 432 | 10(1) | Minor | Probable | Low | Low | Priority 5 | | | | | ✓ |
| 433 | 10(2) | Minor | Probable | Low | Low | Priority 5 | | | | | ✓ |
| 434 | 12(3) | Assessed as not applicable for EDL's operations | | | | | | | | | |
| 435 | 13(2) | Minor | Probable | Low | Medium | Priority 5 | | | | | ✓ |
| 436 | 13(3) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 437 to 443 | 14(8), 15(2), 18, 19, 21(1), 21(2), 21(3) | | Assessed as not applicable for EDL's operations | | | | | | | | |
| 444 | 23(1) | Minor | Probable | Low | Medium | Priority 5 | | | | | ✓ |
| 445 | 23(2) | Moderate | Probable | Medium | Medium | Priority 4 | | | | | ✓ |
| 446 to 452 | 24(3), 25(2), 25(3), 26, 27(1), 27(3) | | Assessed as not applicable for EDL's operations | | | | | | | | |

3 Detailed findings, recommendations and post audit implementation plans

The following tables contain:

- **findings:** the auditor's understanding of the process and any issues that have been identified during the audit.
- **recommendations:** recommendations for improvement or enhancement of the process or control
- **post audit implementation plans:** EDL's formal response to audit recommendations, providing details of action to be implemented to address the specific issue raised by the audit

Note that obligations that are relevant to Electricity Integrated Regional Licences but assessed as not applicable to EDL's operations are separately listed under section 3.1 *Obligations not applicable* below.

