

Alinta Pty Ltd

2008 Electricity Generation Licence & Electricity Transmission Licence

(Wagerup and Pinjarra)

Performance Audit Report

10 February 2009

Mr Corey Dykstra
Manager Regulatory Affairs
Alinta Sales Pty Ltd
Level 9, 12-14 The Esplanade
Perth WA 6000

10 February 2009

Dear Corey

2008 Performance Audit Report – Electricity Generation Licence (EGL10 + EGL6) and Electricity Transmission Licence (ETL3 + ETL1)

We have completed the Electricity Generation Licence and Electricity Transmission Licence Performance Audits for:

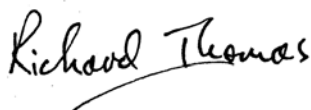
- Alinta Cogeneration (Wagerup) Pty Ltd for the period 24 March 2006 to 30 June 2008
- Alinta Cogeneration (Pinjarra) Pty Ltd for the period 10 April 2006 to 30 June 2008

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

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1 Executive summary

1.1 Introduction

Pursuant to the provisions of the Electricity Industry Act 2004 (**the Act**), the Economic Regulation Authority (**the Authority**) has granted Alinta Cogeneration (Wagerup) Pty Ltd and Alinta Cogeneration (Pinjarra) Pty Ltd (collectively, **Alinta**) each with an electricity generation and an electricity transmission licence (**the Licences**). The Licences relate to Alinta's Wagerup and Pinjarra cogeneration electricity generation and transmission operations.

Section 13 of the Act requires Alinta 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.

1.2 Independent auditor's report

With the Authority's approval, Deloitte Touche Tohmatsu (**Deloitte**) was engaged to conduct a reasonable assurance audit of Alinta's compliance with the conditions of its Licences. The audit was conducted in accordance with the specific requirements of the Licences 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 Alinta's Licences requirement.

Alinta's responsibility for compliance with the conditions of the Licences

Alinta 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 Alinta's compliance with the conditions of the Licences 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 Licences 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 on 14 November 2008, 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 report 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 Alinta in accordance with our engagement letter dated 26 May 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 Alinta, 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 set out below, Alinta has in all material respects complied with the conditions of its Licences for the period 24 March 2006 to 30 June 2008 for Wagerup Licences and 10 April 2006 to 30 June 2008 for Pinjarra Licences.

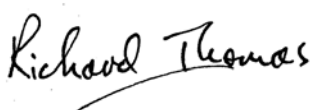
1.3.1 Exceptions

The following compliance criteria were assessed as non-compliant (rating 2 or below):

	Reporting manual no. & Licence condition	Issue
83	<p>Act Section 14(1)(b) - A licensee must notify details of the asset management system and any substantial changes to it to the Authority.</p> <p>{Generation and Transmission Licences}</p>	<p>This licence condition required Alinta to notify the Authority of its respective asset management systems by 12 April 2006 for its Pinjarra cogeneration operations and by 2 days after commissioning of its Wagerup cogeneration operations in 2007.</p> <p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta.</p> <p>Alinta's 2007/08 compliance report noted that it had not notified the Authority of its asset management systems (which would be based on those developed by Alcoa) within the required timeframe.</p>

Reporting manual no. & Licence condition	Issue
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. <i>{Generation and Transmission Licences}</i>	Although licence fees have been duly paid by Alinta, payment for all four licences was made outside of the one month period for each of the 2006 and 2007 payment periods. In 2007, respective payments were made more than three months late.
306 Metering Code clause 3.5(1) and (2) <i>"Requirements for a metering installation"</i> 307 Metering Code clause 3.5(3) <i>"Requirements for a metering installation"</i> 324 Metering Code clause 3.13(1) <i>"The metering database – general"</i> 385 Metering Code clause 5.20(1) <i>"Energy data verification requests"</i> <i>{All clauses relevant to Transmission Licences only}</i>	Alinta, as a transmission licence holder, has not complied with five aspects of its transmission metering obligations for the entire period since the issue of its electricity transmission licences. Until Alinta is formally exempted from holding a transmission licence, Alinta remains obliged to comply with the relevant obligations of the metering code. <i>Note that Alinta has also not complied with clause 6.2 of the Metering Code, which requires a network operator to establish certain documents. This clause is not included in the Reporting Manual as a specific obligation subject to compliance monitoring and reporting.</i>

DELOITTE TOUCHE TOHMATSU


Richard Thomas

Partner

Perth, February 2009

1.4 Alinta's response to previous audit recommendations

As this is the first audit under these Licences there are no previous audit recommendations to which Alinta can respond.

1.5 Findings

The following two tables summarise the assessments made by the audit on Alinta's compliance with the obligations of its Electricity Generation Licences and Electricity Transmission Licences respectively. The assessments apply collectively to the respective Licences for each of Alinta's Pinjarra and Wagerup operations. In accordance with the Audit Guidelines, on a 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 3 at the Summary of findings section of this report for a description of the compliance rating scale applied.

The summary tables below relate to generation and transmission licence obligations for the Wagerup and Pinjarra licences collectively (compliance assessments do not differentiate between the two facilities).

Table 1: Summary of findings, by audit priority¹ and compliance rating for the Electricity Generation Licences

Electricity Generation Licences							
No. of Obligations	N/A ²	Compliance Rating					Total
		Not rated ³	1	2	3	4	5
Priority 2							
Priority 4		12		2		2	15
Priority 5		5				1	3
Total	8	17		2		3	18

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 Alinta'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

Table 2: Summary of findings, by audit priority and compliance rating for the Electricity Transmission Licences

Electricity Transmission Licences							
No. of Obligations	N/A	Compliance Rating					Total
		Not rated	1	2	3	4	5
Priority 2	32						
Priority 4		84		6		1	12
Priority 5		8				1	5
Total		92		6		2	17

Specific assessments for each licence obligation are summarised at **Table 4 & 5** 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.

1.6 Recommendations and post audit implementation plans

Reporting manual no. & Licence condition ref.		Audit Priority	Compliance Rating	Issue 1
83	<p>Act Section 14(1)(b) - A licensee must notify details of the asset management system and any substantial changes to it to the Authority.</p> <p><i>{Generation and Transmission Licences}</i></p>	Priority 4	Non compliant - 2	Alinta did not notify the Authority its asset management system within the necessary time frame as defined in the Act.
	<p>Recommendation 1</p> <p>(a) Alinta notify the Authority of details of its asset management system for its generation and transmission facilities</p> <p>(b) In consultation with Alcoa, Alinta implement a mechanism which ensures that any substantial changes to Alinta's asset management system are notified to the Authority within the required timeframe.</p>	<p>Post Audit Implementation Plan 1</p> <p>(a) Alinta notified the Authority of details of its asset management system for its transmission facilities on 20 January 2009. Alinta will notify the Authority of details of its asset management system for its generation facilities with the submission of this audit report.</p> <p>(b) In consultation with Alcoa, Alinta will implement a mechanism which ensures that any future substantial changes to its asset management system are notified to the Authority within the required timeframe.</p> <p>Responsible Person: Manager Regulatory Affairs Target Date: (a) 28 February 2009 (b) 31 July 2009</p>		
Reporting manual no. & Licence condition ref.		Audit Priority	Compliance Rating	Issue 2
85	<p>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.</p> <p><i>{Generation and Transmission Licences}</i></p>	Priority 4	Non compliant - 2	Although licence fees have been duly paid by Alinta, payment for all four licences was made outside of the one month period for each of the 2006 and 2007 payment periods. In 2007, respective payments were made more than three months late.
	<p>Recommendation 2</p> <p>Alinta's Licence compliance procedures be strengthened to ensure payment of prescribed licence fees by the due date each year.</p>	<p>Post Audit Implementation Plan 2</p> <p>Alinta will amend internal payment system controls to ensure that the prescribed licence fees are paid by the due date each year.</p> <p>Responsible Person: WA Controller - Finance Target Date: 31 March 2009</p>		

Reporting manual no. & Licence condition ref.	Audit Priority	Compliance Rating	Issue 3
<p>319 <i>Metering Code clause 3.11(3)</i> - 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>{Generation and Transmission Licences}</i></p> <p>350 <i>Metering Code clause 4.5(1)</i> - A Code participant must not knowingly permit the registry to be materially inaccurate. <i>{Generation and Transmission Licences}</i></p> <p>422 <i>Metering Code clause 7.5</i> - A Code participant must not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code. <i>{Generation Licences only}</i></p>	Priority 4	Compliant - 4	Alcoa's (on behalf of Alinta) Powerhouse control room and information security procedures do not explicitly accommodate these requirement.
<p>Recommendation 3</p> <p>Alinta monitor Alcoa's progress in implementing the following Post Audit Implementation Plans proposed by Alcoa:</p> <ul style="list-style-type: none"> ■ Metering Code clause 3.11(3): Alcoa will update current Powerhouse control room procedures, such that when an instance of a malfunction or outage can be or is identified with a Western Power tariff meter, then Alcoa will notify Western Power in a timely manner ■ Metering Code clause 4.5(1): Alcoa will investigate and consider the benefits of putting a formal check in place e.g. the use of check meter data to compare against Western Power's data ■ Metering Code clause 7.5: In conjunction with Alcoa's existing IT security mechanisms and annual compliance reporting procedures, Alcoa will ensure effective procedures are in place for ensuring the security of confidential information. 	<p>Post Audit Implementation Plan 3</p> <p>Alinta will monitor Alcoa's progress in implementing the relevant Post Audit Implementation Plans proposed by Alcoa for addressing these three issues.</p> <p>Responsible Person: Manager Regulatory Affairs Target Date: 31 July 2009</p>		

Reporting manual no. & Licence condition ref.		Audit Priority	Compliance Rating	Issue 4
306	Metering Code clause 3.5(1) and (2) <i>Relates to “Requirements for a metering installation”</i>	Priority 4	Non compliant - 2	Alinta, as a transmission licence holder, has not complied with five aspects of its transmission metering obligations for the entire period since the issue of its electricity transmission licences.
307	Metering Code clause 3.5(3) <i>Relates to “Requirements for a metering installation”</i>			
324	Metering Code clause 3.13(1) <i>Relates to “The metering database – general”</i>			
385	Metering Code clause 5.20(1) <i>Relates to “Energy data verification requests”</i>			
<p>{All clauses relevant to Transmission Licences only}</p>				<p>Until Alinta is formally exempted from holding a transmission licence, Alinta remains obliged to comply with the relevant obligations of the metering code.</p> <p><i>Note that Alinta has also not complied with clause 6.2 of the Metering Code, which requires a network operator to establish certain documents. This clause is not included in the Reporting Manual as a specific obligation subject to compliance monitoring and reporting.</i></p>
<p>Recommendation 4</p> <p>(a) Alinta seek an exemption from the requirements of its existing electricity transmission licences.</p> <p>(b) Until such time as an exemption from the requirements of its electricity transmission licences is obtained, assess the alternatives available for meeting any critical components of the relevant metering code obligations.</p>		<p>Post Audit Implementation Plan 4</p> <p>(a) Alinta will monitor the Office of Energy’s submission to the Minister that would result in a general exemption from it being required to hold electricity transmission licences for its Pinjarra and Wagerup facilities.</p> <p>(b) Should the Minister decide not to approve the Office of Energy’s submission for a general exemption, Alinta will within one month of being made aware of the Minister’s decision apply to the Authority under section 21 of the <i>Electricity Industry Act</i> for an amendment of its transmission licences to exempt it from the relevant clauses of the Metering Code (as noted in 306, 307, 324 and 385).</p> <p>(c) Should the Authority determine not to make the requested amendments to its transmission licences, Alinta will within twelve months of being notified of the Authority’s decision take action to comply with the relevant clauses of the Metering Code (as noted in 306, 307, 324 and 385).</p> <p>Responsible Person: Manager Regulatory Affairs</p> <p>Target Dates: As identified above.</p>		

1.7 Scope and objectives

The audit is designed to gain reasonable assurance regarding Alinta's compliance with the conditions of its Licences during the period 24 March 2006 to 30 June 2008 for Wagerup Licences and 10 April 2006 to 30 June 2008 for Pinjarra Licences.

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 Licences 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 plan⁴ has been modified to recognise aspects of the:

- Metering Code and Network Quality and Reliability of Supply Code, which were re-assessed to be not applicable to Alinta's operations and licence obligations
- Metering Code, which were re-assessed to be applicable to Alinta's operations and licence obligations. For each of these obligations:
 - a subsequent risk assessment was performed, the results of which are in Tables 4 and 5
 - detailed findings are separately listed at section 3.

Each of these obligations are set out below:

Obligations re-assessed to be not applicable

Generation licences

Compliance obligation, Metering Code reference	Explanation of revised assessment
309, clause 3.5(6)	Clause relates to network operator obligations only. For the purpose of its electricity generation licences, Alinta is not a network operator. This clause remains applicable to Alinta's electricity transmission licences.
409, clause 5.27	Clause relates to provision of customer information. Alinta's generation works do not supply electricity directly to customers.

⁴ The initial scope of the audit was based on the Reporting Manual's record of licence holder obligations

Transmission licences

Compliance obligations, Code reference	Explanation of revised assessment
429-433, 435-436, 444-445, 450-452 (all relevant to the Network Quality and Reliability of Supply Code)	For the purpose of its Transmission Licences, Alinta is not licensed to supply electricity to customers (other than on behalf of a retailer) and does not supply electricity to customers (on behalf of a retailer). As Alinta's transmission lines do not supply customers as defined by the Network Quality and Reliability of Supply Code, the Code does not apply to Alinta's operations.
327, Metering Code clause 3.14(3)	This clause applies to metering installations commissioned prior to the commencement of the Metering Code. As Alinta had not installed any meters (prior to or since the commencement of the Metering Code), this clause does not apply to Alinta's circumstances.

Obligations re-assessed to be applicable

Obligation, Metering Code reference	Licence type
418, clause 7.2(1)	Generation and Transmission Licences
363, 5.4(2)	Generation Licences

1.8 Approach

Our approach for this audit involved the following activities, which were undertaken during the period September to December 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 Alinta and where necessary, Alcoa 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 Alinta's activities in line with the licence obligations (see **Appendix B** for reference listing)
- reporting of findings to Alinta for review and response.

2 Summary of findings

Table 3 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 Licences. For the highest possible compliance rating to be achieved, Alinta was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

Table 3: 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 of the compliance assessments for each of the electricity generation and electricity transmission licences (at **Tables 4 & 5**).
- detailed findings, including relevant observations, recommendations and post audit implementation plans (at **section 3**).

Note:

- findings for each licence type collectively apply to the Wagerup and Pinjarra facilities
- other than listed at section to item 1.7.1 “Scope/risk assessment revisions” above, the scope and 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 for each obligation has been included in this summary to give context to the ratings that have been determined
- obligations assessed as not applicable to Alinta’s operations are detailed in the Audit Plan at Appendix A
- for those obligations for which there was no relevant activity during the period of the audit, a compliance assessment could not be made and a “Not rated” notation is made against that obligation.

Table 4: Compliance summary for Electricity Generation Licences (Wagerup and Pinjarra)

Refer to Detailed Findings at section 3 and Audit Plan at Appendix A for description of each obligation.