| No. | Obligation under Condition | Compliance Rating | Findings |
|--|--|--|---|
| 12 Electricity Industry Act – Licence Conditions and Obligations | | | |
| 81 | Act section 13(1) - 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. | Compliant - 5 | This is the first audit conducted by an independent third party since the granting of the Licence. Deloitte was appointed, with the Authority's approval to undertake the audit. In August 2007 the Authority extended the period to be covered by the audit to the 36 month period ending 31 July 2008. EDL's understanding of its requirement to engage an independent auditor is demonstrated in the EDL document WKPP reporting notification matrix. |
| 82 | Act section 14(1)(a) - A licensee must provide for an asset management system. | Compliant - 5 | From Deloitte's conduct of the asset management system review, it is evident that EDL has a functioning asset management system. |
| 83 | Act section 14(1)(b) & Licence condition 16 - A licensee must notify details of the asset management system and any substantial changes to it to the Authority. | Non-compliant - 2 | This Licence condition required EDL to notify the Authority within "2 business days from the completion of construction of the generating works and distribution system". Construction of the five power stations and underground cabling was completed throughout 2006 and 2007. The current version of the WKPP Power Facilities AMP as agreed with Horizon Power is dated 31 March 2006. EDL first notified the Authority of its asset management system by presenting this version of the AMP to the Authority in June 2007. The Team Leader Asset Management Planning confirmed that the AMP has not been updated since original submission to the Authority. EDL has now developed a WKPP reporting notification matrix, which details EDL's understanding of reporting requirements under its Licence, including the requirement to notify the Authority of any substantial changes to its asset management system. |
| Recommendation 1 Not applicable – corrective action implemented. | | Post Audit Implementation Plan 1 Not applicable – corrective action implemented. | |
| 84 | Act section 14(1)(c) - 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. | Compliant - 5 | Deloitte was appointed, with the Authority's approval as the independent expert to undertake an asset management system review. Deloitte engaged Maunsell to address technical aspects of the review. In August 2007, the Authority extended the period to be covered by the audit to the 36 month period ending 31 July 2008. This is the first review period for the Licence. |
| 85 | Act section 17(1) - 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. | Compliant - 5 | Through discussion with the Team Leader Asset Management Planning and sighting records of EDL's payment of applicable licence fees for the period 12 August 2007 to 11 August 2008, we determined that EDL's processes ensure that all licence fees are paid on time. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|--|---|-------------------|--|
| 86 | Act section 31(3) - 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. | Compliant - 5 | Through discussion with the Team Leader Asset Management Planning and walk through of the WKPP incident management processes, we observed that EDL’s incident management practices are designed to minimise the extent or duration of interruption, suspension or restriction of supply in accordance with the requirements of the PPA (Clause 12, Emergency Generation Strategy and Operating Procedures). |
| 87 | Act Section 41(6) - A licensee must pay the costs of taking an interest in land or an easement over land (taken under the Land Administration Act 1997 Part 9 as if for a public work). | Not rated | EDL’s Legal Counsel confirmed that for the purpose of its Licence, EDL has not acquired an interest in or an easement over any land under the Land Administration Act 1997, part 9. Accordingly, an assessment of compliance with this clause cannot be made. |
| 95 | Act section 115(1) - A licensee that is a network service provider or an associate of a network service provider, in relation to network infrastructure covered by the Code, must not engage in conduct for the purpose of hindering or prohibiting access by any person to services in accordance with the Code, the making of access agreements or any particular agreement in respect of those facilities, or the access to which a person is entitled under an access agreement or a determination made by way of arbitration. | Compliant - 5 | EDL has access arrangements with Horizon Power only, and under the code is not required to provide for an access agreement. The WA Operational Manager confirmed that during the period 12 August 2005 to 31 July 2008: <ul style="list-style-type: none">there have been no further requests made to EDL for access to its networkHorizon Power was permitted physical access to EDL's networkEDL did not hinder or prohibit access by any person to services in accordance with the code. |
| 96 | Act section 115(2) - A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access. | Compliant - 5 | |
| 13 Electricity Licences – Licence Conditions and Obligations | | | |
| 103 | Integrated Regional Licence condition 20.2 - A licensee must amend the asset management system before an expansion or reduction in generating works, distribution systems and transmission systems and notify the Authority in the manner prescribed, if the expansion or reduction is not provided for in the asset management system. | Compliant - 5 | The Team Leader Asset Management Planning confirmed that there has been no major expansion or reduction in EDL’s generating works and distribution systems during the period subject to audit. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 104 | <i>Integrated Regional Licence condition 20.3</i> - A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area. | Compliant - 5 | The EDL WKPP ERA Matrix records EDL's understanding that its operations are restricted to licensed areas specified by lot and plan numbers. The Team Leader Asset Management Planning confirmed that there have been no alterations to the generation works and distribution systems during the period subject to audit that would expand the works or systems outside of the licensed areas. |
| 105 | <i>Integrated Regional Licence condition 21.1</i> - A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards. | Compliant - 5 | The published Financial Statements of EDL for the years ending 30 June 2006, 30 June 2007 and 30 June 2008 were sighted. Those statements were unqualified. ASIC lodgement records were obtained to confirm that EDL had lodged with ASIC, financial reports required of a public company for each of the 2006, 2007 and 2008 financial years. The WKPP Accountant confirmed that there are no significant accounting transactions or items that would currently jeopardise EDL's compliance with accounting standards. |
| 106 | <i>Integrated Regional Licence condition 22.4</i> - A licensee must comply with any individual performance standards prescribed by the Authority. | Compliant - 5 | The Team Leader Asset Management Planning confirmed that the Authority has not prescribed any individual reporting standards to EDL. |
| 107 | <i>Integrated Regional Licence condition 23.2</i> - A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit. | Compliant - 5 | The Audit Plan approved by the Authority commits EDL and Deloitte (independent expert) to comply with the prescribed audit guidelines and reporting manual issued by the Authority. Deloitte confirms that this audit was undertaken utilising the framework from the audit guidelines. |
| 108 | <i>Integrated Regional Licence condition 24.4</i> - A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the Authority's standard guidelines dealing with the asset management system. | Compliant - 5 | EDL recognises its obligation in relation to the Asset Management System Guidelines as outlined in the EDL document 'WKPP reporting notification matrix', which details its understanding of reporting requirements under the EIRL1. The Audit Plan approved by the Authority commits EDL and Deloitte to comply with the Authority's standard guidelines dealing with the Asset Management System. Deloitte confirms that the asset management system review was undertaken utilising the framework from the Authority's standard guidelines. |
| 109 | <i>Integrated Regional Licence condition 25.1</i> - A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations. | Compliant - 5 | The published Financial Statements of EDL for the years ending 30 June 2006, 2007 and 2008 were sighted. Those statements were unqualified, with respect to going concern issues. The WKPP Accountant confirmed that during the period 12 August 2005 to 31 July 2008, EDL was not under external administration and had not undergone any significant change in circumstances upon which the licence was granted, which may affect its ability to meet its licence obligations. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|---|---|-------------------|--|
| 110 | <i>Integrated Regional Licence condition 26.1</i> - A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act. | Compliant - 5 | The Team Leader Asset Management Planning confirmed that to date the Authority has not requested that EDL provide any additional information in regards to its Licence. |
| 111 | <i>Integrated Regional Licence condition 27.2</i> - A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified. | Compliant - 5 | |
| 112 | <i>Integrated Regional Licence condition 28.1</i> - Unless otherwise specified, all notices must be in writing. | Compliant - 5 | We observed that EDL maintains records to document formal communications with the Authority which have been made via the post or email. The Team Leader Asset Management Planning confirmed that EDL's records of correspondence with the Authority contain all requests or instructions that have been made by the Authority in regards to EDL's Licence. |
| 15 Electricity Industry Metering Code - Licence Conditions and Obligations | | | |
| Summary observations <ul style="list-style-type: none"> For the purposes of the Electricity Industry Metering Code, EDL is a network operator (with respect to the Broome distribution system, connecting the Broome Power Station with the Broome Substation) and a Code participant The WKPP PPA between EDL and Horizon Power addresses a number of EDL's obligations under the Metering Code Horizon Power and EDL have established processes for monitoring EDL's compliance with the requirements of the PPA. | | | |
| 300 | <i>Metering Code clause 2.2(1)(a)</i> - A network operator must treat all Code participants that are its associates on an arms-length basis. | Compliant - 5 | The WKPP PPA sets out the terms and conditions on which EDL will supply electricity to Horizon Power, and under clause 44.1 requires the parties to the agreement to comply with all applicable laws in relation to the agreement. As EDL is unable to supply electricity to users (other than Horizon Power), it does not have the opportunity to treat its associates on a non arms-length basis. |
| 301 | <i>Metering Code clause 2.2(1)(b)</i> - A network operator must ensure that no Code participant that is its associate receives a benefit in respect of the Code unless the benefit is attributable to an arm's length application of the Code or is also made available to all other Code participants on the same terms and conditions. | Compliant - 5 | |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|--|
| 302 | <p>Metering Code clause 3.1 - A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and also comply with any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act.</p> | Compliant - 4 | <p>Through discussion with the Electrical Engineer, examination of the WKPP PPA and examination of the Schneider ION 7650 metering datasheet, we observed that:</p> <ul style="list-style-type: none"> the Broome distribution network has three interconnection points (one for each feeder) the meters (Schneider ION 7650) were installed by EDL at each connection point each meter has the capability to be programmed as interval meters but are only utilised as accumulation meters Horizon Power has partial check meters installed for each of the feeders. These check meters are similar to EDL's meters but do not have a display panel EDL meters appear to have met the requirements of the Metering Code and the Metrology procedure published by Horizon Power in September 2006. <p>Although nothing has come to our attention to indicate non-compliance by EDL with this obligation, EDL's metering procedures and activities are not fully documented in a manner which clearly accommodates all relevant aspects of the Metering Code, Horizon Power metrology procedure or applicable specifications or guidelines under the National Measurement Act.</p> |
| | <p>Recommendation 2</p> <p>EDL review and document its metering processes and activities to ensure they address all relevant requirements specified in the Metering Code, Horizon Power Metrology Procedure and by the National Measurement Institute under the National Measurement Act.</p> <p><i>Note that this issue and recommendation also applies to obligation no. 307, 316, 321 and 415.</i></p> | | <p>Post Audit Implementation Plan 2</p> <p>EDL will review and document its metering processes and activities as per Recommendation 2 alongside.</p> <p>Responsible Person: Power Facilities Operations Manager Target Date: 30 June 2009</p> |
| 303 | <p>Metering Code clause 3.2(1) - An accumulation meter must at least conform to the requirements specified in the applicable metrology procedure and display, or permit access to a display of, the accumulated electricity production or consumption at the metering point in the manner prescribed.</p> | Compliant - 5 | <p>Through discussion with the Electrical Engineer and examination of the Schneider ION 7650 metering datasheet, we determined that EDL's meters:</p> <ul style="list-style-type: none"> comply with the requirements as specified in Schedule 3 Section 7 of the PPA have a front panel display of accumulated electricity production, amongst other information. |
| 304 | <p>Metering Code clause 3.3(1) - An interval meter must at least have an interface to allow the interval energy data to be downloaded in the manner prescribed using an interface compatible with the requirements specified in the applicable metrology procedure.</p> | Not rated | <p>Through discussion with the Electrical Engineer, we determined that EDL does not use interval meters. Although the meters used by EDL (Schneider ION 7650) have the capability to be programmed to be interval meters, EDL does not utilise this capability.</p> <p>Accordingly, this clause is not relevant to EDL's activities during the period of this audit.</p> |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 305 | <i>Metering Code clause 3.3(3)</i> - If a metering installation is required to include a communications link, the link must (where necessary), include a modem and isolation device approved under the relevant telecommunications regulations, to allow the interval energy data to be downloaded in the manner prescribed. | Not rated | Through discussion with the Electrical Engineer, we determined that EDL does not use interval meters. Although the meters used by EDL (Schneider ION 7650) have the capability to be programmed to be interval meters, EDL does not utilise this capability. Accordingly, this clause is not relevant to EDL's activities during the period of this audit. |
| 306 | <i>Metering Code clause 3.5(1) and 3.5(2)</i> - A network operator must ensure that there is a metering installation at every connection point on its network which is not a Type 7 connection point. Unless it is a Type 7 metering installation, the metering installation must meet the functionality requirements prescribed. | Compliant - 5 | Through discussion with the Electrical Engineer and examination of the WKPP PPA, we determined that, as per Schedule 3 Section 7 of the PPA, EDL is required to supply, install and maintain consumption meters at each point of supply. The Town of Broome is listed in the PPA's Table 7.1 – Consumption Metering Schedule as a point of supply, requiring metering installations at each point of connection. Through Examination of the Schneider ION 7650 datasheet, we determined that the meters used by EDL: <ul style="list-style-type: none"> ▪ has a front panel display screen ▪ are able to provide active and reactive energy measurements ▪ satisfy the accuracy requirements of a Type 2 meter, as detailed in Table 3 Appendix 1 of the Metering Code. |
| 307 | <i>Metering Code clause 3.5(3)</i> - A network operator must, for each metering installation on its network, on and from the time of its connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed). | Compliant - 4 | Through discussion with the Electrical Engineer and examination of the WKPP PPA, we determined that EDL is required to supply, install and maintain meters as described in Schedule 3 Section 7 of the PPA. Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation #302 above, EDL's metering procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the Horizon Power metrology procedure or applicable specifications or guidelines under the National Measurement Act. <i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation #302 above.</i> |
| 308 | <i>Metering Code clause 3.5(4)</i> - A network operator must ensure that, except for a Type 7 metering installation, the metering point for a revenue metering installation is located as close as practicable to the connection point in accordance with good electricity industry practice. | Compliant - 5 | The Electrical Engineer confirmed that metering points for tariff metering installations are located as close as practicable to the respective connection points in accordance with good electricity industry practice. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 309 | Metering Code clause 3.5(6) - A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level agreement between it and the user. | Compliant - 5 | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL had not imposed any charges relating to providing, installing, operating or maintaining metering installations on Horizon Power. |
| 310 | Metering Code clause 3.5(9) - If a network operator becomes aware that a metering installation does not comply with the Code, the network operator must advise affected parties of the non-compliance and arrange for the non-compliance to be corrected as soon as practicable. | Not rated | The Electrical Engineer confirmed that there have been no metering installations that have breached the metering code. The WKPP Operations Manager also confirmed that EDL has processes in place to raise and address such discrepancies, in communication with Horizon Power. |
| 311 | Metering Code clause 3.7 - All devices that may be connected to a telecommunications network must be compatible with the telecommunications network and comply with all applicable State and Commonwealth enactments. | Not rated | The Electrical Engineer confirmed that metering devices used on EDL's network are not connected to a telecommunications network. Accordingly, this clause is not relevant to EDL's activities for the period of this audit. |
| 312 | Metering Code clause 3.8 - A network operator must, for each metering installation on its network, ensure that the metering installation is secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorized access and enable unauthorized access to be detected. | Compliant - 5 | Through discussion with the Electrical Engineer and review of the metering specification drawing information maintained by EDL, the Broome metering panel is secured in a lockable room. The Electrical Engineer also confirmed that physical access is restricted at all metering installations. |
| 313 | Metering Code clause 3.9(3) - Each metering installation must meet at least the requirements for that type of metering installation specified in Table 3 in Appendix 1 of the Code. | Compliant - 5 | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL's metering operations and maintenance procedures ensured that its metering installations met the overall accuracy requirements specified in the metering code. The metering installation at Broome is a type 2 meter, with an appropriate class 0.5 accuracy rating. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|---|
| 315 | Metering Code clause 3.9(9) - If compensation is carried out within the meter then the resultant metering system error must be as close as practicable to zero. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, no such compensation within the meter was carried out. Accordingly, this clause is not relevant to EDL's activities for the period of this audit. |
| 316 | Metering Code clause 3.10 - A network operator must ensure that any programmable settings within any of its metering installations, data loggers or peripheral devices, that may affect the resolution of displayed or stored data, meet the relevant requirements specified in the applicable metrology procedure and comply with any applicable specifications or guidelines specified by the National Measurement Institute under the National Measurement Act. | Compliant - 4 | Through discussion with the Electrical Engineer and examination of the ION 7550 – 7650 meter datasheet, we determined that EDL's metering procedures are designed to: <ul style="list-style-type: none"> ▪ satisfy the requirements specified in the Horizon Power metrology procedure ▪ comply with applicable specifications or guidelines specified by the National Measurement Institute under the National Measurement Act. Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation #302 above, EDL's metering procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the Horizon Power metrology procedure or applicable specifications or guidelines under the National Measurement Act. <i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation #302 above.</i> |
| 317 | Metering Code clause 3.11(1) - A network operator must ensure that a metering installation on its network permits collection of data within the timeframes and to the level of availability specified. | Compliant - 5 | EDL's requirements in relation to the timeframes for collection and supply of data to Horizon Power are detailed in the WKPP PPA. Horizon Power and EDL have established processes for monitoring EDL's compliance with the requirements of the PPA. |
| 318 | Metering Code clause 3.11(2) - A network operator must make repairs to the metering installation in accordance with the applicable service level agreement if an outage or malfunction occurs to a metering installation. | Not rated | The Electrical Engineer confirmed that during the period subject to audit, the Broome metering installation did not experience an outage or malfunction. Accordingly, this clause is not relevant to EDL's activities during the period of this audit. |
| 320 | Metering Code clause 3.12(1) - A network operator must ensure that each metering installation complies with, at least, the prescribed design requirements. | Compliant - 5 | The Electrical Engineer confirmed that the installation of EDL meters met the core and secondary wiring design requirements of this clause, as outlined in the ION 7550 and 760 datasheet. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|--|
| 321 | <i>Metering Code clause 3.12(2)</i> - A network operator must ensure that instrument transformers in its metering installations comply with the relevant requirements of any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act and any requirements specified in the applicable metrology procedure. | Compliant - 4 | <p>Through discussion with the Electrical Engineer and examination of the ION 7550 – 7650 meter datasheet, we determined that EDL’s metering installations (including instrument transformers) are designed to:</p> <ul style="list-style-type: none"> ▪ satisfy the requirements specified in the Horizon Power metrology procedure ▪ comply with applicable specifications or guidelines specified by the National Measurement Institute under the National Measurement Act. <p>Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation #302 above, EDL’s metering procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the Horizon Power metrology procedure or applicable specifications or guidelines under the National Measurement Act.</p> <p><i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation #302 above.</i></p> |
| 322 | <i>Metering Code clause 3.12(3)</i> - A network operator must provide isolation facilities, to the standard of good electricity industry practice, to facilitate testing and calibration of the metering installation. | Compliant - 5 | <p>Through discussion with the Electrical Engineer and review of the WKPP PPA, we observed that under section 5.2 of schedule 3 of the PPA, EDL is required to provide a suitable isolation panel that meets Telstra’s earth potential rise requirements.</p> |
| 323 | <i>Metering Code clause 3.12(4)</i> - A network operator must maintain drawings and supporting information, to the standard of good electricity industry practice, detailing the metering installation for maintenance and auditing purposes. | Compliant - 5 | <p>Through discussion with the Electrical Engineer and review of the WKPP PPA, we observed that schedule 9 part 9 of the PPA provides for drawings to be available at Site and included in a Site manual. Drawings that are typically available include:</p> <ul style="list-style-type: none"> ▪ site layout ▪ hazardous areas ▪ fuel delivery general arrangement ▪ piping and instrumentation diagram ▪ underground conduit arrangement ▪ civil layout ▪ buried earthing grid and connection details ▪ electrical schematics and wiring diagrams ▪ single line diagram ▪ protection key diagram. <p>We observed EDL maintains metering specification drawings for its Broome metering installations.</p> |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 324 | Metering Code clause 3.13(1) - A network operator must procure the user or the user's customer to install (or arrange for the installation of) a full check metering installation or partial check metering installation in accordance with the prescribed requirements. | Compliant - 5 | Schedule 3 sections 5.2 and 5.3 of the WKPP PPA requires Horizon Power to install Power Quality Meters for each point of supply, enabling the meters to be used as partial check metering. |
| 325 | Metering Code clause 3.13(3)(c) - A partial check metering installation must be physically arranged in a manner determined by the network operator, acting in accordance with good electricity industry practice. | Compliant - 5 | |
| 326 | Metering Code clause 3.13(4) - A check metering installation for a metering point must not exceed twice the error level permitted under clause 3.9 for the revenue metering installation for the metering point, and must be connected in such a way that it measures the same load conditions as the revenue metering installation for the metering point, and must be otherwise consistent with the prescribed requirements. | Not rated | Schedule 3 Sections 5.2 and 5.3 of the WKPP PPA requires Horizon Power to install Power Quality Meters for each point of supply, enabling the meters to be used as partial check metering. As partial check metering is installed and maintained by Horizon Power, an assessment of compliance with this clause cannot be made. |
| 334 | Metering Code clause 3.20(1) - A network operator must, if reasonably requested by a Code participant, provide enhanced technology features in a metering installation. | Not rated | The Manager – Technical confirmed that during the period 12 August 2005 to 31 July 2008, EDL was not requested to provide enhanced technology features in a metering installation. Accordingly, an assessment of compliance with this clause cannot be made. |
| 335 | Metering Code clause 3.20(3) - A network operator may only impose a charge for the provision of metering installations with enhanced technology features in accordance with the applicable service level agreement between it and the user. | Not rated | The Manager – Technical confirmed that during the period 12 August 2005 to 31 July 2008, EDL had not imposed any charges for the provision of metering installations with enhanced technology features. The WKPP PPA also did not provide any information on charges for provisioning of metering installations with enhanced technology features. Accordingly, an assessment of compliance with this clause cannot be made. |
| 336 | Metering Code clause 3.21(1) - Meters containing an internal real time clock must maintain time accuracy as prescribed. Time drift must be measured over a period of 1 month. | Compliant - 5 | The Manager – Technical confirmed that GPS time-syncing on relevant metering installations is updated several times per day. The use of GPS time-syncing eliminates the occurrence of time drift at the metering installations. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 337 | Metering Code clause 3.21(2) - If a metering installation includes measurement elements and an internal data logger at the same site, it must include facilities on site for storing the interval energy data for the periods prescribed. | Not rated | Through discussion with the Electrical Engineer, we determined that EDL does not use interval meters (with respect to the internal data logger). Although the meters used by EDL (Schneider ION 7650) have the capability to be programmed to be interval meters, EDL does not utilise this capability. Accordingly, an assessment of compliance with this clause cannot be made. |
| 338 | Metering Code clause 3.22 - A network operator providing one or more metering installations with enhanced technology features must be licensed to use and access the metering software applicable to all devices being installed and be able to program the devices and set parameters. | Compliant - 5 | Through discussion with the Electrical Engineer and examination of the Schneider ION 7550 - 7650 datasheet, we determined that EDL's metering installations have the required operating software installed which does not require a specific licence. The software enables EDL to program the devices and set parameters. |
| 343 | Metering Code clause 3.29 - A network operator must publish a list of registered metering installation providers, including the prescribed details, and at least annually, update the list. | Not rated | As EDL's only supply of electricity is to Horizon Power, EDL has had no requirement to install additional meters onto the Broome distribution system since the construction and commissioning of the system. As such, EDL does not use metering installation providers and does not maintain a list of registered metering installation providers. Accordingly, an assessment of compliance with this clause cannot be made. |
| 344 | Metering Code clause 4.1(1) - A network operator must establish, maintain and administer a metering database containing standing data and energy data for each metering point on its network. | Compliant - 5 | Through discussion with the Electrical Engineer and consideration of EDL's procedures and systems for maintaining metering data, we observed that: <ul style="list-style-type: none"> EDL maintains a metering database within the SCADA Historian system and records key data collection and maintenance processes include: <ul style="list-style-type: none"> data is accumulated through the meters and entered into the metering database via communication protocols data is stored in the Historian system then duplicated into PSMWeb system (a separate database and reporting system) from where the metering data is reported the PSMWeb metering data reports are used by the EDL Finance division for billing to Horizon Power. |
| 345 | Metering Code clause 4.1(2) - A network operator must ensure that its metering database and associated links, circuits, information storage and processing systems are secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorized access and enable unauthorized access to be detected. | Compliant - 5 | The Manager - Technical confirmed that EDL metering database (Historian) is protected in the following manner: <ul style="list-style-type: none"> it is password protected using standard EDL password conventions which are in line with good industry practise (also confirmed with IT Team Leader) the logging of user access is recorded with audit trails the system is maintained on-site (Broome) the PSMWeb system has a local site server and all data is replicated to EDL's Head Office in Brisbane. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 346 | Metering Code clause 4.1(3) - A network operator must prepare, and if applicable, must implement a disaster recovery plan to ensure that it is able, within 2 business days after the day of any disaster, to rebuild the metering database and provide energy data to Code participants. | Compliant - 5 | Through discussion with the Team Leader Asset Management Planning and consideration of EDL's information system security procedures, we observed that <ul style="list-style-type: none"> EDL has out sourced its server management (database administration component) to Proactive Management data is backed up on a nightly basis (incremental) and a full backup is performed on a Friday. As the database backup regime does not include transactional logging, there is a possibility for EDL to lose data up to a 24 hour period in the event of a hardware failure or data corruption the Disaster Recovery procedures and targets for WKPP on the PSM web server (which collects all the metering data) is as follows: <ul style="list-style-type: none"> Build a new operating system of new hardware (hardware failure) - 2 hours Install Application SQL and components - 2 hours Install backups and a Restorations agent - 15 mins Recover all Databases from Backup media - 20 hours. |
| 347 | Metering Code clause 4.2(1) - A network operator must ensure that its registry complies with the Code and the prescribed clause of the market rules. | Non-compliant - 2 | As the market rules apply only to operators on the SWIS, they do not apply to EDL's operations. |
| 348 | Metering Code clause 4.3(1) - The standing data for a metering point must comprise at least the items specified. | | During the period subject to audit, EDL had not maintained a registry for the standing data relevant to the WKPP Broome metering points. Relevant information/data held by EDL was fragmented and not complete. Subsequently, EDL established a registry in spreadsheet form. At the time of our audit, the registry was substantially complete, however two items of standing data had not been recorded. |
| | Recommendation 3 EDL finalise the registry of standing data for the WKPP Broome metering points, in compliance with the Metering code. | | Post Audit Implementation Plan 3 Since the time of the audit, EDL has now finalised the information pertaining to the missing items of data in the Metering Code Standing Data spreadsheet in compliance with Metering Code clause 4.3(1) and presented the completed spreadsheet to the auditor. Responsible Person: Team Leader Asset Management Planning Target Date: Complete (29 January 2009) |
| 349 | Metering Code clause 4.4(1) - A network operator and affected Code participants must liaise together to determine the most appropriate way to resolve a discrepancy between energy data held in a metering installation and data held in the metering database. | Not rated | The WA Operational Manager confirmed that during the period 12 August 2005 to 31 July 2008, EDL did not become aware of any discrepancy between energy data held in the tariff meters installed at EDL's facilities and data held in the metering database. Accordingly, an assessment of compliance with this clause cannot be made. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 350 | Metering Code clause 4.5(1) - A Code participant must not knowingly permit the registry to be materially inaccurate. | Not rated | As the registry was not maintained by EDL for the period of this audit, an assessment of compliance with this clause could not be made. |
| 352 | Metering Code clause 4.6(1) - If a network operator is notified of a change to or inaccuracy in an item of standing data by a Code participant which is the designated source for the item of standing data, then the network operator must update the registry. | Not rated | Since the installation of its WKPP Broome meters, EDL has remained the only designated source of items of standing data. Accordingly, the obligation of this clause has not yet been triggered. |
| 353 | Metering Code clause 4.6(2) - If a network operator is notified of a change to or inaccuracy in an item of standing data by a Code participant which is not the designated source for the item of standing data, or otherwise becomes aware of a change to or inaccuracy in an item of standing data, then the network operator must undertake investigations to the standard of good electricity industry practice to determine whether the registry should be updated, and update the registry as required. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL has not received any requests to change or became aware of any inaccuracy in an item of standing data. Accordingly, an assessment of compliance with this clause cannot be made. |
| 354 | Metering Code clause 4.7 - A network operator must notify any affected user for a metering point of the updated standing data within the timeframes prescribed, where that user would otherwise be entitled to the updated standing data. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL has not made any relevant changes to the standing data. Accordingly, an assessment of compliance with this clause cannot be made. |
| 355 | Metering Code clause 4.8(3) - A network operator must allow a user who supplies, purchases or generates electricity to have local and (where a suitable communications link is installed) remote access to the energy data for metering points at its associated connection points, using a 'read only' password provided by the network operator. | Compliant - 5 | Schedule 3, section 7 of the WKPP PPA outlines EDL's obligations to Horizon Power, in compliance with the obligations of this clause. Specifically, the PPA requires each consumption meter and metering installation to include communications equipment and connections to allow remote interrogation of the metering equipment, where appropriate. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 356 | Metering Code clause 4.8(4) - A network operator must have security devices and methods in place that ensure that energy data held in its metering installation and data held in its metering database is secured from unauthorized local or remote access, in the manner prescribed, sufficient to the standard of good electricity industry practice. | Compliant - 5 | The Electrical Engineer confirmed that the following controls are applied by EDL to prevent unauthorised access to the metering installations and metering database: <ul style="list-style-type: none"> access forms with approvals from appropriate system owners are required to gain access to the EDL computer network and Pronto ERP system users are identifiable via unique username password policy in line with good industry practice |
| 357 | Metering Code clause 4.8(5) - A network operator must ensure that electronic passwords and other electronic security controls are secured from unauthorized access and are only issued to authorized personnel. | Compliant - 5 | <ul style="list-style-type: none"> the Brisbane server room and the master software room is secured via traditional locks the Broome metering panel are secured in a lockable room (confirmed via examination of metering specification drawings) physical controls are implemented at all metering installations. |
| 358 | Metering Code clause 4.9 - A network operator must retain energy data in its metering database for each metering point on its network for at least the periods, and with the level of accessibility, prescribed. | Compliant - 5 | The IT Team Leader confirmed that the policy is for energy data to be maintained for 7 years, monthly back-ups are held for 12 months and yearly back-ups to be held for 10 years. |
| 359 | Metering Code clause 5.1(1) - A network operator must use all reasonable endeavours to accommodate another Code participant's requirement to obtain a metering service and requirements in connection with the negotiation of a service level agreement. | Compliant - 5 | For the purpose of its Licence, EDL's sole customer is Horizon Power. Schedule 3 of the WKPP PPA accommodates Horizon Power's requirements in relation to metering installations. |
| 360 | Metering Code clause 5.1(2) - A network operator must expeditiously and diligently process all requests for a service level agreement and negotiate its terms in good faith. A network operator must, to the extent reasonably practicable in accordance with good electricity industry practice, permit a Code participant to acquire a metering service containing only those elements of the metering service which the Code participant wishes to acquire. | Compliant - 5 | |
| 361 | Metering Code clause 5.3 - A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed. | Compliant - 5 | Through discussion with the Electrical Engineer and consideration of EDL's procedures and systems for maintaining metering data, we observed that on a daily basis, EDL transfers energy data obtained from its metering installation (meters are read in 15 minute intervals) into the Historian metering database. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|---|
| 362 | <i>Metering Code clause 5.4(1)</i> - A network operator must, for each accumulation meter on its network, use reasonable endeavours to undertake a meter reading that provides an actual value at least once in any 12 month period. | Compliant - 5 | Through discussion with the Electrical Engineer and consideration of EDL's procedures and systems for maintaining metering data, we observed that EDL undertakes actual value meter reads in 15 minute intervals. |
| 364 | <i>Metering Code clause 5.5(2)</i> - A network operator may only impose a charge for the provision of data under this Code in accordance with the applicable service level agreement between it and the user and must not impose a charge for the provision of data if another enactment prohibits it from doing so. | Not rated | The Electrical Engineer confirmed that EDL did not impose any charges that were relevant to this obligation during the audit period. Accordingly, an assessment of compliance with this clause cannot be made. |
| 366 | <i>Metering Code clause 5.6(1)</i> - A network operator must provide validated, and where necessary, substituted or estimated energy data for a metering point to the user for the metering point and the IMO within the timeframes prescribed. | Compliant - 5 | Schedule 3 Section 7 of the WKPP PPA addresses EDL's obligations to provide validated, substituted or estimated energy data. Through discussion with the Electrical Engineer and consideration of EDL's procedures and systems for maintaining metering data, we observed that: <ul style="list-style-type: none"> EDL's consumption meters are programmed to measure and store energy readings every 30 minutes. Energy data is then reported to Horizon Power where consumption meters are found to be outside the specified accuracy, the check-meter readings produced by Horizon Power and adjusted by an accuracy factor established over previous Billing Periods will be used as the basis for measuring the energy supplied to Horizon Power. EDL does not provide energy data to the IMO as EDL does not operate in the wholesale market (SWIS). |
| 367 | <i>Metering Code clause 5.7</i> - A network operator must provide replacement energy data to the user for the metering point and the IMO within the timeframes prescribed. | Compliant - 5 | |
| 368 | <i>Metering Code clause 5.8</i> - A network operator must provide a user with whatever information the network operator has that is necessary to enable the user to comply with its obligations under the Code of Conduct, within the time necessary for the user to comply with the obligations. | Compliant - 5 | Schedule 3 Section 7 of the WKPP PPA addresses EDL's obligations to provide energy data and standing data to Horizon Power where required. |
| 369 | <i>Metering Code clause 5.9</i> - A network operator must provide standing data, provided to or obtained by it under this Code, to users where required to do so under any enactment. | Compliant - 5 | The WA Operational Manager confirmed that EDL has provided details of standing data to Horizon Power. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|---|
| 372 | Metering Code clause 5.12(1) - If a network operator is given a request in accordance with the communication rules and the energy data request relates only to a time or times for which the user was the current user at the metering point, a network operator must provide a user with a complete set of energy data for a metering point within the timeframes prescribed. | Not rated | The WA Operational Manager confirmed that during the period of this audit, Horizon Power had not requested energy data under the circumstances outlined in the Code. Accordingly, an assessment of compliance with this clause cannot be made. |
| 373 | Metering Code clause 5.13 - A network operator must provide a current user with a complete current set of standing data for a metering point and advise whether there is a communications link for the metering point, within the timeframes prescribed, if it is given a request in accordance with the communication rules. | Not rated | The WA Operational Manager confirmed that during the period of this audit, Horizon Power had not requested standing data under the circumstances outlined in the Code. Accordingly, an assessment of compliance with this clause cannot be made. |
| 374 | Metering Code clause 5.14(3) - A network operator must acknowledge receipt of a bulk standing data request from a user and provide the requested standing data within the timeframes prescribed in accordance with the communication rules. | Not rated | |
| 375 | Metering Code clause 5.15 - A network operator that provides energy data to a user or the IMO must also provide the date of the meter reading. | Compliant - 5 | For energy data provided to Horizon Power, the date and time of the meter reading is recorded in EDL's Historian database and reported to Horizon Power through the monthly billing process. EDL does not provide energy data to the IMO as EDL does not operate in the wholesale market (SWIS). |
| 385 | Metering Code clause 5.20(1) - A network operator must, within 6 months from the date this Code applies to the network operator, develop, in accordance with the communication rules, an energy data verification request form. | Non-Compliant - 2 | At the time of our audit, EDL had not prepared an energy data verification form. We acknowledge that Horizon Power is the only code participant relevant to EDL's Licence activities and that in accordance with the established PPA, Horizon Power utilises check meters to validate meter data and is in a position to communicate directly with EDL in circumstances where energy data requires verification. |
| | Recommendation 4 EDL confirm the requirement for an energy data verification request form to be established for its distribution activities. In the event that an energy data verification request form is required, the form should be created as soon as practicable. | | Post Audit Implementation Plan 4 EDL will develop an energy data verification request form for its distribution activities as per recommendation 4 alongside. Responsible Person: Power Facilities Operations Manager Target Date: 28 February 2009 |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 386 | Metering Code clause 5.20(2) - An Energy Data Verification Request Form must require a Code participant to provide the information prescribed. | Not rated | As EDL has not prepared an energy data verification form, this clause is not relevant to EDL's activities for the period of this audit. |
| 387 | Metering Code clause 5.20(4) - If a Code participant requests verification of energy data, a network operator must, in accordance with the metrology procedure, use reasonable endeavours to verify energy data and inform the requesting Code participant of the result of the verification and provide the verified energy data within the timeframes prescribed. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL had not received a request from Horizon Power for verification of energy data. Accordingly, an assessment of compliance with this clause cannot be made. |
| 388 | Metering Code clause 5.21(2) - A network operator must comply with any reasonable request by a Code participant to undertake either a test or an audit of the accuracy of the metering installation or the energy or standing data of the metering installation. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL did not receive any request from Horizon Power to carry out tests or audits of the accuracy of EDL's metering installation. Accordingly, an assessment of compliance with this clause cannot be made. |
| 389 | Metering Code clause 5.21(4) - A test or audit is to be conducted in accordance with the metrology procedure and the applicable service level agreement. | Not rated | As outlined in obligation 388, there were no tests or audits conducted during the period 12 August 2005 to 31 July 2008. Accordingly, an assessment of compliance with this clause cannot be made. |
| 392 | Metering Code clause 5.21(8) - A network operator may only impose a charge for the testing of the metering installations, or auditing of information from the meters associated with the metering installations, or both, in accordance with the applicable service level agreement between it and the user. | Not rated | |
| 393 | Metering Code clause 5.21(9) - Any written service level agreement in respect of the testing of the metering installations, or the auditing of information from the meters associated with the metering installations, must include a provision that no charge is to be imposed if the test or audit reveals a non-compliance with this Code which results in energy data errors in the network operator's favour. | Compliant - 5 | Schedule 3 Sections 7.3 and 7.4 of the WKPP PPA specify that EDL will be responsible for all costs associated with testing, replacing or recalibrating consumption meters. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 394 | Metering Code clause 5.21(11) - A network operator must advise the affected parties as soon as practicable of errors detected under a test or audit, the possible duration of the errors, and must restore the accuracy of the metering installation in accordance with the applicable service level agreement. | Not rated | As outlined in obligation 388, there were no tests or audits conducted during the period 12 August 2005 to 31 July 2008. Accordingly, an assessment of compliance with this clause cannot be made. |
| 395 | Metering Code clause 5.21(12) - The original stored error correction data in a meter must not be altered except during accuracy testing and calibration of a metering installation. | Not rated | |
| 396 | Metering Code clause 5.22(1) - A network operator must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures. | Compliant - 4 | Schedule 3 Section 7 of the WKPP PPA addresses the broad requirements of energy data validation to be performed by Horizon Power. Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, EDL's energy data validation procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the rules and procedures set out in the Metering Code. |
| | Recommendation 5 EDL review and document its energy data validation processes and activities to ensure they address all relevant aspects of the rules and procedures set out in the Metering Code. <i>Note that this issue and recommendation also applies to obligation no.s 402, 404, 405, 406, 408 and 415.</i> | | Post Audit Implementation Plan 5 EDL will document its energy data validation processes and activities as per recommendation 5 alongside. Responsible Person: Power Facilities Operations Manager Target Date: 30 June 2009 |
| 397 | Metering Code clause 5.22(2) - The network operator must use check metering data, where available, to validate energy data provided that the check metering data has been appropriately adjusted for differences in metering installation accuracy. | Compliant - 5 | Through discussion with the Electrical Engineer and examination of the WKPP PPA, we determined that EDL's metering procedures provide for the use of check metering data (adjusted by an accuracy factor established over previous billing periods) for the purpose of validating energy data recorded from EDL's consumption meters. |
| 398 | Metering Code clause 5.22(3) - A network operator must prepare substitute values using the prescribed method if a check meter is not available or energy data cannot be recovered from the metering installation within the time required. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL has not needed to prepare substitute values due to a check meter not being available or energy data not being recovered from the metering installation within the time required. Accordingly, an assessment of compliance with this clause cannot be made. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 399 | Metering Code clause 5.22(4) - A network operator that detects a loss of energy data or incorrect energy data from a metering installation must notify each affected Code participant of the loss or error within 24 hours after detection. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL had not detected any loss or incorrect energy data from the Broome meters. Accordingly, an assessment of compliance with this clause cannot be made. |
| 400 | Metering Code clause 5.22(5) - Substitution or estimation of energy data is to be required when energy data is missing, unavailable or corrupted, including in the circumstances described. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL was not required to provide substitution or estimation of energy data to Horizon Power as a result of energy data being missing, unavailable or corrupted. Accordingly, an assessment of compliance with this clause cannot be made. |
| 401 | Metering Code clause 5.22(6) - A network operator must review all validation failures before undertaking any substitution. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008 no validation failures had occurred that required EDL's review. Accordingly, an assessment of compliance with this clause cannot be made. |
| 402 | Metering Code clause 5.23(1) - A network operator that determines that there is no possibility of determining an actual value for a metering point must designate an estimated or substituted value for the metering point to be a deemed actual value for the metering point. | Compliant - 4 | Through discussion with the Electrical Engineer and walkthrough of EDL's metering process for deemed actual values, we determined that EDL's procedures provide for the provision of an estimated or substituted value when there is no possibility of determining an actual value for a metering point. Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation #396 above, EDL's energy data collection and validation procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the rules and procedures set out in the Metering Code. <i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation no. 396 above.</i> |
| 403 | Metering Code clause 5.23(3) - A network operator that has designated a deemed actual value for a metering point must repair or replace the meter or one or more of components of metering equipment (as appropriate) at the metering point. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, EDL had not designated a deemed actual value for a metering point and therefore had no requirement to repair or replace the meter or one or more of components of metering equipment (as appropriate) at the metering point. Accordingly, an assessment of compliance with this clause cannot be made. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|--|
| 404 | <i>Metering Code clause 5.24(1)</i> - A network operator that uses an actual value (first value) for energy data for a metering point, and a better quality actual or deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice. | Compliant - 4 | <p>Through discussion with the Electrical Engineer and walkthrough of EDL's metering process, we determined that EDL's procedures provide for the initial energy data value to be replaced with Horizon Power's values if Horizon Power's values are deemed to be of better quality. Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation no. 396 above, EDL's energy data collection and validation procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the rules and procedures set out in the Metering Code.</p> <p><i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation no. 396 above.</i></p> |
| 405 | <i>Metering Code clause 5.24(2)</i> - A network operator that uses a deemed actual value (first value) for energy data for a metering point, and a better quality deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice. | Compliant - 4 | |
| 406 | <i>Metering Code clause 5.24(3)</i> - A network operator that uses an estimated or substituted value (first value) for energy data for a metering point, and a better quality actual, deemed, estimated or substituted value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice or the user and its customer jointly request it to do so. | Compliant - 4 | |
| 407 | <i>Metering Code clause 5.24(4)</i> - A network operator (acting in accordance with good electricity industry practice) must consider any reasonable request from a Code participant for an estimated or substituted value to be replaced. | Not rated | <p>The WA Operational Manager confirmed that during the period 12 August 2005 to 31 July 2008, Horizon Power had not requested replacement of an estimated or substituted value. Accordingly, an assessment of compliance with this clause cannot be made.</p> |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|---|-------------------|---|
| 408 | Metering Code clause 5.25 - A network operator must ensure the accuracy of estimated energy data in accordance with the methods in its metrology procedure and ensure that any transformation or processing of data preserves its accuracy in accordance with the metrology procedure. | Compliant - 4 | <p>Horizon Power's Metrology Procedures apply to EDL's Broome distribution network operations.</p> <p>Via walkthrough of EDL's meter maintenance procedures and the WKPP PPA, we observed that EDL is required to perform on site testing of the Consumption Meters and supply the test results to Horizon Power to ensure the accuracy of the meters.</p> <p>Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation no. 396 above, EDL's energy data collection and validation procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the rules and procedures set out in the Metering Code (and the Metrology Procedure).</p> <p><i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation no. 396 above.</i></p> |
| 415 | Metering Code clause 6.1(1) - A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed. | Compliant - 4 | <p>We observed that:</p> <ul style="list-style-type: none"> the WKPP PPA between EDL and Horizon Power addresses a number of EDL's obligations under the Metering Code Horizon Power and EDL have established processes for monitoring EDL's compliance with the requirements of the PPA. <p>Nothing has come to our attention that indicates non-compliance by EDL with this obligation. However, as described at obligation #302 above, EDL's metering procedures and activities are not fully documented in a manner which accommodates all relevant aspects of the Metering Code.</p> <p><i>Refer to Recommendation and Post Audit Implementation Plan outlined at obligation #302 above.</i></p> |
| 417 | Metering Code clause 6.20(4) - A network operator must amend any document in accordance with the Authority's final findings. | Not rated | The Electrical Engineer confirmed that during the period 12 August 2005 to 31 July 2008, the Authority has not required the amendment of relevant documents. Accordingly, an assessment of compliance with this clause cannot be made. |
| 419 | Metering Code clause 7.2(2) - A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect. | Compliant - 5 | <p>EDL has notified Horizon Power and the Authority of its contact details. Those contact details have not changed during the period subject to audit.</p> <p>Sections 42.1 and 42.2 of the WKPP PPA provide for parties to change their service particulars by written notice to the other.</p> |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|---|
| 424 | Metering Code clause 8.1(1) - Representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute under or in connection with the Electricity Industry Metering Code by negotiations in good faith. | Not rated | <p>For the purpose of the Metering Code, “disputes” refer to metering disputes between EDL as the network operator and Horizon Power, another retailer, a generator, another relevant user or the IMO.</p> <p>The WA Operational Manager confirmed that no metering disputes have arisen during the period 12 August 2005 to 31 July 2008. Accordingly, an assessment of compliance with clause 8.1 cannot be made.</p> |
| 425 | Metering Code clause 8.1(2) - If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith. | Not rated | |
| 426 | Metering Code clause 8.1(3) - If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith. | Not rated | |
| 427 | Metering Code clause 8.1(4) - If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution. | Not rated | |
| 428 | Metering Code clause 8.3(2) - The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective of dispute resolution with as little formality and technicality and with as much expedition as the requirements of Part 8 of the Code and a proper hearing and determination of the dispute, permit. | Not rated | |