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
10 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	Probable	Medium	Medium	Priority 4		✓			
84	14(1)(c)	Minor	Unlikely	Low	Low	Priority 5					✓
85	17(1)	Minor	Unlikely	Low	Medium	Priority 4		✓			
86	31(3)	Minor	Probable	Low	Medium	Priority 4					✓
87	41(6)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
11 Electricity Licences – Licence Conditions and Obligations											
103	12.2	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
104	12.3	Moderate	Probable	Medium	Medium	Priority 4					✓
105	13.1	Moderate	Unlikely	Medium	Low	Priority 4					✓
106	14.4	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
107	15.2	Moderate	Unlikely	Medium	Low	Priority 4					✓
108	16.4	Moderate	Unlikely	Medium	Low	Priority 4					✓
109	17.1	Moderate	Unlikely	Medium	Medium	Priority 4					✓
110	18.1	Moderate	Probable	Medium	Medium	Priority 4					✓
111	19.2	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
112	20.1	Moderate	Unlikely	Medium	Medium	Priority 4					✓
14 Electricity Industry Metering Code – Licence Conditions and Obligations											
309	3.5(6)	Assessed as not applicable									
319	3.11(3)	Moderate	Probable	Medium	Medium	Priority 4				✓	
331	3.16(5)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
342	3.27	Moderate	Unlikely	Medium	Low	Priority 4					✓
349	4.4(1)	Minor	Probable	Low	Medium	Priority 5	Not rated				
350	4.5(1)	Minor	Probable	Low	Medium	Priority 5				✓	
351	4.5(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
363	5.4(2)	Moderate	Probable	Medium	Medium	Priority 4					✓
365	5.5(3)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
376	5.16	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
377	5.17(1)	Assessed as not applicable									
378	5.18	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
379	5.19(1)	Assessed as not applicable									
380	5.19(2)	Assessed as not applicable									
381	5.19(3)	Assessed as not applicable									
382	5.19(4)	Assessed as not applicable									
384	5.19(6)	Assessed as not applicable									
390	5.21(5)	Moderate	Probable	Medium	Medium	Priority 4					✓
391	5.21(6)	Moderate	Probable	Medium	Medium	Priority 4					✓
409	5.27	Assessed as not applicable									
416	6.1(2)	Moderate	Probable	Medium	Medium	Priority 4					✓
418	7.2(1)	Moderate	Probable	Medium	Medium	Priority 4					✓
420	7.2(4)	Moderate	Unlikely	Medium	Medium	Priority 4					✓
421	7.2(5)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
422	7.5	Moderate	Unlikely	Medium	Medium	Priority 4				✓	
423	7.6(1)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
424	8.1(1)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
425	8.1(2)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
426	8.1(3)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
427	8.1(4)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
428	8.3(2)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				

Table 5: Compliance summary for the Electricity Transmission Licences (Wagerup and Pinjarra)

Refer to Detailed Findings at section 3 and Audit Plan at Appendix A for description of each obligation.

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
10 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	Probable	Medium	Medium	Priority 4		✓			
84	14(1)(c)	Minor	Unlikely	Low	Low	Priority 5					✓
85	17(1)	Minor	Unlikely	Low	Medium	Priority 4		✓			
86	31(3)	Minor	Probable	Low	Medium	Priority 4					✓
87	41(6)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
90	62(1)(b)	Assessed as not applicable									
91	64(2)	Assessed as not applicable									
92	65(d)	Assessed as not applicable									
95	115(1)	Moderate	Unlikely	Medium	Medium	Priority 4					✓
96	115(2)	Moderate	Unlikely	Medium	Medium	Priority 4					✓
11 Electricity Licences – Licence Conditions and Obligations											
103	12.2	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
104	12.3	Moderate	Probable	Medium	Medium	Priority 4					✓
105	13.1	Moderate	Unlikely	Medium	Low	Priority 4					✓
106	14.4	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
107	15.2	Moderate	Unlikely	Medium	Low	Priority 4					✓
108	16.4	Moderate	Unlikely	Medium	Low	Priority 4					✓
109	17.1	Moderate	Unlikely	Medium	Medium	Priority 4					✓
110	18.1	Moderate	Probable	Medium	Medium	Priority 4					✓
111	19.2	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
112	20.1	Moderate	Unlikely	Medium	Medium	Priority 4					✓
14 Electricity Industry Metering Code – Licence Conditions and Obligations											
300	2.2(1)(a)	Minor	Unlikely	Low	Low	Priority 5					✓
301	2.2(1)(b)	Moderate	Unlikely	Medium	Medium	Priority 4					✓
302	3.1	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
303	3.2(1)	Assessed as not applicable									

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
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	Not rated				
309	3.5(6)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
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	Not rated				
313	3.9(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
314	3.9(7)	Assessed as not applicable									
315	3.9(9)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
316	3.1	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
317	3.11(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
318	3.11(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
319	3.11(3)	Moderate	Probable	Medium	Medium	Priority 4				✓	
320	3.12(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
321	3.12(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
322	3.12(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
323	3.12(4)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
324	3.13(1)	Moderate	Probable	Medium	Medium	Priority 4		✓			
325	3.13(3)(c)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
326	3.13(4)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
327	3.14(3)	Assessed as not applicable									
328	3.16(1)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
329	3.16(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
330	3.16(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
331	3.16(5)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
332	3.16(6)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
333	3.18(1)	Assessed as not applicable									
334	3.20(1)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
335	3.20(3)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
336	3.21(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
337	3.21(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
338	3.22	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
339	3.23(a)	Assessed as not applicable									
340	3.23(b)	Assessed as not applicable									
341	3.25	Assessed as not applicable									
343	3.29	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				
344	4.1(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
345	4.1(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
346	4.1(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
347	4.2(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
348	4.3(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
349	4.4(1)	Minor	Probable	Low	Medium	Priority 5	Not rated				
350	4.5(1)	Minor	Probable	Low	Medium	Priority 5				✓	
352	4.6(1)	Moderate	Probable	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	Unlikely	Medium	Medium	Priority 4	Not rated				
356	4.8(4)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
357	4.8(5)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
358	4.9	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
359	5.1(1)	Minor	Probable	Low	Medium	Priority 5	Not rated				
360	5.1(2)	Minor	Unlikely	Low	Low	Priority 5	Not rated				
361	5.3	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
362	5.4(1)	Assessed as not applicable									
364	5.5(2)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
366	5.6(1)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
367	5.7	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
368	5.8	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
369	5.9	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
370	5.1	Assessed as not applicable									
371	5.11	Assessed as not applicable									
372	5.12(1)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
373	5.13	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
374	5.14(3)	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
375	5.15	Moderate	Unlikely	Medium	Medium	Priority 4	Not rated				
383	5.19(5)	Assessed as not applicable									
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	Not rated				
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	Not rated				
397	5.22(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
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	Not rated				
403	5.23(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
404	5.24(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
405	5.24(2)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
406	5.24(3)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
407	5.24(4)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
408	5.25	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
410	5.29	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				
411	5.30(1)	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				

							Compliance Rating				
No	Obligation (clause/ section)	Consequence	Likelihood	Inherent Risk Rating	Control Risk Rating	Audit Priority	1	2	3	4	5
412	5.31(1)	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				
413	5.31(2)	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				
414	5.34(2)	Moderate	Unlikely	Medium	Low	Priority 4	Not rated				
415	6.1(1)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
417	6.20(4)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
418	7.2(1)	Minor	Unlikely	Low	Medium	Priority 5					✓
419	7.2(2)	Moderate	Unlikely	Medium	Medium	Priority 4					✓
424	8.1(1)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
425	8.1(2)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
426	8.1(3)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
427	8.1(4)	Moderate	Probable	Medium	Medium	Priority 4	Not rated				
428	8.3(2)	Minor	Unlikely	Low	Medium	Priority 5	Not rated				
16 Electricity Industry (Network Quality and Reliability of Supply) Code 2005											
429	5(1)	Assessed as not applicable									
430	8	Assessed as not applicable									
431	9	Assessed as not applicable									
432	10(1)	Assessed as not applicable									
433	10(2)	Assessed as not applicable									
435	13(2)	Assessed as not applicable									
436	13(3)	Assessed as not applicable									
437	14(8)	Assessed as not applicable									
438	15(2)	Assessed as not applicable									
444	23(1)	Assessed as not applicable									
445	23(2)	Assessed as not applicable									
446	24(3)	Assessed as not applicable									
447	24(4)	Assessed as not applicable									
448	25(2)	Assessed as not applicable									
449	25(3)	Assessed as not applicable									
450	26	Assessed as not applicable									
451	27(1)	Assessed as not applicable									
452	27(3)	Assessed as not applicable									

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:** Alinta'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 are separated into different tables according to their relevance to the Licences:

- 3.1 *Obligations applicable to Electricity Generation Licences and Electricity Transmission Licences*
- 3.2 *Obligations applicable to Electricity Generation Licences only*
- 3.3 *Obligations applicable to Electricity Transmission Licences only.*

3.1 Obligations applicable to each of Alinta's Electricity Generation Licences and Electricity Transmission Licences

No.	Obligation under Condition	Compliance Rating	Findings
Section 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.
82	Act Section 14(1)(a) - A licensee must provide for an asset management system.	Compliant - 5	For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an Operating & Maintenance (O&M) Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta. Deloitte separately conducted an asset management system review in relation to Alcoa powerhouse operations. The Alcoa asset management system review indicated that Alcoa has implemented and maintained a functioning asset management system.
83	Act Section 14(1)(b) - 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 Alinta to notify the Authority of its respective asset management systems by 12 April 2006 for its Pinjarra cogeneration operations and by 2 days after commissioning of its Wagerup cogeneration operations in 2007. As noted above, for each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta. From conducting the Alcoa asset management system review for Alcoa's electricity generation licence, we noted that Alcoa first notified the Authority of its asset management system in the 2006/07 compliance report submitted in October 2007. Alinta's 2007/08 compliance report noted that it has not yet notified the Authority of its asset management systems (which would be based on those developed by Alcoa) within the required timeframe. In its 2006/07 compliance report Alcoa also undertook to put in place systems to ensure that any substantial changes to its asset management system are notified to the Authority within the required timeframe. Alcoa advises it has not made any changes to its asset management system since its 2006/07 compliance report was submitted in October 2007.