| No. | Obligation under Condition | Compliance Rating | Findings |
|--|---|-------------------|--|
| 16 Electricity Industry (Network Quality and Reliability of Supply) Code – Licence Conditions and Obligations | | | |
| Summary observations | | | |
| <ul style="list-style-type: none"> For the purposes of the Electricity Industry (Network Quality and Reliability of Supply) Code, EDL's operates a "relevant distribution system" and Horizon Power is a customer of EDL The WKPP PPA between EDL and Horizon Power outlines EDL's obligations for maintaining quality and reliability of supply to Horizon power, EDL's sole customer Horizon Power and EDL have established processes for monitoring EDL's compliance with the requirements of the PPA. | | | |
| 429 | Clause 5(1) - A distributor or transmitter must, as far as reasonably practicable, ensure that electricity supply to a customer's electrical installations complies with prescribed standards. | Compliant - 5 | Clause 16.1 of the WKPP PPA states that all electricity delivered to Horizon Power at all points of supply will comply with the Quality and Reliability of Supply Requirements. |
| 430 | Clause 8 - A distributor or transmitter must, so far as reasonably practicable, disconnect the supply of electricity to installations or property in specified circumstances, unless it is in the interest of the customer to maintain the supply. | Compliant - 5 | Clause 19.6 of the WKPP PPA outlines EDL's obligations for decommissioning the Power Facilities at its cost in accordance with a Decommissioning Plan and in a manner which is consistent with Good Industry Practice and all applicable Laws. |
| 431 | Clause 9 - A distributor or transmitter must, as far as reasonably practicable, ensure that that the supply of electricity is maintained and the occurrence and duration of interruptions is kept to a minimum. | Compliant - 5 | Clause 9.1(f) of the WKPP PPA outlines those situations where interruptions to the power supply are permissible. Clause 15.3 of the PPA details EDL's obligations to comply with Good Industry Practice in relation to its supply and interruption of electricity, and also contains a measure to minimise interruptions by setting up a temporary plant at short notice. Definitions of supply interruption are contained in Clause 15.5 of the PPA. |
| 432 | Clause 10(1) - A distributor or transmitter must, so far as reasonably practicable, reduce the effect of any interruption on a customer. | Compliant - 5 | Clause 15.9 of the WKPP PPA requires EDL to install and maintain a monitoring and reporting system to monitor and report events relating to the reliability of the electricity supply. Clause 15.10 of the PPA outlines the obligations and responsibilities of EDL when supply interruptions do occur including contingency plans put in place. |
| 433 | Clause 10(2) - A distributor or transmitter must consider whether, in specified circumstances, it should supply electricity by alternative means to a customer who will be affected by a proposed interruption. | Compliant - 5 | Clause 2.2 of the WKPP PPA outlines alternative points of supply. Clause 15.3 of the PPA documents the obligations of EDL to ensure that any disruptions to the supply of electricity is minimised by all means, including the utilisation of preferred supplier arrangements to facilitate the hire of a temporary plant at short notice. |

| No. | Obligation under Condition | Compliance Rating | Findings |
|-----|--|-------------------|--|
| 435 | Clause 13(2) - A distributor or transmitter must, so far as reasonably practicable, ensure that customers in specified areas do not have average total lengths of interruptions of supply greater than specified durations. | Compliant - 5 | Clauses 15.7 and 15.8 of the WKPP PPA define what constitutes excess supply interruptions and give appropriate remedies that EDL must undertake to rectify such supply interruptions. |
| 436 | Clause 13(3) - The average total length of interruptions of supply is to be calculated using the specified method. | Compliant - 5 | EDL utilises the following KPIs in determining interruptions, as outlined in clause 3.2.1 of the WKPP Asset Management Plan. <ul style="list-style-type: none"> ▪ System Average Incident Duration Index (SAIDI), which is the overall average duration of supply interruptions per Horizon Power's customer in a calendar year ▪ System Average Incident Frequency Index (SAIFI), which is the proportion of Horizon Power's customers affected by supply interruptions in a calendar year. |
| 444 | Clause 23(1) - A distributor or transmitter must take all such steps as are reasonably necessary to monitor the operation of its network to ensure compliance with specified requirements. | Compliant - 5 | Clause 5.1 of the WKPP PPA requires EDL to comply with the Quality and Reliability of Supply requirements specified in the Code, and makes it necessary for EDL to monitor a number of parameters and the status of specified equipment. |
| 445 | Clause 23(2) - A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified. | Compliant - 5 | Clause 5.4 of the WKPP PPA states that EDL must monitor and record the data required for each Supply Interruption and Out of Limit Event. The process for recording data and generating reports for the supplier is to be automatic and shall not require the intervention or action by any person. |

3.1 Obligations not applicable

The following obligations were assessed as not applicable to EDL's operations and were therefore not subject to audit.

| No. | Obligations under Condition | Findings |
|--|---|---|
| 12 Electricity Industry Act – Licence Conditions and Obligations | | |
| 88 | Electricity Industry Act section 54(1) - A retail or integrated regional licensee must not supply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act</i> |
| 89 | Electricity Industry Act section 54(2) - A licensee must comply with any direction by the Authority to amend the standard form contract and do so within the period specified. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act</i> |
| 90 | Electricity Industry Act section 62(1)(b) - Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to a draft extension and expansion policy. | <i>Not applicable - applies to former Western Power Corporation entities only</i> |
| 91 | Electricity Industry Act section 64(2) - Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to an amendment to an extension and expansion policy. | <i>Not applicable - applies to former Western Power Corporation entities only</i> |
| 92 | Electricity Industry Act section 65(d) - Electricity Networks Corporation and Regional Power Corporation must implement arrangements set out in an approved extension and expansion policy. | <i>Not applicable - applies to former Western Power Corporation entities only</i> |
| 93 | Electricity Industry Act section 76 - If a designation under section 71(1) of the Electricity Industry Act is in force a licensee must perform the functions of a retailer of last resort and must carry out the supplier of last resort plan if it comes into operation under section 70 of the Electricity Industry Act. | <i>Not applicable - applies to retailers only</i> |

| No. | Obligations under Condition | Findings |
|---|--|--|
| 94 | Electricity Industry Act section 101 - A retail, distribution or integrated regional licensee must not supply electricity to small use customers unless the licensee is a member of an approved scheme and is bound by and compliant with any decision or direction of the electricity ombudsman under the approved scheme. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act</i> |
| 13 Electricity Licences – Licence Conditions and Obligations | | |
| 97 | Integrated Regional Licence condition 6.1 - A licensee must ensure that an electricity marketing agent of the licensee complies with the applicable codes. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 98 | Integrated Regional Licence condition 6.2 - The licensee must report a breach of the applicable code conditions by an electricity marketing agent to the Authority within the prescribed timeframe. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 99 | Integrated Regional Licence condition 13.2 - A licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 100 | Integrated Regional Licence condition 13.3 - A licensee must comply with any direction given by the Authority in relation to the scope, process and methodology of the standard form contract review. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 101 | Integrated Regional Licence condition 14.1 - A licensee may only amend the standard form contract with the Authority's approval. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

| No. | Obligations under Condition | Findings |
|---|---|---|
| 102 | Integrated Regional Licence condition 15.2 - A licensee must, unless otherwise notified in writing by the Authority, review the customer service charter within the timeframe specified, and submit to the Authority the results of that review within 5 days after it is completed. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 15 Electricity Industry Metering Code - Licence Conditions and Obligations | | |
| 314 | Electricity Industry Metering Code clause 3.9(7) - For a metering installation used to supply a customer with requirements above 1000 volts that require a VT and whose annual consumption is below 750MWh, the metering installation must meet the relevant accuracy requirements of Type 3 metering installation for active energy only. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act.</i> |
| 319 | Electricity Industry Metering Code clause 3.11(3) - A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable. | <i>Not applicable – for the purposes of this clause, EDL is the network operator (re the distribution network), with responsibility for metering. Therefore under this clause it is the responsibility of the other parties to advise of outages or malfunctions.</i> |
| 327 | Metering Code clause 3.14(3) - If, under clause 3.14(2) of the Code, a metering installation uses metering class CTs and VTs that do not comply with the prescribed requirements, then the network operator must either (or both) install meters of a higher class accuracy or apply accuracy calibration factors within the meter in order to achieve the overall accuracy requirements prescribed. | <i>Not applicable - this clause applies to metering installations commissioned prior to the commencement of the Metering Code. As EDL has not installed any meters prior to the commencement of the Metering Code, this clause does not apply to EDL's circumstances.</i> |
| 328 | Electricity Industry Metering Code clause 3.16(1) - A network operator must ensure that a Type 1 metering installation to Type 5 metering installation on the network has the facilities and functionality prescribed. | <i>Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.</i> |

| No. | Obligations under Condition | Findings |
|-----|--|---|
| 329 | Electricity Industry Metering Code clause 3.16(2) - A network operator must ensure that a Type 1 metering installation to Type 4 metering installation on the network includes a communications link. | <i>Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.</i> |
| 330 | Electricity Industry Metering Code clause 3.16(3) - If a device is used as a data logger, the energy data for a metering point on the network must be collated in trading intervals within the metering installation unless it has been agreed between the network operator and the Code participant that energy data may be recorded in sub-multiples of a trading interval. | <i>Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.</i> |
| 331 | Electricity Industry Metering Code clause 3.16(5) - A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16(4) of the Code. | <i>Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.</i> |
| 332 | Electricity Industry Metering Code clause 3.16(6) - A network operator may only impose a charge for the matters dealt with in the metrology procedure in accordance with the applicable service level agreement between it and the user. | <i>Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS.</i> |
| 333 | Electricity Industry Metering Code clause 3.18(1) - If the Electricity Retail Corporation supplies electricity to a contestable customer at a connection point under a non-regulated contract, and in circumstances where immediately before entering into the contract, the electricity retail corporation supplied electricity to the contestable customer under a regulated contract, then the metering installation for the connection point must comply with the prescribed wholesale market metering installation requirements. | <i>Not applicable - clause is relevant to the Electricity Retail Corporation (Synergy Energy) only.</i> |

| No. | Obligations under Condition | Findings |
|-----|---|---|
| 339 | Electricity Industry Metering Code clause 3.23(a) - Where signals are provided from the meter for the user or the user's customer use, a network operator must ensure that signals are isolated by relays or electronic buffers to prevent accidental or malicious damage to the meter. | <i>Not applicable - clause relates to customer load management. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 340 | Electricity Industry Metering Code clause 3.23(b) - Where signals are provided from the meter for the user or the user's customer use, a network operator must provide the user or the user's customer with sufficient details of the signal specification to enable compliance with clause 3.23(c) of the Code. | <i>Not applicable - clause relates to customer load management. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 341 | Electricity Industry Metering Code clause 3.25 - A network operator that operates and maintains a pre-payment meter on its network must operate and maintain the pre-payment meter in accordance with good electricity industry practice and, as far as reasonably practicable, minimise any departure from what the requirements of the Code would have been in respect of the pre-payment meter if clause 3.24 were deleted. | <i>Not applicable - pre-payment meters are applicable to customers only. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 370 | Electricity Industry Metering Code clause 5.10 - A network operator must provide a subset of the standing data to a retailer in accordance with the provisions of Annex 4 of the Customer Transfer Code. | <i>Not applicable - clause relates to customer transfers. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 371 | Electricity Industry Metering Code clause 5.11 - If a transfer occurs at a connection point, a network operator must provide an incoming retailer with a copy of the standing data for each metering point associated with the connection point within the timeframes prescribed. | <i>Not applicable - clause relates to customer transfers. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

| No. | Obligations under Condition | Findings |
|-----|---|---|
| 379 | Electricity Industry Metering Code clause 5.19(1) - A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 380 | Electricity Industry Metering Code clause 5.19(2) - A user must, to the extent that it is able, collect and maintain a record of the address, site and customer attributes, prescribed in relation to the site of each connection point, with which the user is associated. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 381 | Electricity Industry Metering Code clause 5.19(3) - 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. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 382 | Electricity Industry Metering Code clause 5.19(4) - A user that becomes aware that there is a sensitive load at a customer's site must immediately notify the network operator's Network Operations Control Centre of the fact. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 383 | Electricity Industry Metering Code clause 5.19(5) - A network operator must give notice to a user, or (if there is a different current user) the current user, acknowledging receipt of any customer, site or address attributes from the user within the timeframes prescribed. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 384 | Electricity Industry Metering Code clause 5.19(6) - A user must use reasonable endeavours to ensure that it does notify the network operator of a change in an attribute that results from the provision of standing data by the network operator to the user. | <i>Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

| No. | Obligations under Condition | Findings |
|-----|--|--|
| 410 | Electricity Industry Metering Code clause 5.29 - If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then, except to the extent that the metering data agency agreement provides otherwise, the parties must undertake the activities prescribed. | <i>Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licensed to operate in the area subject to EDL's licence.</i> |
| 411 | Electricity Industry Metering Code clause 5.30(1) - If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then the electing network operator and the electricity networks corporation must enter into a metering data agency agreement in relation to the network, which must deal with at least the matters prescribed. | <i>Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licensed to operate in the area subject to EDL's licence.</i> |
| 412 | Electricity Industry Metering Code clause 5.31(1) - If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, the electricity networks corporation must assess the compliance of each metering installation in the network with this Code and notify the electing network operator of each non-compliant metering installation. | <i>Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licensed to operate in the area subject to EDL's licence.</i> |
| 413 | Electricity Industry Metering Code clause 5.31(2) - An electing network operator may, by notice to the electricity networks corporation, require the electricity networks corporation to upgrade a non-compliant metering installation, in which case the electricity networks corporation must undertake the upgrade in accordance with the metering data agency agreement and good electricity industry practice. | <i>Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licensed to operate in the area subject to EDL's licence.</i> |
| 414 | Electricity Industry Metering Code clause 5.34(2) - Except to the extent that the metering data agency agreement provides otherwise, the costs which may be recovered by the electricity networks corporation for acting as the network operator's metering data agent must not exceed the amounts prescribed. | <i>Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licensed to operate in the area subject to EDL's licence.</i> |

| No. | Obligations under Condition | Findings |
|--|--|--|
| 418 | Electricity Industry Metering Code clause 7.2(1) - Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code. | <i>Not applicable – for the purposes of this clause, EDL is both the Code participant and Network operator.</i> |
| 16 Electricity Industry (Network Quality and Reliability of Supply) Code – Licence Conditions and Obligations | | |
| 434 | Electricity Industry Code clause 12(3) - A distributor must take prescribed action in the event of a significant interruption to a small use customer. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 437 | Electricity Industry Code clause 14(8) - A distributor or transmitter must, on request, provide to an affected customer a free copy of an instrument issued by the Minister and of any notice given under section 14(7) of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 438 | Electricity Industry Code clause 15(2) - A distributor or transmitter that agrees with a customer to exclude or modify certain provisions must set out the advantages and disadvantages to the customer of doing so in their agreement. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 439 | Electricity Industry Code clause 18 - A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe for a failure to give required notice of planned interruption. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 440 | Electricity Industry Code clause 19 - A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe if a supply interruption exceeds 12 hours. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

| No. | Obligations under Condition | Findings |
|-----|---|--|
| 441 | Electricity Industry Code clause 21(1) - A distributor operating a relevant distribution system must provide eligible customers with information about applying for payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 442 | Electricity Industry Code clause 21(2) - A distributor operating a relevant distribution system must provide written notice to customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 443 | Electricity Industry Code clause 21(3) - A distributor operating a relevant distribution system must provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005 not less than once in each financial year. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 446 | Electricity Industry Code clause 24(3) - A distributor or transmitter must complete a quality investigation requested by a customer in accordance with specified requirements. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 447 | Electricity Industry Code clause 24(4) - A distributor or transmitter must report the results of an investigation to the customer concerned. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 448 | Electricity Industry Code clause 25(2) - A distributor or transmitter must make available, at no cost, a copy of a document setting out its complaint handling processes to a small customer who makes a complaint to the distributor or transmitter or who asks to be given such information. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

| No. | Obligations under Condition | Findings |
|-----|--|--|
| 449 | Electricity Industry Code clause 25(3) - A document setting out a distributor's or transmitter's complaint handling process must contain the specified information. | <i>Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 450 | Electricity Industry Code clause 26 - A distributor or transmitter must arrange for an independent audit and report on its systems for monitoring, and its compliance with specific requirements. This is to be carried out in respect of the operation of such systems during each year ending on 30 June. | <i>Not applicable – per Part 2 of the Code, this requirement relates to standards for the interruption of supply to individual customers. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 451 | Electricity Industry Code clause 27(1) - A distributor or transmitter must prepare and publish a report about its performance in accordance with specified requirements. | <i>Not applicable – per Part 2 of the Code, this requirement relates to standards for the interruption of supply to individual customers. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |
| 452 | Electricity Industry Code clause 27(3) - A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period. | <i>Not applicable – per Part 2 of the Code, this requirement relates to standards for the interruption of supply to individual customers. Under paragraph 2.1 (b) of the Licence, EDL is not licensed to supply electricity to customers, as defined by the Electricity Act.</i> |