No.	Obligation under Condition	Compliance Rating	Findings
	Recommendation 1 (a) Alinta notify the Authority of details of its asset management system for its generation and transmission facilities (b) In consultation with Alcoa, Alinta implement a mechanism which ensures that any substantial changes to Alinta's asset management system are notified to the Authority within the required timeframe.		Post Audit Implementation Plan 1 (a) Alinta notified the Authority of details of its asset management system for its transmission facilities on 20 January 2009. Alinta will notify the Authority of details of its asset management system for its generation facilities with the submission of this audit report. (b) In consultation with Alcoa, Alinta will implement a mechanism which ensures that any future substantial changes to its asset management system are notified to the Authority within the required timeframe. Responsible Person: Manager Regulatory Affairs Target Date: (a) 28 February 2009 (b) 31 July 2009
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 asset management system reviews for Alinta. Deloitte engaged Maunsell to address technical aspects of the reviews. This is the first review period for each of the Licences.
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.	Non Compliant - 2	We sighted records of Alinta's payment of applicable licence fees in the following timeframes: <ul style="list-style-type: none"> Pinjarra - 10 April 2006 to 9 April 2007 – fee due on 11 May 2006 and paid on 22 May 2006 Pinjarra - 10 April 2007 to 9 April 2008 – fee due on 11 May 2007 and paid on 31 August 2007 Wagerup - 24 March 2006 to 23 March 2007 – fee due on 25 April 2006 and paid on 2 May 2006 Wagerup - 24 March 2007 to 23 March 2008 – fee due on 25 April 2007 and paid on 28 August 2007. Although licence fees have been duly paid by Alinta, payment has been outside of the one month period prescribed by the Act.
	Recommendation 2 Alinta's Licence compliance procedures be strengthened to ensure payment of prescribed licence fees by the due date each year.		Post Audit Implementation Plan 2 Alinta will amend internal payment system controls to ensure that the prescribed licence fees are paid by the due date each year. Responsible Person: WA Controller - Finance Target Date: 31 March 2009

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	From conducting the asset management system review for Alcoa's electricity generation licence, we noted that Alcoa has mature incident management practices in place, reflected in an operating manual containing what to do in the event of an outage. Alinta's O&M Agreement with Alcoa provides for Alcoa to apply the same asset management practices to Alinta cogeneration units as it does to Alcoa powerhouses.
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	For the purpose of its Electricity Generation and Electricity Transmission Licences, Alinta 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.
Section 13 Electricity Licences – Licence Conditions and Obligations			
103	Licence condition 12.2 - 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.	Not Rated	The Operations Manager, Western Operations Power Generation confirmed that there have been no expansions or reductions to the generating works at Pinjarra or Wagerup, or in the transmission lines associated with each during the period subject to audit. Accordingly, an assessment of compliance with this clause cannot be made.
104	Licence condition 12.3 - A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area.	Compliant - 5	The Operations Manager, Western Operations Power Generation confirmed that there have been no alterations to the generating works at Pinjarra or Wagerup, or in the transmission lines associated with each during the period subject to audit that would expand the works or systems outside the licensed area.

No.	Obligation under Condition	Compliance Rating	Findings
105	<i>Licence condition 13.1</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	<p>Since December 2007, Alinta Sales Pty Ltd has been a fully owned subsidiary of Babcock and Brown Power. Prior to December 2007 Alinta Sales Pty Ltd had undergone a sequence of ownership changes, through the involvement of the AlintaAGL, AGL and Alinta entities.</p> <p>We sighted the published financial statements of:</p> <ul style="list-style-type: none"> AlintaAGL for the year ending 31 December 2007 Babcock and Brown Power for the year ending 30 June 2008. <p>Those statements were unqualified, with respect to all subsidiaries of AlintaAGL and Babcock and Brown Power respectively.</p> <p>ASIC lodgement records were obtained to confirm that Babcock and Brown Power had lodged with ASIC, financial reports required of a public company for the 2007/08 financial year and that AlintaAGL had lodged with ASIC, financial reports required of a public company for the 2007 financial year.</p> <p>Confirmation was obtained from the WA Controller - Finance that there are no significant accounting transactions or items that would currently jeopardise Alinta's compliance with accounting standards.</p>
106	<i>Licence condition 14.4</i> - A licensee must comply with any individual performance standards prescribed by the Authority.	Not Rated	The Manager Regulatory Affairs confirmed that the Authority has not prescribed any individual reporting standards to Alinta. Accordingly, an assessment of compliance with this clause cannot be made.
107	<i>Licence condition 15.2</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 Alinta and Deloitte (independent expert) to complying 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>Licence condition 16.4</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	The Audit Plan approved by the Authority commits Alinta and Deloitte (independent expert) to complying 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>Licence condition 17.1</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	<p>The published Financial Statements of Babcock and Brown Power for the year ending 30 June 2008 were sighted. Those statements were unqualified, with respect to going concern issues for all subsidiaries of Babcock and Brown Power.</p> <p>The WA Controller - Finance confirmed that during the period 24 March 2006 to 30 June 2008, Alinta was not under external administration and had not undergone any significant change in circumstances upon which the licences were granted, which may affect its ability to meet its licence obligations.</p>

No.	Obligation under Condition	Compliance Rating	Findings
110	<i>Licence condition 18.1</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 Operations Manager, Western Operations Power Generation, the Manager Energy Market Operations and the Manager Regulatory Affairs confirmed that, other than the general reporting requirements of the Authority, no information requests have been made of Alinta in regards to its Electricity Generation and Transmission Licences. Alinta submitted compliance and performance reports to the Authority for the 2006/07 and 2007/08 period.
111	<i>Licence condition 19.2</i> - A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	Not Rated	The Operations Manager, Western Operations Power Generation, the Manager Energy Market Operations and the Manager Regulatory Affairs confirmed that no directions to publish information have been made of Alinta in regards to its Generation and Transmission Licences. Accordingly, an assessment of compliance with this clause cannot be made.
112	<i>Licence condition 20.1</i> - Unless otherwise specified, all notices must be in writing.	Compliant - 5	We observed that Alinta has maintained records to evidence formal communications with the Authority, which have been made via post or email. The Operations Manager, Western Operations Power Generation, the Manager Energy Market Operations and the Manager Regulatory Affairs confirmed that Alinta's records of correspondence with the Authority contain all requests or instructions made by the Authority in regards to Alinta's Electricity Generation and Transmission Licences.
Section 14 Electricity Industry Metering Code - Licence Conditions and Obligations			
<p>Summary observations regarding Alinta's generation and transmission metering obligations</p> <p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta.</p> <p>For each of the following obligations, although nothing has come to our attention that indicates non-compliance by Alinta with the obligation, we believe that Alcoa's control room and information security procedures could be strengthened to provide greater assurance of compliance in the future. Alcoa has devised Post Audit Implementation Plans for each of these issues:</p> <ul style="list-style-type: none"> 319 - Metering Code clause 3.11(3) <i>{Generation and Transmission Licences}</i> - Alcoa's Powerhouse control room procedures do not explicitly accommodate the requirement for a Code participant who becomes aware of an outage or malfunction of a metering installation to advise the network operator as soon as practicable. 350 - Metering Code clause 4.5(1) <i>{Generation and Transmission Licences}</i> - Alcoa's Powerhouse control room procedures do not explicitly accommodate the requirement for a Code participant not to knowingly permit the metering registry to be materially inaccurate. 422 - Metering Code clause 7.5 <i>{Generation Licences only}</i> - Alcoa's Powerhouse information security procedures do not explicitly accommodate the requirement for a Code participant not to disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code. 			