Appendix A – Audit plan

EDL NGD (WA)

**2008 Performance Audit and
Asset Management System
Review –**

**Electricity Integrated Regional
Licence EIRL1**

Audit and Review Plan

14 October 2008

‘Deloitte’ refers to the Australian partnership of Deloitte Touche Tohmatsu and its subsidiaries. Deloitte, one of Australia’s leading professional services firms, provides audit, tax, consulting, and financial advisory services through more than 4000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte’s web site at www.deloitte.com.au.

Deloitte is a member of Deloitte Touche Tohmatsu (a Swiss Verein). As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other’s acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other, related names. Services are provided by the member firms or their subsidiaries and affiliates and not by the Deloitte Touche Tohmatsu Verein.

Liability limited by a scheme approved under Professional Standards Legislation.

Confidential - this document and the information contained in it are confidential and should not be used or disclosed in any way without our prior consent.

© Deloitte Touche Tohmatsu. October, 2008. All rights reserved.

Contents

| | |
|--|----|
| Introduction | 4 |
| Overview | 4 |
| Objectives | 4 |
| Scope | 5 |
| Approach | 9 |
| Risk assessment..... | 9 |
| System analysis | 12 |
| Testing and review | 12 |
| Reporting | 13 |
| General Information | 14 |
| Appendices | 15 |
| Appendix A - Performance audit risk assessment | 16 |
| Appendix B - Asset management system review risk assessment | 47 |

Introduction

Overview

The Economic Regulation Authority (**the Authority**) has under the provisions of the Electricity Industry Act 2004 (**Electricity Act**), issued to EDL NGD Pty Ltd (**EDL**) an Integrated Regional Licence (**the Licence**).

Sections 13 and 14 of the Electricity Act require EDL to provide to the Authority a performance audit (**audit**) and asset management system review (**review**) conducted by an independent expert acceptable to the Authority. Deloitte Touche Tohmatsu (**Deloitte**) is the nominated auditor approved by the Authority for the audit and review. Deloitte has engaged Maunsell Australia Pty Ltd (**Maunsell**) to provide advice where technical expertise is required.

The audit and review will be conducted in accordance with the *Audit Guidelines: Electricity, Gas, Water Licences* (**Audit Guidelines**). In accordance with the Audit Guidelines this document represents the Audit & Review Plan (**the Plan**) that is to be agreed upon by Deloitte and EDL and presented to the Authority for approval.

Objectives

The objectives of the performance audit and asset management system review are derived from the Act. The following sections of the Act define the requirements of the licensee:

- section 13(1) of the Act requires EDL to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority. The performance audit is defined as an examination of the measures taken by EDL to meet the criteria specified in its Licence
- section 14(1)(c) of the Act requires EDL to provide the Authority with a report by an independent expert acceptable to the Authority as to the effectiveness of the respective asset management systems established for assets subject to its licence.

The audit is designed to provide reasonable assurance regarding the assessment of appropriateness, effectiveness and efficiency associated with EDL's compliance with its Licence. The audit will specifically consider the following:

- a) process compliance: the effectiveness of systems and procedures in place throughout the audit period, including assessing the adequacy of internal controls
- b) outcome compliance: the actual performance against standards prescribed in the licence throughout the audit period
- c) output compliance: the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained).
- d) integrity of performance: the completeness and accuracy of the performance reporting to the Authority
- e) compliance with any individual licence conditions: the requirements imposed on EDL by the Authority or specific issues for follow-up that are advised by the Authority.

The review is designed to provide limited assurance, based upon the work performed, regarding the extent to which EDL's asset management systems address the control effectiveness criteria for each of the 12 key processes in the asset management life-cycle that are subject to review, as set out in the scope section below.

Scope

Performance Audit

Section 13(2) of the Electricity Act states that "A performance audit is an audit of the effectiveness of measures taken by the licensee to meet the performance criteria specified in the Licence".

Performance criteria is further defined in the Licence to mean:

- the terms and conditions of the Licence
- any other relevant matter in connection with the applicable legislation that the Authority determines should form part of the performance audit.

Applicable legislation encompasses the following:

1. the *Electricity Industry Act 2004 (WA)*
2. the *Electricity Industry (Ombudsman) Regulations 2005*
3. the following Codes:
 - a. *Electricity Industry Metering Code 2005*
 - b. *Reliability and Quality of Supply Code 2005*.

The Authority's *Electricity Compliance Reporting Manual* (**Reporting Manual**) provides further guidance on those aspects of the Licence and EDL's performance criteria, which the Authority expects to be reported and included in the scope of the performance audit. The compliance requirements identified in the Reporting Manual have been evaluated for applicability to EDL and used as the basis for determining the performance criteria to be considered for the audit. Table 1 below provides an outline of the compliance requirements that do and do not apply to EDL based on the licence type and operating circumstances.

Table 1: Compliance Obligations

| Legislative Element | Notes | Applicable to EDL |
|---|--|-------------------|
| <p>General</p> <p>The Licence defines a customer as “a person to whom electricity is sold for the purpose of consumption. For the avoidance of doubt, a customer is not a person who resells electricity, but is the person who is the end user or consumer of the electricity”.</p> <p>Under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act.</p> | | |
| Type 1 reporting obligations for all licence types | All type 1 obligations fall under the Code of Conduct, which is designed to address standards of conduct in the supply and marketing of electricity to customers, and therefore do not apply to EDL. | No |
| Electricity Industry Customer Transfer Code | The Customer Transfer Code is designed to address requirements for transferring customers between retailers and therefore does not apply to EDL. | No |
| Electricity Industry (Obligation to Connect) Regulations | As EDL’s only connection point is to Horizon Power, there are no relevant supply points. The Regulations apply to premises which are not applicable to EDL. | No |
| Electricity Industry (Licence Conditions) Regulations | As EDL has no eligible customers, as defined by the Electricity Industry (Licence Conditions) Regulations, no related Licence conditions contained in the Reporting Manual are applicable to EDL. | No |
| Electricity Industry Act | <ul style="list-style-type: none"> • Specific Act clauses are relevant and included • Conditions relevant to retail businesses and customers are excluded | Yes |
| Electricity Licences | <ul style="list-style-type: none"> • Specific Licence clauses are relevant and included • Conditions regarding customer charter are excluded • References to individual licence conditions are excluded (none specified by the Authority) | Yes |

| Legislative Element | Notes | Applicable to EDL |
|---|---|-------------------|
| Code of Conduct | The Code of Conduct, which is designed to address standards of conduct in the supply and marketing of electricity to customers, does not apply to EDL | No |
| Electricity Industry Metering Code | <ul style="list-style-type: none"> Contains majority of licence conditions relevant to EDL EDL is a network operator and a code participant Any conditions with references to the South West Interconnected System are excluded Any references to Customer Load Management and customer are excluded References to “User” in generation/retail obligations are excluded as Horizon Power is the user, not EDL as a generator | Yes |
| Electricity Industry (Network Quality and Reliability of Supply) Code | <ul style="list-style-type: none"> Any conditions with references to small use customer are excluded. Horizon Power is a customer of EDL for the purposes this code EDL has a “relevant distribution system” | Yes |

Asset Management System Review

Section 14(1)(c) of the Act requires EDL to provide the Authority with a report reviewing the effectiveness of the respective asset management systems established for assets subject to its licence. In particular, there are 12 requirements that are to be reported against:

1. asset planning
2. asset creation and acquisition
3. asset disposal
4. environmental analysis (all external factors that affect the system)
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

The Authority's Audit Guidelines provide further guidance on those aspects of the asset management system and EDL's performance criteria, which the Authority expects to be reported and included in the scope of the review.

The period of the audit and review is from 12 August 2005 to 31 July 2008 (**audit period**) and the final audit and review report is due to be provided to the Authority by 31 October 2008.

Approach

The audit and review will be conducted in three distinct phases, these being a risk assessment, system analysis and testing & review. From the results, a report will be produced to outline findings, overall compliance assessments and recommendations for improvement. Each step of the audit and review is discussed in detail below.

Risk assessment

The audit and review will focus on identifying or assessing those activities and management control systems to be examined and the matters subject to audit. Therefore, the purpose of conducting the risk assessment as a preliminary phase enables the auditor to focus on pertinent/high risk areas of EDL's licence obligations. The level of risk and materiality of the process will determine the level of audit required e.g. the greater the materiality and the higher the risk, the more effort will be applied.

The table presented below outlines the first step in assessing the risk using the ratings indicated within the Authority's audit guidelines. The inherent risk rating is a 3-point matrix which provides an assessment of the consequence and likelihood of relevant risk events (**Table 2**).

Table 2: Inherent risk rating

| Inherent Risk Rating | | | |
|----------------------|-------------|----------|-------|
| Likelihood | Consequence | | |
| | Minor | Moderate | Major |
| Likely | Medium | High | High |
| Probable | Low | Medium | High |
| Unlikely | Low | Medium | High |

Each licence obligation is allocated a classification rating by the Authority, which results in a standard consequence risk rating (**Table 3**).

Table 3: Risk Types and Classification

Source: *Electricity Compliance Reporting Manual March 2008*

| Rating | Classification of Non-Compliance | Criteria for classification |
|--------|----------------------------------|---|
| 1 | Major | <p>Classified on the basis that:</p> <ul style="list-style-type: none"> the consequences of non-compliance would cause major damage, loss or disruption to customers; or the consequences of non-compliance would endanger or threaten to endanger the safety or health of a person. |
| 2 | Moderate | <p>Classified on the basis that:</p> <ul style="list-style-type: none"> 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 the regulatory obligation is not otherwise classified as a Type 1 or a Type NR non-compliance. |
| NR | Minor | <p>Classified on the basis that:</p> <ul style="list-style-type: none"> 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; or compliance with the obligation is immeasurable; or the non-compliance is required to be reported to the Regulator under another instrument, guideline or code 6; or the non-compliance is identified by a party other than the licensee ; or the licensee only needs to use its reasonable endeavours or best endeavours to achieve compliance or where the obligation does not otherwise impose a firm obligation on the licensee. <p>Reclassification of Type NR as a Type 2 may occur in circumstances of:</p> <ul style="list-style-type: none"> systemic non-compliance; or a failure to resolve non-compliance promptly. |

Once the level of inherent risk has been determined, the adequacy of existing controls is to be determined. Controls will be assessed and prioritised as high, medium or low in order of their suitability to mitigate the risks identified previously. This will give a level of control risk.

Once assessed, this enables the audit priority to be determined (**Table 4**). Essentially, the higher the level of risk the more substantive the audit testing becomes.

Table 4: Assessment of Audit Priority

| Inherent Risk | Control Risk | | |
|---------------|-------------------------|------------------|--------------------------|
| | High (weak controls) | Medium | Low (strong controls) |
| High | Audit Priority 1 | Audit Priority 2 | |
| Medium | Audit Priority 3 | Audit Priority 4 | |
| Low | Audit Priority 5 | | |

The risk assessments for the performance assessment and asset management system review are attached at **Appendix A** and **Appendix B** respectively.

The risk assessments have been discussed with stakeholders to gain their input as to the appropriateness of the comments, such as any factual inaccuracies, and for comment on the ratings. At this stage, the risk assessments can only be a preliminary assessment based on reading of documentation and interviews by the auditors. It is possible that the ratings and risk assessment comments may be revised as we conduct our work and new evidence comes to light. Accordingly both risk assessments are preliminary drafts, not final reports, and no reliance should be placed upon their findings. They do provide however an invaluable tool for focussing the audit and review effort.

The following table outlines the audit requirement for each level of audit priority. The testing can range from extensive substantive testing around the controls and activities of particular processes to confirming the existence of controls through discussions with relevant staff.

Table 5: Audit Priority Table

| Priority Rating and Resulting Audit Procedures | |
|--|--|
| Rating | Audit requirement |
| Audit Priority 1 | <ul style="list-style-type: none"> Controls testing and extensive substantive testing of activities and/or transactions Follow-up and if necessary, re-test matters previously reported. |
| Audit Priority 2 | <ul style="list-style-type: none"> Controls testing and moderate substantive testing of activities and/or transactions Follow-up and if necessary, re-test matters previously reported. |
| Audit Priority 3 | <ul style="list-style-type: none"> Limited controls testing (moderate sample size). Only substantively test transactions if further control weakness found Follow-up of matters previously reported. |
| Audit Priority 4 | <ul style="list-style-type: none"> Confirmation of existing controls via observation and walk through testing Follow-up of matters previously reported. |
| Audit Priority 5 | <ul style="list-style-type: none"> Confirmation of existing controls via observation, discussions with key staff and/or reliance on key references (“desktop review”). |

System analysis

The systems analysis required will be determined utilising the aforementioned audit priority scale. Once the priority level has been defined the testing component will take place by way of interviewing key operational and administrative staff who will outline information that displays compliance with the licence. Where required, an observation of processes, procedures and operations and review of key documents will occur to assist in the determination of EDL's compliance with Licence obligations.

Testing and review

Using the results of the risk assessment and systems analysis, detailed testing and analysis will be performed to compare those standards maintained by EDL with the relevant sections and schedules of the Licence. In assessing the extent of compliance, we will consider the following:

- the control environment: EDL's management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members.
- information systems: the appropriateness of EDL's information systems to record the information needed to comply with the licence, the accuracy of data, the security of data and documentation describing the information system.
- control procedures: the presence of systems and procedures to ensure compliance with the licence, effectiveness of EDL's internal control structure to detect and correct non-compliance.

In circumstances where the population of relevant transactions to be tested are large, sampling techniques will be utilised to provide adequate assurance that test results are representative of EDL's operations.

To aid the testing, Deloitte have engaged the expertise of Maunsell for assistance with the asset management system review. Maunsell will be particularly involved in the environmental analysis, asset maintenance and asset operation requirements of the asset management system.

Separate work programs for the audit and review, designed to direct and record the specific aspects of our testing and analyses for each licence obligation, have been developed and should be read in conjunction with this Plan.

Reporting

In accordance with the Audit Guidelines, all aspects of compliance with the Licence will be assessed according to the two rating scales based on the work performed. The first table below is for the licence obligations, (table 6) and the second for asset management effectiveness (table 7).

Table 6: 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 |

Table 7: Asset management review effectiveness rating scale

| 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) |

The performance audit report will also be structured to address all key components expected by the Audit Guidelines, including tabulation of risk ratings and the overall compliance rating for each licence condition and key asset management system function.

General Information

All aspects of the audit and review will undergo quality assurance and review procedures as outlined in our previous communications. Before delivery of a final report, full quality procedures will be applied, including second partner review. We will endeavour to complete these procedures as readily as possible.

Key Contacts

The key EDL contacts for the audit and review are:

- Mike Espenshied Team Leader - Asset Management Planning
- Marc Beckx West Kimberly Power Project Operations Manager
- Karl Newman West Kimberly Power Project - Finance
- Tim Yoong Manager – Technical
- Tony Manning West Kimberly Power Project Facilities Manager

Staffing

Deloitte staff that will be involved with this assignment are:

- Richard Thomas Partner (Perth)
- Matt Thomson Partner, Energy Advisory Group (Quality Assurance Review)
- Andrew Baldwin Account Director (Perth)
- Caleb Spreckley Analyst (Brisbane)

Maunsell staff involved with this assignment are:

- Tanuja Sanders Project Manager – Mechanical Engineering (Perth)
- Stephen Brown Business Unit Leader – Electrical (Perth) (advisory role)
- Keith Gilby Distribution Services Manager (advisory role)

Timing

The initial risk assessment phase was completed on 12 September 2008. The draft audit plan and detailed work plan were submitted to the Authority on 24 September 2008.

The remainder of the fieldwork phase was scheduled to be performed in September and October 2008.

Appendices

| Appendix | |
|----------|--|
| A | Performance audit risk assessment |
| B | Asset management system review risk assessment |