No.	Obligation under Condition	Compliance Rating	Findings
Recommendation 3 Alinta monitor Alcoa's progress in implementing the following Post Audit Implementation Plans proposed by Alcoa: <ul style="list-style-type: none"> ▪ Metering Code clause 3.11(3) (in relation to outages or malfunctions of metering installations): Alcoa will update current Powerhouse control room procedures, such that when an instance of a malfunction or outage can be or is identified with a Western Power tariff meter, then Alcoa will notify Western Power in a timely manner ▪ Metering Code clause 4.5(1) (in relation to accuracy of the metering registry): Alcoa will investigate and consider the benefits of putting a formal check in place e.g. the use of check meter data to compare against Western Power's data ▪ Metering Code clause 7.5 (in relation to ensuring the security of confidential information): In conjunction with Alcoa's existing IT security mechanisms and annual compliance reporting procedures, Alcoa will ensure effective procedures are in place for ensuring the security of confidential information. 			Post Audit Implementation Plan 3 Alinta will monitor Alcoa's progress in implementing the relevant Post Audit Implementation Plans proposed by Alcoa for addressing these three issues. Responsible Person: Manager Regulatory Affairs Target Date: 31 July 2009

No.	Obligation under Condition	Compliance Rating	Findings
319	<i>Metering Code clause 3.11(3)</i> - A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	Compliant - 4	<p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta.</p> <p>Although Western Power is likely to detect an outage or malfunction before Alcoa and Alinta, it is possible for Alcoa's operators to detect a potential meter outage or malfunction where the real time power signal from an independent power transducers does not match the real time power signal from the corresponding Western Power tariff meter. The Alcoa Principal Electrical Engineer WAO Powerhouse confirmed that meter malfunctions or outages would be noticed by Powerhouse operators, enabling timely notification to Western Power. In such an event, each of Alcoa's control rooms has a Western Power hotline number displayed in a prominent position to facilitate timely notification or communication.</p> <p>The Alcoa Principal Electrical Engineer WAO Powerhouse confirmed that during the period 24 March 2006 to 30 June 2008, Alcoa did not become aware of any outage or malfunction in the relevant Western Power meter installation. Consequently, Alinta also did not become aware of any outage or malfunction in the relevant Western Power meter installation.</p> <p>Nothing has come to our attention that indicates non-compliance by Alinta with this obligation. However, we believe that Alcoa's control room procedures could be strengthened to provide greater assurance of compliance in the future, and have included a recommendation to this effect in the Alcoa Generation Licence compliance report.</p> <p><i>Refer to recommendation 3 above regarding Alinta's monitoring of Alcoa's progress with this matter.</i></p>
349	<i>Metering Code clause 4.4(1)</i> - 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	<p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta.</p> <p>The Alcoa Procurement Specialist - Energy confirmed that during the period 24 March 2006 to 30 June 2008, Alcoa did not become aware of any discrepancy between energy data held in the tariff meters installed at Alcoa's facilities and data held in the metering database (no relevant activity during audit period). Consequently, Alinta also did not become aware of any discrepancy between energy data held in the tariff meters installed at Alinta's facilities and data held in the metering database. Accordingly, an assessment of compliance with this clause cannot be made.</p>

No.	Obligation under Condition	Compliance Rating	Findings
350	<i>Metering Code clause 4.5(1)</i> - A Code participant must not knowingly permit the registry to be materially inaccurate.	Compliant - 4	<p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for operating the cogeneration facilities on behalf of Alinta.</p> <p>Based on the performance audit performed in relation to Alcoa's Electricity Generation Licence, Western Power has the primary responsibility for ensuring the accuracy of energy data held in the registry (metering database), recorded from the tariff meters installed at Pinjarra and Wagerup electricity generation facilities.</p> <p>It is possible for Alcoa's Powerhouse operators to detect a material discrepancy between energy recorded via Western Power's tariff meters and Alcoa's corresponding independent power transducers, however, it is not a key objective of Powerhouse operators to monitor the accuracy of the metering database.</p> <p>The Alcoa Procurement Specialist – Energy confirmed that during the period 24 March to 30 June 2008, Alcoa was not aware of any material inaccuracy in the metering database maintained by Western Power. Consequently, Alinta also was not aware of any material inaccuracy in the metering database maintained by Western Power</p> <p>Nothing has come to our attention that indicates non-compliance by Alinta with this obligation. However, we believe that Alcoa's control room procedures could be strengthened to provide greater assurance of compliance in the future, and have included a recommendation to this effect in the Alcoa Generation Licence compliance report.</p> <p><i>Refer to recommendation 3 above regarding Alinta's monitoring of Alcoa's progress with this matter.</i></p>
418	<i>Metering Code clause 7.2(1)</i> - 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.	Compliant - 5	Alinta maintains electronic and voice communication channels commensurate with the expectations of a major business.
424	<i>Metering Code clause 8.1(1)</i> - 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 its electricity generation licence, Alinta as a code participant (generator) is a potential disputing party with Western Power (SWIS network operator).</p> <p>For the purpose of its electricity transmission licence, Alinta is both the transmission network operator and a code participant, as a generator. In these circumstances, the potential disputing parties are Alinta (transmission network operator), Alinta (generator) and Western Power (SWIS network operator).</p> <p>The Manager Energy Market Operations confirmed that Alinta had not entered into a dispute with Western Power under the Metering Code during the period 24 March 2006 to 30 June 2008 (no relevant activity during audit period).</p>

No.	Obligation under Condition	Compliance Rating	Findings
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	<p>For the purpose of its electricity generation licence, Alinta as a code participant (generator) is a potential disputing party with Western Power (SWIS network operator).</p> <p>For the purpose of its electricity transmission licence, Alinta is both the transmission network and a code participant, as a generator. In these circumstances, the potential disputing parties are Alinta (transmission network operator), Alinta (generator) and Western Power (SWIS network operator).</p> <p>The Manager Energy Market Operations confirmed that Alinta had not entered into a dispute with Western Power under the Metering Code during the period 24 March 2006 to 30 June 2008 (no relevant activity during audit period).</p>
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	

3.2 Obligations applicable to Electricity Generation Licences only

No.	Obligation under Condition	Compliance Rating	Findings
Section 13 Electricity Licences – Licence Conditions and Obligations			
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.	Not applicable	For the purpose of its electricity generation operations, Alinta is not the network operator per Metering Code, which defines a network as a transmission or distribution system, as applicable, operated by a network operator. A network operator is further defined as a person who holds a distribution, integrated regional or transmission licence. <i>Obligation is considered to be not applicable to Alinta's Licences.</i>
331	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.	Not rated	This clause refers to Western Power's production of a "notional wholesale meter" value through the conversion of non-interval meter consumption to a notional interval meter quantity. As Western Power's tariff meters are all interval meters, such conversion is not required. Accordingly, a related service level agreement is also not required and an assessment of compliance with this clause cannot be made.
342	Metering Code clause 3.27 - A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.	Compliant - 5	Tariff meters installed at Alinta's cogeneration facilities are the property of Western Power. The Alcoa Principal Electrical Engineer WAO Powerhouse confirmed that Alcoa, on behalf of Alinta has had no involvement with the installation of such meters.
351	Metering Code clause 4.5(2) - If a Code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	Not rated	The Manager Energy Market Operations confirmed that Alinta had not become aware of a change to or an inaccuracy in an item of standing data relating to the Pinjarra or Wagerup cogeneration facilities in the registry. Accordingly, an assessment of compliance with this clause cannot be made.
363	Metering Code clause 5.4(2) - A user must, when reasonably requested by a network operator, use reasonable endeavours to assist the network operator to comply with the network operator's obligation.	Compliant - 5	This clause relates to any instances where Western Power requires Alinta's assistance to undertake a meter reading or gain access to a meter to undertake a meter reading. All relevant tariff meters are located at Western Power facilities, which are within Alcoa's premises. Clause 11(f) of the Network Access Agreement between Western Power and Alcoa outlines Alcoa's agreement to provide access to Western Power's equipment. Nothing has come to our attention that indicates non-compliance with this obligation.
365	Metering Code clause 5.5(3) - A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment.	Not rated	The Manager Energy Market Operations confirmed that Alinta does not collect information under the Metering Code, and hence cannot provide information under the Metering Code or charge for the provision of any information under the Metering Code. Nothing has come to our attention that indicates non-compliance with this obligation.