Appendix A - Performance audit risk assessment

| Licence Condition | | | | Risk Assessment | | | | |
|--|---|--|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 12 Electricity Industry Act – Licence Conditions and Obligations | | | | | | | | |
| 81 | Electricity Industry Act section 13(1) | 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. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 82 | Electricity Industry Act section 14(1)(a) | A licensee must provide for an asset management system. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 83 | Electricity Industry Act section 14(1)(b) | A licensee must notify details of the asset management system and any substantial changes to it to the Authority. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 84 | Electricity Industry Act section 14(1)(c) | 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. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 85 | Electricity Industry Act section 17(1) | 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. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |
| 86 | Electricity Industry Act section 31(3) | 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. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 87 | Electricity Industry Act section 41(6) | A licensee must pay the costs of taking an interest in land or an easement over land. | 2 | Moderate | Unlikely | Medium | High | Audit Priority 3 |
| 88 | Electricity Industry Act section 54(1) | A retail or integrated regional licensee must not supply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 89 | Electricity Industry Act section 54(2) | A licensee must comply with any direction by the Authority to amend the standard form contract and do so within the period specified. | 2 | | | | | |
| 90 | Electricity Industry Act section 62(1)(b) | Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to a draft extension and expansion policy. | NR | | | | | |
| 91 | Electricity Industry Act section 64(2) | Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to an amendment to an extension and expansion policy. | NR | | | | | |
| 92 | Electricity Industry Act section 65(d) | Electricity Networks Corporation and Regional Power Corporation must implement arrangements set out in an approved extension and expansion policy. | NR | | | | | |
| 93 | Electricity Industry Act section 76 | If a designation under section 71(1) of the Electricity Industry Act is in force a licensee must perform the functions of a retailer of last resort and must carry out the supplier of last resort plan if it comes into operation under section 70 of the Electricity Industry Act. | 2 | | | | | |
| | | | | Not applicable - applies to retailers only | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|--|--|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 94 | Electricity Industry Act section 101 | A retail, distribution or integrated regional licensee must not supply electricity to small use customers unless the licensee is a member of an approved scheme and is bound by and compliant with any decision or direction of the electricity ombudsman under the approved scheme. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 95 | Electricity Industry Act section 115(1) | A licensee that is a network service provider or an associate of a network service provider, in relation to network infrastructure covered by the Code, must not engage in conduct for the purpose of hindering or prohibiting access by any person to services in accordance with the Code, the making of access agreements or any particular agreement in respect of those facilities, or the access to which a person is entitled under an access agreement or a determination made by way of arbitration. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 96 | Electricity Industry Act section 115(2) | A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 13 Electricity Licences – Licence Conditions and Obligations | | | | | | | | |
| 97 | Integrated Regional Licence condition 6.2 | A licensee must ensure that an electricity marketing agent of the licensee complies with the applicable codes. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 98 | Integrated Regional Licence condition 13.2 | The licensee must report a breach of the applicable code conditions by an electricity marketing agent to the Authority within the prescribed timeframe. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|--|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 99 | Integrated Regional Licence condition 13.3 | A licensee must, if directed by the Authority, review the standard form contract and submit to the Authority the results of that review within the time specified by the Authority. | NR | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 100 | Integrated Regional Licence condition 14.1 | A licensee must comply with any direction given by the Authority in relation to the scope, process and methodology of the standard form contract review. | NR | | | | | |
| 101 | Integrated Regional Licence condition 15.2 | A licensee may only amend the standard form contract with the Authority's approval. | 2 | | | | | |
| 102 | Integrated Regional Licence condition 15.2 | A licensee must, unless otherwise notified in writing by the Authority, review the customer service charter within the timeframe specified, and submit to the Authority the results of that review within 5 days after it is completed. | 2 | | | | | |
| 103 | Integrated Regional Licence condition 20.2 | A licensee must amend the asset management system before an expansion or reduction in generating works, distribution systems and transmission systems and notify the Authority in the manner prescribed, if the expansion or reduction is not provided for in the asset management system. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 104 | Integrated Regional Licence condition 20.3 | A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 105 | Integrated Regional Licence condition 21.1 | A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|--|---|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 106 | Integrated Regional Licence condition 22.4 | A licensee must comply with any individual performance standards prescribed by the Authority. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 107 | Integrated Regional Licence condition 23.2 | A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 108 | Integrated Regional Licence condition 24.4 | A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the Authority's standard guidelines dealing with the asset management system. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 109 | Integrated Regional Licence condition 25.1 | A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 110 | Integrated Regional Licence condition 26.1 | A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 111 | Integrated Regional Licence condition 27.2 | A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 112 | Integrated Regional Licence condition 28.1 | Unless otherwise specified, all notices must be in writing. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 15 Electricity Industry Metering Code - Licence Conditions and Obligations | | | | | | | | |
| 300 | Electricity Industry Metering Code clause 2.2(1)(a) | A network operator must treat all Code participants that are its associates on an arms-length basis. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 301 | Electricity Industry Metering Code clause 2.2(1)(b) | A network operator must ensure that no Code participant that is its associate receives a benefit in respect of the Code unless the benefit is attributable to an arm's length application of the Code or is also made available to all other Code participants on the same terms and conditions. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 302 | Electricity Industry Metering Code clause 3.1 | A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and also comply with any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 303 | Electricity Industry Metering Code clause 3.2(1) | An accumulation meter must at least conform to the requirements specified in the applicable metrology procedure and display, or permit access to a display of, the accumulated electricity production or consumption at the metering point in the manner prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 304 | Electricity Industry Metering Code clause 3.3(1) | An interval meter must at least have an interface to allow the interval energy data to be downloaded in the manner prescribed using an interface compatible with the requirements specified in the applicable metrology procedure. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 305 | Electricity Industry Metering Code clause 3.3(3) | If a metering installation is required to include a communications link, the link must (where necessary), include a modem and isolation device approved under the relevant telecommunications regulations, to allow the interval energy data to be downloaded in the manner prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 306 | Electricity Industry Metering Code clause 3.5(1) and (2) | A network operator must ensure that there is a metering installation at every connection point on its network which is not a Type 7 connection point. Unless it is a Type 7 metering installation, the metering installation must meet the functionality requirements prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 307 | Electricity Industry Metering Code clause 3.5(3) | A network operator must, for each metering installation on its network, on and from the time of its connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed). | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 308 | Electricity Industry Metering Code clause 3.5(4) | A network operator must ensure that, except for a Type 7 metering installation, the metering point for a revenue metering installation is located as close as practicable to the connection point in accordance with good electricity industry practice. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 309 | Electricity Industry Metering Code clause 3.5(6) | A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level agreement between it and the user. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 310 | Electricity Industry Metering Code clause 3.5(9) | If a network operator becomes aware that a metering installation does not comply with the Code, the network operator must advise affected parties of the non-compliance and arrange for the non-compliance to be corrected as soon as practicable. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 311 | Electricity Industry Metering Code clause 3.7 | All devices that may be connected to a telecommunications network must be compatible with the telecommunications network and comply with all applicable State and Commonwealth enactments. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|--|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 312 | Electricity Industry Metering Code clause 3.8 | A network operator must, for each metering installation on its network, ensure that the metering installation is secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorized access and enable unauthorized access to be detected. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 313 | Electricity Industry Metering Code clause 3.9(3) | Each metering installation must meet at least the requirements for that type of metering installation specified in Table 3 in Appendix 1 of the Code. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 314 | Electricity Industry Metering Code clause 3.9(7) | For a metering installation used to supply a customer with requirements above 1000 volts that require a VT and whose annual consumption is below 750MWh, the metering installation must meet the relevant accuracy requirements of Type 3 metering installation for active energy only. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 315 | Electricity Industry Metering Code clause 3.9(9) | If compensation is carried out within the meter then the resultant metering system error must be as close as practicable to zero. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 316 | Electricity Industry Metering Code clause 3.10 | A network operator must ensure that any programmable settings within any of its metering installations, data loggers or peripheral devices, that may affect the resolution of displayed or stored data, meet the relevant requirements specified in the applicable metrology procedure and comply with any applicable specifications or guidelines specified by the National Measurement Institute under the National Measurement Act. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|---|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 317 | Electricity Industry Metering Code clause 3.11(1) | A network operator must ensure that a metering installation on its network permits collection of data within the timeframes and to the level of availability specified. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 318 | Electricity Industry Metering Code clause 3.11(2) | A network operator must make repairs to the metering installation in accordance with the applicable service level agreement if an outage or malfunction occurs to a metering installation. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 319 | Electricity Industry Metering Code clause 3.11(3) | A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable. | 2 | Not applicable – for the purposes of this clause, EDL is the network operator (re the distribution network), with responsibility for metering. Therefore, this clause relates to other parties' obligations to advise of outages or malfunctions. | | | | |
| 320 | Electricity Industry Metering Code clause 3.12(1) | A network operator must ensure that each metering installation complies with, at least, the prescribed design requirements. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 321 | Electricity Industry Metering Code clause 3.12(2) | A network operator must ensure that instrument transformers in its metering installations comply with the relevant requirements of any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act and any requirements specified in the applicable metrology procedure. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 322 | Electricity Industry Metering Code clause 3.12(3) | A network operator must provide isolation facilities, to the standard of good electricity industry practice, to facilitate testing and calibration of the metering installation. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 323 | Electricity Industry Metering Code clause 3.12(4) | A network operator must maintain drawings and supporting information, to the standard of good electricity industry practice, detailing the metering installation for maintenance and auditing purposes. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 324 | Electricity Industry Metering Code clause 3.13(1) | A network operator must procure the user or the user's customer to install (or arrange for the installation of) a full check metering installation or partial check metering installation in accordance with the prescribed requirements. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 325 | Electricity Industry Metering Code clause 3.13(3)(c) | A partial check metering installation must be physically arranged in a manner determined by the network operator, acting in accordance with good electricity industry practice. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 326 | Electricity Industry Metering Code clause 3.13(4) | A check metering installation for a metering point must not exceed twice the error level permitted under clause 3.9 for the revenue metering installation for the metering point, and must be connected in such a way that it measures the same load conditions as the revenue metering installation for the metering point, and must be otherwise consistent with the prescribed requirements. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 327 | Electricity Industry Metering Code clause 3.14(3) | If, under clause 3.14(2) of the Code, a metering installation uses metering class CTs and VTs that do not comply with the prescribed requirements, then the network operator must either (or both) install meters of a higher class accuracy or apply accuracy calibration factors within the meter in order to achieve the overall accuracy requirements prescribed. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|---|------------|---------------|--------------|----------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 328 | Electricity Industry Metering Code clause 3.16(1) | A network operator must ensure that a Type 1 metering installation to Type 5 metering installation on the network has the facilities and functionality prescribed. | 2 | Not applicable - clause refers to the wholesale market, which is defined by the Code as relating only to the SWIS | | | | |
| 329 | Electricity Industry Metering Code clause 3.16(2) | A network operator must ensure that a Type 1 metering installation to Type 4 metering installation on the network includes a communications link. | 2 | | | | | |
| 330 | Electricity Industry Metering Code clause 3.16(3) | If a device is used as a data logger, the energy data for a metering point on the network must be collated in trading intervals within the metering installation unless it has been agreed between the network operator and the Code participant that energy data may be recorded in sub-multiples of a trading interval. | 2 | | | | | |
| 331 | Electricity Industry Metering Code clause 3.16(5) | A network operator or a user may require the other to negotiate and enter into a written service level agreement in respect of the matters in the metrology procedure dealt with under clause 3.16(4) of the Code. | 2 | | | | | |
| 332 | Electricity Industry Metering Code clause 3.16(6) | A network operator may only impose a charge for the matters dealt with in the metrology procedure in accordance with the applicable service level agreement between it and the user. | 2 | | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|---|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 333 | Electricity Industry Metering Code clause 3.18(1) | If the Electricity Retail Corporation supplies electricity to a contestable customer at a connection point under a non-regulated contract, and in circumstances where immediately before entering into the contract, the electricity retail corporation supplied electricity to the contestable customer under a regulated contract, then the metering installation for the connection point must comply with the prescribed wholesale market metering installation requirements. | 2 | Not applicable - clause is relevant to the Electricity Retail Corporation (Synergy Energy) only | | | | |
| 334 | Electricity Industry Metering Code clause 3.20(1) | A network operator must, if reasonably requested by a Code participant, provide enhanced technology features in a metering installation. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 335 | Electricity Industry Metering Code clause 3.20(3) | A network operator may only impose a charge for the provision of metering installations with enhanced technology features in accordance with the applicable service level agreement between it and the user. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 336 | Electricity Industry Metering Code clause 3.21(1) | Meters containing an internal real time clock must maintain time accuracy as prescribed. Time drift must be measured over a period of 1 month. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 337 | Electricity Industry Metering Code clause 3.21(2) | If a metering installation includes measurement elements and an internal data logger at the same site, it must include facilities on site for storing the interval energy data for the periods prescribed. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 338 | Electricity Industry Metering Code clause 3.22 | A network operator providing one or more metering installations with enhanced technology features must be licensed to use and access the metering software applicable to all devices being installed and be able to program the devices and set parameters. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 339 | Electricity Industry Metering Code clause 3.23(a) | Where signals are provided from the meter for the user or the user's customer use, a network operator must ensure that signals are isolated by relays or electronic buffers to prevent accidental or malicious damage to the meter. | 2 | Not applicable - clause relates to customer load management. Under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 340 | Electricity Industry Metering Code clause 3.23(b) | Where signals are provided from the meter for the user or the user's customer use, a network operator must provide the user or the user's customer with sufficient details of the signal specification to enable compliance with clause 3.23(c) of the Code. | 2 | | | | | |
| 341 | Electricity Industry Metering Code clause 3.25 | A network operator that operates and maintains a pre-payment meter on its network must operate and maintain the pre-payment meter in accordance with good electricity industry practice and, as far as reasonably practicable, minimise any departure from what the requirements of the Code would have been in respect of the pre-payment meter if clause 3.24 were deleted. | 2 | | | | | |
| 343 | Electricity Industry Metering Code clause 3.29 | A network operator must publish a list of registered metering installation providers, including the prescribed details, and at least annually, update the list. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 344 | Electricity Industry Metering Code clause 4.1(1) | A network operator must establish, maintain and administer a metering database containing standing data and energy data for each metering point on its network. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 345 | Electricity Industry Metering Code clause 4.1(2) | A network operator must ensure that its metering database and associated links, circuits, information storage and processing systems are secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorized access and enable unauthorized access to be detected. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 346 | Electricity Industry Metering Code clause 4.1(3) | A network operator must prepare, and if applicable, must implement a disaster recovery plan to ensure that it is able, within 2 business days after the day of any disaster, to rebuild the metering database and provide energy data to Code participants. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 347 | Electricity Industry Metering Code clause 4.2(1) | A network operator must ensure that its registry complies with the Code and the prescribed clause of the market rules. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 348 | Electricity Industry Metering Code clause 4.3(1) | The standing data for a metering point must comprise at least the items specified. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 349 | Electricity Industry Metering Code clause 4.4(1) | A network operator and affected Code participants must liaise together to determine the most appropriate way to resolve a discrepancy between energy data held in a metering installation and data held in the metering database. | NR | Minor | Probable | Low | Medium | Audit Priority 5 |
| 350 | Electricity Industry Metering Code clause 4.5(1) | A Code participant must not knowingly permit the registry to be materially inaccurate. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 352 | Electricity Industry Metering Code clause 4.6(1) | If a network operator is notified of a change to or inaccuracy in an item of standing data by a Code participant which is the designated source for the item of standing data, then the network operator must update the registry. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 353 | Electricity Industry Metering Code clause 4.6(2) | If a network operator is notified of a change to or inaccuracy in an item of standing data by a Code participant which is not the designated source for the item of standing data, or otherwise becomes aware of a change to or inaccuracy in an item of standing data, then the network operator must undertake investigations to the standard of good electricity industry practice to determine whether the registry should be updated, and update the registry as required. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 354 | Electricity Industry Metering Code clause 4.7 | A network operator must notify any affected user for a metering point of the updated standing data within the timeframes prescribed, where that user would otherwise be entitled to the updated standing data. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 355 | Electricity Industry Metering Code clause 4.8(3) | A network operator must allow a user who supplies, purchases or generates electricity to have local and (where a suitable communications link is installed) remote access to the energy data for metering points at its associated connection points, using a 'read only' password provided by the network operator. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 356 | Electricity Industry Metering Code clause 4.8(4) | A network operator must have security devices and methods in place that ensure that energy data held in its metering installation and data held in its metering database is secured from unauthorized local or remote access, in the manner prescribed, sufficient to the standard of good electricity industry practice. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 357 | Electricity Industry Metering Code clause 4.8(5) | A network operator must ensure that electronic passwords and other electronic security controls are secured from unauthorized access and are only issued to authorized personnel. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 358 | Electricity Industry Metering Code clause 4.9 | A network operator must retain energy data in its metering database for each metering point on its network for at least the periods, and with the level of accessibility, prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 359 | Electricity Industry Metering Code clause 5.1 (1) | A network operator must use all reasonable endeavours to accommodate another Code participant's requirement to obtain a metering service and requirements in connection with the negotiation of a service level agreement. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |
| 360 | Electricity Industry Metering Code clause 5.1(2) | A network operator must expeditiously and diligently process all requests for a service level agreement and negotiate its terms in good faith. A network operator must, to the extent reasonably practicable in accordance with good electricity industry practice, permit a Code participant to acquire a metering service containing only those elements of the metering service which the Code participant wishes to acquire. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 361 | Electricity Industry Metering Code clause 5.3 | A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 362 | Electricity Industry Metering Code clause 5.4(1) | A network operator must, for each accumulation meter on its network, use reasonable endeavours to undertake a meter reading that provides an actual value at least once in any 12 month period. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |
| 364 | Electricity Industry Metering Code clause 5.5(2) | A network operator may only impose a charge for the provision of data under this Code in accordance with the applicable service level agreement between it and the user and must not impose a charge for the provision of data if another enactment prohibits it from doing so. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 366 | Electricity Industry Metering Code clause 5.6(1) | A network operator must provide validated, and where necessary, substituted or estimated energy data for a metering point to the user for the metering point and the IMO within the timeframes prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 367 | Electricity Industry Metering Code clause 5.7 | A network operator must provide replacement energy data to the user for the metering point and the IMO within the timeframes prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 368 | Electricity Industry Metering Code clause 5.8 | A network operator must provide a user with whatever information the network operator has that is necessary to enable the user to comply with its obligations under the Code of Conduct, within the time necessary for the user to comply with the obligations. | 2 | Moderate | Probable | Medium | Low | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 369 | Electricity Industry Metering Code clause 5.9 | A network operator must provide standing data, provided to or obtained by it under this Code, to users where required to do so under any enactment. | 2 | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 370 | Electricity Industry Metering Code clause 5.10 | A network operator must provide a subset of the standing data to a retailer in accordance with the provisions of Annex 4 of the Customer Transfer Code. | 2 | Not applicable - clause relates to customer transfers. Under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 371 | Electricity Industry Metering Code clause 5.11 | If a transfer occurs at a connection point, a network operator must provide an incoming retailer with a copy of the standing data for each metering point associated with the connection point within the timeframes prescribed. | 2 | | | | | |
| 372 | Electricity Industry Metering Code clause 5.12(1) | If a network operator is given a request in accordance with the communication rules and the energy data request relates only to a time or times for which the user was the current user at the metering point, a network operator must provide a user with a complete set of energy data for a metering point within the timeframes prescribed. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 373 | Electricity Industry Metering Code clause 5.13 | A network operator must provide a current user with a complete current set of standing data for a metering point and advise whether there is a communications link for the metering point, within the timeframes prescribed, if it is given a request in accordance with the communication rules. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|---|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 374 | Electricity Industry Metering Code clause 5.14(3) | A network operator must acknowledge receipt of a bulk standing data request from a user and provide the requested standing data within the timeframes prescribed in accordance with the communication rules. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 375 | Electricity Industry Metering Code clause 5.15 | A network operator that provides energy data to a user or the IMO must also provide the date of the meter reading. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 379 | Electricity Industry Metering Code clause 5.19(1) | A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere. | NR | Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 380 | Electricity Industry Metering Code clause 5.19(2) | A user must, to the extent that it is able, collect and maintain a record of the address, site and customer attributes, prescribed in relation to the site of each connection point, with which the user is associated. | NR | | | | | |
| 381 | Electricity Industry Metering Code clause 5.19(3) | 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. | 2 | | | | | |
| 382 | Electricity Industry Metering Code clause 5.19(4) | A user that becomes aware that there is a sensitive load at a customer's site must immediately notify the network operator's Network Operations Control Centre of the fact. | 2 | | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|---|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 383 | Electricity Industry Metering Code clause 5.19(5) | A network operator must give notice to a user, or (if there is a different current user) the current user, acknowledging receipt of any customer, site or address attributes from the user within the timeframes prescribed. | 2 | Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 384 | Electricity Industry Metering Code clause 5.19(6) | A user must use reasonable endeavours to ensure that it does notify the network operator of a change in an attribute that results from the provision of standing data by the network operator to the user. | NR | | | | | |
| 385 | Electricity Industry Metering Code clause 5.20(1) | A network operator must, within 6 months from the date this Code applies to the network operator, develop, in accordance with the communication rules, an energy data verification request form. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 386 | Electricity Industry Metering Code clause 5.20(2) | An Energy Data Verification Request Form must require a Code participant to provide the information prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 387 | Electricity Industry Metering Code clause 5.20(4) | If a Code participant requests verification of energy data, a network operator must, in accordance with the metrology procedure, use reasonable endeavours to verify energy data and inform the requesting Code participant of the result of the verification and provide the verified energy data within the timeframes prescribed. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 388 | Electricity Industry Metering Code clause 5.21(2) | A network operator must comply with any reasonable request by a Code participant to undertake either a test or an audit of the accuracy of the metering installation or the energy or standing data of the metering installation. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 389 | Electricity Industry Metering Code clause 5.21(4) | A test or audit is to be conducted in accordance with the metrology procedure and the applicable service level agreement. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 392 | Electricity Industry Metering Code clause 5.21(8) | A network operator may only impose a charge for the testing of the metering installations, or auditing of information from the meters associated with the metering installations, or both, in accordance with the applicable service level agreement between it and the user. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 393 | Electricity Industry Metering Code clause 5.21(9) | Any written service level agreement in respect of the testing of the metering installations, or the auditing of information from the meters associated with the metering installations, must include a provision that no charge is to be imposed if the test or audit reveals a non-compliance with this Code which results in energy data errors in the network operator's favour. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 394 | Electricity Industry Metering Code clause 5.21(11) | A network operator must advise the affected parties as soon as practicable of errors detected under a test or audit, the possible duration of the errors, and must restore the accuracy of the metering installation in accordance with the applicable service level agreement. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 395 | Electricity Industry Metering Code clause 5.21(12) | The original stored error correction data in a meter must not be altered except during accuracy testing and calibration of a metering installation. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 396 | Electricity Industry Metering Code clause 5.22(1) | A network operator must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 397 | Electricity Industry Metering Code clause 5.22(2) | The network operator must use check metering data, where available, to validate energy data provided that the check metering data has been appropriately adjusted for differences in metering installation accuracy. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 398 | Electricity Industry Metering Code clause 5.22(3) | A network operator must prepare substitute values using the prescribed method if a check meter is not available or energy data cannot be recovered from the metering installation within the time required. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 399 | Electricity Industry Metering Code clause 5.22(4) | A network operator that detects a loss of energy data or incorrect energy data from a metering installation must notify each affected Code participant of the loss or error within 24 hours after detection. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 400 | Electricity Industry Metering Code clause 5.22(5) | Substitution or estimation of energy data is to be required when energy data is missing, unavailable or corrupted, including in the circumstances described. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 401 | Electricity Industry Metering Code clause 5.22(6) | A network operator must review all validation failures before undertaking any substitution. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 402 | Electricity Industry Metering Code clause 5.23(1) | A network operator that determines that there is no possibility of determining an actual value for a metering point must designate an estimated or substituted value for the metering point to be a deemed actual value for the metering point. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 403 | Electricity Industry Metering Code clause 5.23(3) | A network operator that has designated a deemed actual value for a metering point must repair or replace the meter or one or more of components of metering equipment (as appropriate) at the metering point. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 404 | Electricity Industry Metering Code clause 5.24(1) | A network operator that uses an actual value (first value) for energy data for a metering point, and a better quality actual or deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 405 | Electricity Industry Metering Code clause 5.24(2) | A network operator that uses a deemed actual value (first value) for energy data for a metering point, and a better quality deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 406 | Electricity Industry Metering Code clause 5.24(3) | A network operator that uses an estimated or substituted value (first value) for energy data for a metering point, and a better quality actual, deemed, estimated or substituted value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice or the user and its customer jointly request it to do so. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 407 | Electricity Industry Metering Code clause 5.24(4) | A network operator (acting in accordance with good electricity industry practice) must consider any reasonable request from a Code participant for an estimated or substituted value to be replaced. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 408 | Electricity Industry Metering Code clause 5.25 | A network operator must ensure the accuracy of estimated energy data in accordance with the methods in its metrology procedure and ensure that any transformation or processing of data preserves its accuracy in accordance with the metrology procedure. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 410 | Electricity Industry Metering Code clause 5.29 | If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then, except to the extent that the metering data agency agreement provides otherwise, the parties must undertake the activities prescribed. | 2 | Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licenced to operate in the area subject to EDL's licence | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|----------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 411 | Electricity Industry Metering Code clause 5.30(1) | If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then the electing network operator and the electricity networks corporation must enter into a metering data agency agreement in relation to the network, which must deal with at least the matters prescribed. | 2 | Not applicable - clause relates to establishing an agency arrangement with the electricity networks corporation (Western Power), which is not licenced to operate in the area subject to EDL's licence | | | | |
| 412 | Electricity Industry Metering Code clause 5.31(1) | If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, the electricity networks corporation must assess the compliance of each metering installation in the network with this Code and notify the electing network operator of each non-compliant metering installation. | 2 | | | | | |
| 413 | Electricity Industry Metering Code clause 5.31(2) | An electing network operator may, by notice to the electricity networks corporation, require the electricity networks corporation to upgrade a non-compliant metering installation, in which case the electricity networks corporation must undertake the upgrade in accordance with the metering data agency agreement and good electricity industry practice. | 2 | | | | | |
| 414 | Electricity Industry Metering Code clause 5.34(2) | Except to the extent that the metering data agency agreement provides otherwise, the costs which may be recovered by the electricity networks corporation for acting as the network operator's metering data agent must not exceed the amounts prescribed. | 2 | | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|--|------|---|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 415 | Electricity Industry Metering Code clause 6.1(1) | A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 417 | Electricity Industry Metering Code clause 6.20(4) | A network operator must amend any document in accordance with the Authority's final findings. | NR | Minor | Unlikely | Low | Medium | Audit Priority 5 |
| 418 | Electricity Industry Metering Code clause 7.2(1) | Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code. | NR | Not applicable – for the purposes of this clause, EDL is both the Code participant and Network operator | | | | |
| 419 | Electricity Industry Metering Code clause 7.2(2) | A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect. | 2 | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 424 | Electricity Industry Metering Code clause 8.1(1) | Representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute under or in connection with the Electricity Industry Metering Code by negotiations in good faith. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 425 | Electricity Industry Metering Code clause 8.1(2) | If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|---|--|---|------|-----------------|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 426 | Electricity Industry Metering Code clause 8.1(3) | If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 427 | Electricity Industry Metering Code clause 8.1(4) | If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution. | 2 | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 428 | Electricity Industry Metering Code clause 8.3(2) | The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective of dispute resolution with as little formality and technicality and with as much expedition as the requirements of Part 8 of the Code and a proper hearing and determination of the dispute, permit. | NR | Minor | Unlikely | Low | Low | Audit Priority 5 |
| 16 Electricity Industry (Network Quality and Reliability of Supply) Code – Licence Conditions and Obligations | | | | | | | | |
| 429 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 5(1) | A distributor or transmitter must, as far as reasonably practicable, ensure that electricity supply to a customer's electrical installations complies with prescribed standards. | NR | Minor | Probable | Low | Low | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 430 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 8 | A distributor or transmitter must, so far as reasonably practicable, disconnect the supply of electricity to installations or property in specified circumstances, unless it is in the interest of the customer to maintain the supply. | NR | Minor | Probable | Low | Low | Audit Priority 5 |
| 431 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 9 | A distributor or transmitter must, as far as reasonably practicable, ensure that the supply of electricity is maintained and the occurrence and duration of interruptions is kept to a minimum. | NR | Minor | Probable | Low | Low | Audit Priority 5 |
| 432 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(1) | A distributor or transmitter must, so far as reasonably practicable, reduce the effect of any interruption on a customer. | NR | Minor | Probable | Low | Low | Audit Priority 5 |
| 433 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 10(2) | A distributor or transmitter must consider whether, in specified circumstances, it should supply electricity by alternative means to a customer who will be affected by a proposed interruption. | NR | Minor | Probable | Low | Low | Audit Priority 5 |
| 434 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 12(3) | A distributor must take prescribed action in the event of a significant interruption to a small use customer. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 435 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(2) | A distributor or transmitter must, so far as reasonably practicable, ensure that customers in specified areas do not have average total lengths of interruptions of supply greater than specified durations. | NR | Minor | Probable | Low | Medium | Audit Priority 5 |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 436 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 13(3) | The average total length of interruptions of supply is to be calculated using the specified method. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 437 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 14(8) | A distributor or transmitter must, on request, provide to an affected customer a free copy of an instrument issued by the Minister and of any notice given under section 14(7) of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 438 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 15(2) | A distributor or transmitter that agrees with a customer to exclude or modify certain provisions must set out the advantages and disadvantages to the customer of doing so in their agreement. | 2 | | | | | |
| 439 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 18 | A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe for a failure to give required notice of planned interruption. | 2 | | | | | |
| 440 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 19 | A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe if a supply interruption exceeds 12 hours. | 2 | | | | | |
| 441 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 21(1) | A distributor operating a relevant distribution system must provide eligible customers with information about applying for payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | 2 | | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|------------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 442 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 21(2) | A distributor operating a relevant distribution system must provide written notice to customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 443 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 21(3) | A distributor operating a relevant distribution system must provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005 not less than once in each financial year. | 2 | | | | | |
| 444 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(1) | A distributor or transmitter must take all such steps as are reasonably necessary to monitor the operation of its network to ensure compliance with specified requirements. | NR | Minor | Probable | Low | Medium | Audit Priority 5 |
| 445 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 23(2) | A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified. | 2 | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 446 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(3) | A distributor or transmitter must complete a quality investigation requested by a customer in accordance with specified requirements. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 447 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 24(4) | A distributor or transmitter must report the results of an investigation to the customer concerned. | 2 | | | | | |

| Licence Condition | | | | Risk Assessment | | | | |
|-------------------|---|---|------|--|------------|---------------|--------------|----------------|
| No | Obligations under Condition | Description | Type | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 448 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 25(2) | A distributor or transmitter must make available, at no cost, a copy of a document setting out its complaint handling processes to a small customer who makes a complaint to the distributor or transmitter or who asks to be given such information. | 2 | Not applicable - under paragraph 2.1 (b) of the Licence, EDL is not licenced to supply electricity to customers, as defined by the Electricity Act | | | | |
| 449 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 25(3) | A document setting out a distributor's or transmitter's complaint handling process must contain the specified information. | 2 | | | | | |
| 450 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 26 | A distributor or transmitter must arrange for an independent audit and report on its systems for monitoring, and its compliance with specific requirements. This is to be carried out in respect of the operation of such systems during each year ending on 30 June. | 2 | | | | | |
| 451 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 27(1) | A distributor or transmitter must prepare and publish a report about its performance in accordance with specified requirements. | 2 | | | | | |
| 452 | Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 27(3) | A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period. | 2 | | | | | |

Appendix B - Asset management system review risk assessment

| 1 | Asset Planning | | | | | |
|--------------|---|-------------|------------|---------------|--------------|------------------|
| Key Process: | Asset planning strategies are focused on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price). | | | | | |
| Outcome: | 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. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 1 (a) | Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 1 (b) | Service levels are defined | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 1 (c) | Non-asset options (e.g. demand management) are considered | Minor | Probable | Low | Medium | Audit Priority 5 |
| 1 (d) | Lifecycle costs of owning and operating assets are assessed | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 1 (e) | Funding options are evaluated | Minor | Probable | Low | Medium | Audit Priority 5 |
| 1 (f) | Costs are justified and cost drivers identified | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 1 (g) | Likelihood and consequences of asset failure are predicted | Major | Likely | High | Medium | Audit Priority 2 |
| 1 (h) | Plans are regularly reviewed and updated | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| 2 | | Asset Creation and Acquisition | | | | |
|--------------|---|--|------------|---------------|--------------|------------------|
| Key Process: | | Asset creation/acquisition means the provision or improvement of an asset where the outlay can be expected to provide benefits beyond the year of outlay | | | | |
| Outcome: | | A more economic, efficient and cost-effective asset acquisition framework which will reduce demand for new assets, lower service costs and improve service delivery. | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 2 (a) | Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 2 (b) | Evaluations include all life-cycle costs | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 2 (c) | Projects reflect sound engineering and business decisions | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 2 (d) | Commissioning tests are documented and completed | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 2 (e) | Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| 3 Asset Disposal | | | | | | |
|------------------|--|--|------------|---------------|--------------|------------------|
| Key Process: | | Effective asset disposal frameworks incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. Alternatives are evaluated in cost-benefit terms. | | | | |
| Outcome: | | Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will lower service costs. | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 3 (a) | Under-utilised and under-performing assets are identified as part of a regular systematic review process | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 3 (b) | The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken | Moderate | Unlikely | Medium | Medium | Audit Priority 4 |
| 3 (c) | Disposal alternatives are evaluated | Minor | Probable | Low | High | Audit Priority 5 |
| 3 (d) | There is a replacement strategy for assets | Moderate | Probable | Medium | Low | Audit Priority 4 |

| 4 | Environmental analysis | | | | | |
|--------------|---|-------------|------------|---------------|--------------|------------------|
| Key Process: | Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system. | | | | | |
| Outcome: | The asset management system regularly assesses external opportunities and threats and takes corrective action to maintain performance requirements. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 4 (a) | Opportunities and threats in the system environment are assessed | Moderate | Likely | High | Low | Audit Priority 2 |
| 4 (b) | Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved | Moderate | Likely | High | Low | Audit Priority 2 |
| 4 (c) | Compliance with statutory and regulatory requirements | Moderate | Likely | High | Low | Audit Priority 2 |
| 4 (d) | Achievement of customer service levels | Moderate | Probable | Medium | Low | Audit Priority 4 |

| 5 | Asset operations | | | | | |
|--------------|--|-------------|------------|---------------|--------------|------------------|
| Key Process: | Operations functions relate to the day-to-day running of assets and directly affect service levels and costs. | | | | | |
| Outcome: | Operations plans adequately document the processes and knowledge of staff in the operation of assets so that service levels can be consistently achieved. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 5 (a) | Operational policies and procedures are documented and linked to service levels required | Moderate | Likely | High | Low | Audit Priority 2 |
| 5 (b) | Risk management is applied to prioritise operations tasks | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 5 (c) | Assets are documented in an Asset Register including asset type, location, material, plans of components, an assessment of assets' physical/structural condition and accounting data | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 5 (d) | Operational costs are measured and monitored | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 5 (e) | Staff receive training commensurate with their responsibilities | Moderate | Probable | Medium | Low | Audit Priority 4 |

| 6 | | Asset maintenance | | | | |
|--------------|---|--|------------|---------------|--------------|------------------|
| Key Process: | | Maintenance functions relate to the upkeep of assets and directly affect service levels and costs. | | | | |
| Outcome: | | Maintenance plans cover the scheduling and resourcing of the maintenance tasks so that work can be done on time and on cost. | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 6 (a) | Maintenance policies and procedures are documented and linked to service levels required | Moderate | Likely | High | Low | Audit Priority 2 |
| 6 (b) | Regular inspections are undertaken of asset performance and condition | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 6 (c) | Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule | Moderate | Likely | High | Medium | Audit Priority 2 |
| 6 (d) | Failures are analysed and operational/maintenance plans adjusted where necessary | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 6 (e) | Risk management is applied to prioritise maintenance tasks | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 6 (f) | Maintenance costs are measured and monitored | Minor | Probable | Low | Low | Audit Priority 5 |

| 7 Asset management information system | | | | | | |
|---------------------------------------|--|---|------------|---------------|--------------|------------------|
| Key Process: | | An asset management information system is a combination of processes, data and software that support the asset management functions. | | | | |
| Outcome: | | The asset management information system provides authorised, complete and accurate information for the day-to-day 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. | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 7 (a) | Adequate system documentation for users and IT operators | Minor | Probable | Low | Medium | Audit Priority 5 |
| 7 (b) | Input controls include appropriate verification and validation of data entered into the system | Minor | Likely | Medium | Medium | Audit Priority 4 |
| 7 (c) | Logical security access controls appear adequate, such as passwords | Minor | Likely | Medium | Low | Audit Priority 4 |
| 7 (d) | Physical security access controls appear adequate | Minor | Probable | Low | Medium | Audit Priority 5 |
| 7 (e) | Data backup procedures appear adequate | Minor | Likely | Medium | Low | Audit Priority 4 |
| 7 (f) | Key computations related to licensee performance reporting are materially accurate | Minor | Likely | Medium | Medium | Audit Priority 4 |
| 7 (g) | Management reports appear adequate for the licensee to monitor licence obligations | Minor | Likely | Medium | Medium | Audit Priority 4 |

| 8 Risk management | | | | | | |
|-------------------|---|---|------------|---------------|--------------|------------------|
| Key Process: | | Risk management involves the identification of risks and their management within an acceptable level of risk. | | | | |
| Outcome: | | An effective risk management framework is applied to manage risks related to the maintenance of service standards | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 8 (a) | Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 8 (b) | Risks are documented in a risk register and treatment plans are actioned and monitored | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 8 (c) | The probability and consequences of asset failure are regularly assessed | Moderate | Probable | Medium | Medium | Audit Priority 4 |

| 9 | | Contingency planning | | | | |
|--------------|--|--|------------|---------------|--------------|------------------|
| Key Process: | | Contingency plans document the steps to deal with the unexpected failure of an asset. | | | | |
| Outcome: | | Contingency plans have been developed and tested to minimise any significant disruptions to service standards. | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 9 (a) | Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks | Major | Probable | High | Medium | Audit Priority 2 |

| 10 | Financial planning | | | | | |
|--------------|--|-------------|------------|---------------|--------------|------------------|
| Key Process: | The financial planning component of the asset management plan brings together the financial elements of the service delivery to ensure its financial viability over the long term. | | | | | |
| Outcome: | A financial plan that is reliable and provides for the long-term financial viability of the services. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 10 (a) | The financial plan states the financial objectives and strategies and actions to achieve the objectives | Moderate | Probable | Medium | Low | Audit Priority 4 |
| 10 (b) | The financial plan identifies the source of funds for capital expenditure and recurrent costs | Minor | Probable | Low | Medium | Audit Priority 5 |
| 10 (c) | The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets) | Minor | Unlikely | Low | Medium | Audit Priority 5 |
| 10 (d) | The financial plan provide firm predictions on income for the next five years and reasonable indicative predictions beyond this period | Minor | Probable | Low | Medium | Audit Priority 5 |
| 10 (e) | The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services | Moderate | Unlikely | Medium | Low | Audit Priority 4 |
| 10 (f) | Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary | Moderate | Probable | Medium | Low | Audit Priority 4 |

| 11 | Capital expenditure planning | | | | | |
|---------------------|---|-------------|------------|---------------|--------------|------------------|
| Key Process: | The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure on each over the next five or more years. Since capital investments tend to be large and lumpy, projections would normally be expected to cover at least 10 years, preferably longer. Projections over the next five years would usually be based on firm estimates | | | | | |
| Outcome: | A capital expenditure plan that provides reliable forward estimates of capital expenditure and asset disposal income, supported by documentation of the reasons for the decisions and evaluation of alternatives and options. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 11 (a) | There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 11 (b) | The plan provide reasons for capital expenditure and timing of expenditure | Minor | Probable | Low | Medium | Audit Priority 5 |
| 11 (c) | The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 11 (d) | There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned | Minor | Probable | Low | Medium | Audit Priority 5 |

| 12 | Review of AMS | | | | | |
|--------------|--|-------------|------------|---------------|--------------|------------------|
| Key Process: | The asset management system is regularly reviewed and updated. | | | | | |
| Outcome: | Review of the Asset Management System to ensure the effectiveness of the integration of its components and their currency. | | | | | |
| Ref | Effectiveness criteria | Consequence | Likelihood | Inherent Risk | Control Risk | Audit Priority |
| 12 (a) | A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current | Moderate | Probable | Medium | Medium | Audit Priority 4 |
| 12 (b) | Independent reviews (eg internal audit) are performed of the asset management system | Minor | Probable | Low | High | Audit Priority 5 |

Appendix B – References

Key EDL staff participating in the audit

| Name | Position |
|--------------------|---------------------------------------|
| ▪ Mike Espenschied | Team Leader Asset Management Planning |
| ▪ Marc Beckx | WKPP Operations Manager |
| ▪ Alan Picco | Electrical Engineer |
| ▪ Karl Newman | WKPP Accountant |
| ▪ Tim Yoong | Manager – Technical |
| ▪ Rebecca Pearson | Legal Counsel |
| ▪ Daniel Gillespie | IT Team Leader |
| ▪ Steve Dinsdale | Manager - Corporate Finance |
| ▪ Clem Foster | Group Audit Manager |
| ▪ Allan Millichamp | WA Safety Case Responsible Person |

Deloitte staff participating in the audit

| Name | Position | Hours |
|---|-----------------------------|-------|
| ▪ Richard Thomas | Partner | 7.5 |
| ▪ Andrew Baldwin | Account Director | 37 |
| ▪ James Reynolds | Account Director (Brisbane) | 10.5 |
| ▪ Caleb Spreckley | Analyst | 77 |
| ▪ Jin Sua | Support Analyst | 43 |
| ▪ Ben Fountain | Support Analyst | 3 |
| ▪ Quality Assurance Review performed by Deloitte Risk Services and Assurance & Advisory Services partners | | 4 |

Key documents and other information sources examined

Change Management

- WKPP Change Management Presentation (May 2008)
- WKPP Ops Change Management 1 (May 2008)

ERA Reporting

- EDL Datasheets for ERA (June 2007)
- EDL Datasheets for ERA comments (June 2007)
- ERA Reporting
- Schedule A
- WKPP Reporting Notification matrix
- WKPP Compliance Report (September 2007)
- Email to ERA regarding AMP

Exemption

- Draft of public report – Licence Exemptions Office of Energy (XXX)

Internal Audit

- Audit Plan 2008/09

Asset Plans

- WKPP Supplier Facilities Plan (January 2008)
- WKPP Asset Management Plan (March 2006)

Reports to Horizon Power

- Broome Power Station Supply Interruption PDF (March 2008)
- Broome Power Station Supply Interruption Excel (March 2008)
- Derby Power Station Supply Interruption PDF (June 2008)
- Derby Power Station Supply Interruption Excel (June 2008)
- WKPP West Kimberley Root Cause Analysis and Second Step Report – Derby - Feeders 3 and 5 (June 2008)
- WKPP West Kimberley Root Cause Analysis and Second Step Report - Derby - Station Black (June 2008)
- WKPP West Kimberley Root Cause Analysis and Second Step Report - Looma - Station Black (June 2008)

Organisation Charts

- EDL organisation charts – 2008 edit

Performance Reporting

- Looma - monthly operational performance report (July 2007)
- Monthly performance report sample
- WKPP Reporting specification

Power Purchase Agreement

- WKPP Power Purchase Agreement
- WKPP Schedules 1-8 conformed clean
- WKPP Schedules 9-11 conformed clean

Procedures

- WKPP Standing order stores process – revision 0 (May 2008)
- WKPP Work management and planning process A (January 2008)

Risk Management

- WKPP Operations Environmental Management Plan
- Issue J, Section 5, Hazard ID risk assessment JSA (April 2007)
- WKPP Operational Safety Management Plan (June 2008)

Metering Drawings

- Various metering drawings 2003 (19)

Meter Data Sheet

- ION 7550 and 7650 - Datasheet

Position Descriptions

- Asset and Regulatory Conformance Planner (October 2006)
- WKPP Operations Manager (April 2004)
- Position description – Senior Environmental Scientist (September 2007)
- Technical Specialist – Electrical (June 2006)
- Technical Specialist – Mechanical (June 2006)
- WA Safety Case Responsible Person (February 2008)

Annual Reports

- EDL Annual Reports (05/06, 06/07 and 07/08)