No.	Obligation under Condition	Compliance Rating	Findings
376	Metering Code clause 5.16 - A user that collects or receives energy data from a metering installation must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	Not rated	The Operations Manager, Western Operations Power Generation confirmed that Alinta does not collect or receive energy data from a metering installation.
377	Metering Code clause 5.17(1) - A user must provide standing data and validated (and where necessary substituted or estimated) energy data to the user's customer, to which that information relates, where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.	Not applicable	Not applicable – clause 5.17(1) relates to the provision of customer information. Under its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act. <i>Obligation is considered to be not applicable to Alinta's Licences.</i>
378	Metering Code clause 5.18 - A user that collects or receives information regarding a change in the energisation status of a metering point must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	Not rated	The Manager Energy Market Operations, confirmed that Alinta does not collect or receive information regarding energisation status from a metering installation.
379	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.	Not Applicable	Not applicable - clause 5.19 relates to the provision of customer information. Under its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act. <i>Obligations are considered to be not applicable to Alinta's Licences.</i>
380	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.	Not Applicable	
381	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.	Not Applicable	

No.	Obligation under Condition	Compliance Rating	Findings
382	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.	Not Applicable	Not applicable - clause 5.19 relates to the provision of customer information. Under its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act. <i>Obligations are considered to be not applicable to Alinta's Licences.</i>
384	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.	Not Applicable	
390	Metering Code clause 5.21(5) - A Code participant must not request a test or audit unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	Compliant - 5	For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an O&M Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta. The Alcoa Procurement Specialist – Energy confirmed that during the period 24 March 2006 to 30 June 2008, Alcoa did not request a test or audit of the accuracy of, energy data from, or standing data for the tariff meters (no relevant activity during audit period). Consequently, Alinta also did not request a test or audit of the accuracy of, energy data from, or standing data for the tariff meters.
391	Metering Code clause 5.21(6) - A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement.	Compliant - 5	
409	Metering Code clause 5.27 - Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	Not Applicable	Clause 5.27 relates to the provision of customer information. As Alinta does not directly provide energy to customers, this obligation is not applicable for Alinta. <i>Obligation is considered to be not applicable to Alinta's Licences.</i>
416	Metering Code clause 6.1(2) - A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	Compliant - 5	The prescribed obligations relate to: <ul style="list-style-type: none"> the Metering Code Communications Rules the Metrology Procedure a relevant Service Level Agreement Mandatory Link Criteria. Alinta's application of those rules and procedures relevant to its activities are demonstrated in its adherence to the requirements of the Metering Service Level Agreement with Western Power, which accommodate the Metering Code Communication Rules and the Approved Metrology Procedure Nothing has come to our attention that indicates non-compliance with these obligations.

No.	Obligation under Condition	Compliance Rating	Findings
420	Metering Code clause 7.2(4) - A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request.	Compliant - 5	Western Power has been notified of Alinta's contact details through the Metering Code Service Level Agreement.
421	Metering Code clause 7.2(5) - A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect.	Not rated	The Manager Energy Market Operation confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did not change its contact details as notified to Western Power. Accordingly, an assessment of compliance with this clause cannot be made.
422	Metering Code clause 7.5 - A Code participant must not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.	Compliant - 4	<p>Sub-clause 7.4 of the Metering Code defines "confidential information" as</p> <ul style="list-style-type: none"> (a) metering database information (b) other information which is confidential or commercially sensitive. <p>The Manager Energy Market Operation confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did not hold metering database information or other confidential information provided under or in connection with the Metering Code.</p> <p>Nothing has come to our attention that indicates non-compliance by Alinta with this obligation. However, we believe that Alcoa's information security procedures could be strengthened to provide greater assurance of compliance in the future, and have included a recommendation to this effect in the Alcoa Generation Licence compliance report.</p> <p><i>Refer to recommendation 3 above regarding Alinta's monitoring of Alcoa's progress with this matter.</i></p>
423	Metering Code clause 7.6(1) - A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	Not rated	<p>For each of its cogeneration facilities at Pinjarra and Wagerup, Alinta has established an (O&M) Agreement with Alcoa, where Alcoa has responsibility for providing and operating an asset management system on behalf of Alinta.</p> <p>The Alcoa Procurement Specialist – Energy confirmed that during the period 24 March 2006 to 30 June 2008, Alcoa on behalf of Alinta was not required to disclose or permit the disclosure of confidential information provided under or in connection with the Metering Code (no relevant activity during audit period).</p> <p>The Manager Energy Market Operation confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did not hold metering database information or other confidential information provided under or in connection with the Metering Code. Accordingly, an assessment of compliance with this clause cannot be made.</p>

3.3 Obligations applicable to Electricity Transmission Licences only

No.	Obligation under Condition	Compliance Rating	Findings
Section 12 Electricity Industry Act – Licence Conditions and Obligations			
90	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.	Not applicable	Clause relates to Electricity Networks Corporation (Western Power) and Regional Power Corporation (Horizon Power). <i>Obligation is assessed as not applicable to Alinta's Licences.</i>
91	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.	Not applicable	
92	Act Section 65(d) - Electricity Networks Corporation and Regional Power Corporation must implement arrangements set out in an approved extension and expansion policy.	Not applicable	
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	The Operations Manager, Western Operations Power Generation confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did 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.
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	The Operations Manager, Western Operations Power Generation confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did not engage in conduct for the purpose of hindering or prohibiting access.

No.	Obligation under Condition	Compliance Rating	Findings
Section 14 Electricity Industry Metering Code - Licence Conditions and Obligations			
			<p>Summary observations regarding Alinta's transmission metering obligations</p> <p>For the purpose of assessing Alinta's compliance with the requirements of its electricity transmission licences, we note that Alinta's transmission lines are defined as a transmission system/network meaning it is a network operator, which triggers obligations under the Metering Code with respect to maintaining metering installations and records.</p> <p>We note that in July 2008, the Office of Energy published a report that contains a recommendation to the Minister for Energy for drafting licence exemptions for certain transmission licensees who do not directly supply small use customers and where the sole purpose of a transmission (or distribution) network is to connect a generator to the South West Interconnected System. The Office of Energy noted that in these cases, it was unlikely that failure of the licensees' transmission (or distribution) line connecting its generator to the SWIS would have a significant impact on the electricity market and that the Technical Rules applied through the Network Access Code on the SWIS arguably provides sufficient regulatory protection, in terms of technical standards for the distribution and/or transmission of electricity for connection to the SWIS.</p> <p>The operations covered by Alinta's transmission licences were included in the Office of Energy's list of such licensees that may be exempted from the requirement to hold a transmission licence. To date however, Alinta has not been exempted, or sought exemption from any aspect of the obligations imposed by the Act, nor is there any evidence of an election for Western Power to be Alinta's metering data agent (per clause 5.28).</p> <p>Existing metering practice and arrangements with Western Power</p> <p>Alinta has not installed tariff or check meters at its generation or transmission facilities, nor does it read or access tariff or check meters as required by clause 3.5 of the Metering Code. We understand that:</p> <ul style="list-style-type: none"> all meters relevant to energy generated by Alinta's Wagerup and Pinjarra Cogeneration operations are installed on Western Power's transmission network Alinta has an access contract in the form of a Network Access Agreement with Western Power. This agreement predates the Metering Code, and while it makes reference to various regulations and codes, it does not refer explicitly to the Metering Code. It also does not make specific reference to communication rules, the metrology procedure or any relevant service level agreement the Network Access Agreement does require Western Power to meter electricity at contracted connection points and provides for Western Power and Alinta to install metering equipment at nominated metering points Alinta does not have any other form of agreement with Western Power regarding metering of energy. <p>Note that Alinta has also not established the relevant metering documents required by clause 6.2 of the Metering Code. This clause is not included in the Reporting Manual as a specific obligation subject to compliance monitoring and reporting.</p> <p>Conclusion</p> <p>Alinta, as the holder of transmission licences, has not complied with aspects of the metering obligations of its licences, for the entire period since the issue of those licences.</p>

No.	Obligation under Condition	Compliance Rating	Findings
Recommendation 4 (a) Alinta seek an exemption from the requirements of its existing electricity transmission licences. (b) Until such time as an exemption from the requirements of its electricity transmission licences is obtained, assess the alternatives available for meeting any critical components of the relevant metering code obligations.			Post Audit Implementation Plan 4 (a) Alinta will monitor the Office of Energy's submission to the Minister that would result in a general exemption from it being required to hold electricity transmission licences for its Pinjarra and Wagerup facilities. (b) Should the Minister decide not to approve the Office of Energy's submission for a general exemption, Alinta will within one month of being made aware of the Minister's decision apply to the Authority under section 21 of the <i>Electricity Industry Act</i> for an amendment of its transmission licences to exempt it from the relevant clauses of the Metering Code (as noted in 306, 307, 324 and 385). (c) Should the Authority determine not to make the requested amendments to its transmission licences, Alinta will within twelve months of being notified of the Authority's decision take action to comply with the relevant clauses of the Metering Code (as noted in 306, 307, 324 and 385). Responsible Person: Manager Regulatory Affairs Target Dates: As identified above.
300	Metering Code clause 2.2(1)(a) - A network operator must treat all retailers which are its associates on an arms-length basis.	Compliant - 5	As Alinta's transmission networks are comprised of dedicated lines that connect Alinta's generation facilities to the SWIS, Alinta is unable to supply electricity to users and does not have the opportunity to treat its associates on a non arms-length basis. Nothing has come to our attention that indicates non-compliance with this obligation.
301	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 arms length application of the Code or is also made available to all Code participants on the same terms and conditions.	Compliant - 5	As Alinta's transmission networks are comprised of dedicated lines that connect Alinta's generation facilities to the SWIS, Alinta is unable to supply electricity to users and does not have the opportunity to treat its associates on a non arms-length basis. Nothing has come to our attention that indicates non-compliance with this obligation.
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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.

No.	Obligation under Condition	Compliance Rating	Findings
303	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.	Not applicable	For the purpose of its Generation and Transmission Licences, as Alinta is licensed to supply electricity from generation works, interval meters are the minimum type of metre required to be used to meter that supply (accumulation meters are not allowed). <i>Obligation is assessed as not applicable to Alinta's Licences.</i>
304	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	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
305	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.	Not rated	
306	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.	Non-compliant - 2	Refer to Summary observations, conclusion and recommendations regarding Alinta's transmission metering obligations, detailed above.
307	Metering Code clause 3.5(3) - A network operator must ensure that there is a metering installation on its network, on and from the time of its connection to the connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed).	Non-compliant - 2	Refer to Summary observations, conclusion and recommendations regarding Alinta's transmission metering obligations, detailed above.
308	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.

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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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	
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	
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 unauthorised access and enable unauthorised access to be detected.	Not rated	
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.	Not rated	
314	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.	Not applicable	<p>For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <p><i>Obligation is assessed as not applicable to Alinta's Licences.</i></p>

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	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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.	Not rated	
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.	Not rated	
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	
320	Metering Code clause 3.12(1) - A network operator must ensure that each metering installation complies with, at least, the prescribed design requirements.	Not rated	
321	Metering Code clause 3.12(2) - A network operator must ensure that instrument transformer 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.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
322	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
323	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.	Not rated	
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 prescribed arrangements.	Non-compliant - 2	Refer to Summary observations, conclusion and recommendations regarding Alinta's transmission metering obligations, detailed above. For the purpose of this clause, Alinta has not procured the installation of check metering installations.
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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
326	Metering Code clause 3.13(4) - A 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	
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.	Not applicable	This clause applies to metering installations commissioned prior to the commencement of the Metering Code. As Alinta has not installed any meters (prior to or since the commencement of the Metering Code), this clause does not apply to Alinta's circumstances. <i>Obligation is assessed as not applicable to Alinta's Licences.</i>

No.	Obligation under Condition	Compliance Rating	Findings
328	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
329	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.	Not rated	
330	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 with 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.	Not rated	
331	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.	Not rated	There are no users of Alinta's network other than the network operator itself (i.e. Alinta). Alinta has not, either as either a network operator or a user, required a written service level agreement in respect of any matters in the metrology procedure dealt with under clause 3.16(4) of the Code.
332	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
333	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 a 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.	Not applicable	Clause is relevant to the Electricity Retail Corporation (Synergy Energy) only. <i>Obligation is assessed as not applicable to Alinta's Licences.</i>

No.	Obligation under Condition	Compliance Rating	Findings
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	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, 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	
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.	Not rated	
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	
338	Metering Code clause 3.22 - A network operator providing one or more metering installations with enhanced technology features must be licensed to use access the metering software applicable to all devices being installed and be able to program the devices set parameters.	Not rated	
339	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.	Not applicable	<p>Clause 3.23 relates to customer load management. For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <p><i>Obligations are assessed as not applicable to Alinta's Licence.</i></p>
340	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).	Not applicable	

No.	Obligation under Condition	Compliance Rating	Findings
341	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 meters if clause 3.24 were deleted.	Not applicable	Pre-payment meters are applicable to certain customers only. For the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <i>Obligation is assessed as not applicable to Alinta's Licence.</i>
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 Alinta has not installed, operated or maintained any metering installations on its transmission lines, a list of registered metering installation providers has not been maintained. 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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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 unauthorised access and enable unauthorised access to be detected.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
346	Metering Code clause 4.1(3) - A network operator must prepare, and if applicable, must implement a disaster recover plan, to ensure that it is able, within 2 business days after the day of any disaster, to rebuild the metering database and provide any energy data to Code participants.	Not rated	
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.	Not rated	
348	Metering Code clause 4.3(1) - The standing data for the metering point must comprise at least the items specified.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
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	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
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	
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	
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.	Not rated	
356	Metering Code clause 4.8(4) - A network operator must have security devices and methods in place that ensure energy data held in its metering installation and data held in its metering database is secured from unauthorised local or remote access, in the manner prescribed, sufficient to the standard of good electricity industry practice.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
357	Metering Code clause 4.8(5) - A network operator must ensure that electronic passwords and other electronic security controls are secured from unauthorised access and are only issued to authorised personnel.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
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.	Not rated	
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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made. The Operations Manager, Western Operations Power Generation and the Manager Energy Market Operations confirmed that during the period 24 March 2006 to 30 June 2008, Alinta did not receive any requests from Code participants to install a metering service.
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.	Not rated	
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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
362	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.	Not applicable	As Alinta is licensed to supply electricity from generation works, interval meters are the minimum type of metre required to be used to meter that supply (accumulation meters are not allowed). <i>Obligation is assessed as not applicable to Alinta's Licence.</i>

No.	Obligation under Condition	Compliance Rating	Findings
364	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
366	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.	Not rated	
367	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.	Not rated	
368	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.	Not rated	
369	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	Not rated	
370	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.	Not applicable	<p>Clause 5.10 and 5.11 relate to customer transfers. For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <p><i>Obligation is assessed as not applicable to Alinta's Licence.</i></p>
371	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 specified.	Not applicable	

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 specified.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, 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	
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 data of the meter reading.	Not rated	
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 communication rules, an energy data verification request form.	Non-compliant - 2	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, it has therefore not developed an energy data verification request form.
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 Alinta has not installed, operated or maintained any metering installations on its transmission lines, and therefore not developed an energy data verification request form, an assessment of compliance with this clause cannot be made.

No.	Obligation under Condition	Compliance Rating	Findings
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 with the metering installation.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, 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 the 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	
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	
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 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 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.	Not rated	
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	

No.	Obligation under Condition	Compliance Rating	Findings
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	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, or maintained a metering database, an assessment of compliance with this clause cannot be made.
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.	Not rated	
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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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	
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	
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	
401	Metering Code clause 5.22(6) - A network operator must review all validation failures before undertaking any substitution.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
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 determined actual value for the metering point.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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	
404	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 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.	Not rated	
405	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, if doing so would be consistent with good electricity Industry practice.	Not rated	
406	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.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
407	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.	Not rated	As Alinta has not installed, operated or maintained any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
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.	Not rated	
410	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.	Not rated	
411	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 in to a metering data agency agreement in relation to the network, which must deal with at least the matters prescribed.	Not rated	
412	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.	Not rated	

No.	Obligation under Condition	Compliance Rating	Findings
413	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.	Not rated	As Alinta has not made an election for the electricity networks corporation to be its metering data agent in relation to any metering installations on its transmission lines, an assessment of compliance with this clause cannot be made.
414	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.	Not rated	
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.	Not rated	As Alinta has not prepared any relevant document, an assessment of compliance with this clause cannot be made.
417	Metering Code clause 6.20(4) - A network operator must amend any document in accordance with the Authority's final findings.	Not rated	
419	Metering Code clause 7.2(2) - A network operator must notify each code participant of its initial contact details at least 3 business days before the change takes effect.	Compliant - 5	Alinta has notified relevant code participants of its contact details.

No.	Obligation under Condition	Compliance Rating	Findings
16 Electricity Industry (Network Quality and Reliability of Supply) Code 2005 (Part 2)			
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.	Not applicable	For the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works.
430	Clause 8 - A distributor or transmitter must, as 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.	Not applicable	The Network Quality and Reliability of Supply Code defines: <ul style="list-style-type: none"> a “customer” as a person whose electrical installations are connected to a transmission or distribution system for the purpose of receiving electricity supply “customer’s electrical installations” as equipment and wiring associated with the distribution of electricity within a customer’s premises beyond the point of connection to the network
431	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.	Not applicable	As Alinta’s transmission lines do not supply ‘customers’ as defined by the Code, the Code does not apply to Alinta’s operations.
432	Clause 10(1) - A distributor or transmitter must, so far as reasonably practicable, reduce the effect of interruption on a customer.	Not applicable	<i>Obligations are assessed as not applicable to Alinta’s Licence.</i>
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.	Not applicable	
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.	Not applicable	
436	Clause 13(3) - The average total length of interruptions of supply is to be calculated using the specified method.	Not applicable	

No.	Obligation under Condition	Compliance Rating	Findings
437	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 and Quality of Supply) Code 2005.	Not applicable	<p>For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <p>The Network Quality and Reliability of Supply Code (the Code) defines:</p> <ul style="list-style-type: none"> a “customer” as a person whose electrical installations are connected to a transmission or distribution system for the purpose of receiving electricity supply “customer’s electrical installations” as equipment and wiring associated with the distribution of electricity within a customer’s premises beyond the point of connection to the network <p>As Alinta’s transmission lines do not supply ‘customers’ as defined by the Code, the Code does not apply to Alinta’s operations.</p> <p><i>Obligations are assessed as not applicable to Alinta’s Licence.</i></p>
438	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.	Not applicable	
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.	Not applicable	
445	Clause 23(2) - A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified.	Not applicable	
446	Clause 24(3) - A distributor or transmitter must complete a quality investigation requested by a customer in accordance with specified requirements.	Not applicable	
447	Clause 24(4) - A distributor or transmitter must report the results of an investigation to the customer concerned.	Not applicable	
448	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 the small customer who makes a complaint to the distributor or the transmitter who asks to be given such information.	Not applicable	
449	Clause 25(3) - A document setting out the distributor's or transmitter's complaint handling process must contain the specified information.	Not applicable	

No.	Obligation under Condition	Compliance Rating	Findings
450	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.	Not applicable	For the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licensed to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works. <p>The Network Quality and Reliability of Supply Code defines:</p> <ul style="list-style-type: none"> a “customer” as a person whose electrical installations are connected to a transmission or distribution system for the purpose of receiving electricity supply “customer’s electrical installations” as equipment and wiring associated with the distribution of electricity within a customer’s premises beyond the point of connection to the network
451	Clause 27(1) - A distributor or transmitter must prepare and publish a report about its performance in accordance with specified requirements.	Not applicable	
452	Clause 27(3) - A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within a specified period.	Not applicable	As Alinta’s transmission lines do not supply ‘customers’ as defined by the Code, the Code does not apply to Alinta’s operations.
			<i>Obligations are assessed as not applicable to Alinta’s Licence.</i>

Appendix A – Audit plan

Alinta

2008 Performance Audit and Asset Management System Review –

Electricity Generation Licence EGL10 (Pinjarra)

Electricity Transmission Licence ETL 3 (Pinjarra)

Electricity Generation Licence EGL6 (Wagerup)

Electricity Transmission Licence ETL1 (Wagerup)

Audit and Review Plan

14 November 2008

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Introduction

Overview

Pursuant to the provisions of the *Electricity Industry Act 2004* (**Electricity Act**), the Economic Regulation Authority (**the Authority**) has issued Alinta Cogeneration (Wagerup) Pty Ltd and Alinta Cogeneration (Pinjarra) Pty Ltd (collectively, **Alinta**) with two electricity generation and two electricity transmission licences (**the Licences**) in relation to Alinta's Wagerup and Pinjarra electricity generation operations¹.

Sections 13 and 14 of the Electricity Act require Alinta to provide the Authority with performance audits (**the audits**) and asset management system reviews (**the reviews**) for each Licence, conducted by an independent expert acceptable to the Authority. Deloitte Touche Tohmatsu (**Deloitte**) is the nominated auditor approved by the Authority for the audits and reviews. With the Authority's approval, Deloitte has engaged Maunsell Australia Pty Ltd (**Maunsell**) to provide advice where technical expertise is required.

This plan is prepared in accordance with the Authority's *Audit Guidelines: Electricity, Gas and Water Licences* (**Audit Guidelines**), which describes the expected scope of work and conduct of the four audits and reviews to be agreed upon by Deloitte and Alinta and then presented to the Authority for approval.

The period of audit and review is from the commencement of each Licence (24 March 2006 and 10 April 2006 for the Wagerup and Pinjarra Licences respectively) to 30 June 2008.

Objectives

The objectives of the performance audits and asset management system reviews are derived from the Electricity Act. The following sections of the Electricity Act define the requirements of Alinta as the licensee:

- section 13(1) of the Electricity Act requires Alinta to provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority. A performance audit is defined as an examination of the measures taken by Alinta to meet the criteria specified in its Generation and Transmission Licences
- section 14(1)(c) of the Electricity Act requires Alinta 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 Licences.

The performance audits are designed to provide reasonable assurance regarding the assessment of appropriateness, effectiveness and efficiency associated with Alinta's compliance with its Licences. The audits 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)

¹ The Authority has also issued Alinta Sales with an electricity retail licence, which is addressed separately and is not the subject of this Audit Plan

- d) integrity of performance reporting: the completeness and accuracy of the performance reporting to the Authority
- e) compliance with any individual licence conditions: the requirements imposed on Alinta by the Authority or specific issues for follow-up that are advised by the Authority.

The asset management system reviews are designed to provide limited assurance, based upon the work performed, regarding the extent to which Alinta'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 Audits

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 Licences 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:

- the *Electricity Industry Act 2004 (WA)*
- the following Regulations:
 - *Electricity Industry (Code of Conduct) Regulations 2005*
 - *Electricity Industry (Licence Conditions) Regulations 2005*
 - *Electricity Industry (Licensing Fees) Regulations 2005*
 - *Electricity Industry (Obligation to Connect) Regulations 2005*
 - *Electricity Industry (Ombudsman) Regulations 2005*
 - any regulations in force from time to time made pursuant to *the Act*
- the following Codes:
 - *Electricity Industry Customer Transfer Code 2004*
 - *Electricity Industry Metering Code 2005*
 - *Electricity Industry Networks Access Code 2004*
 - *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*
 - a code prepared by the Authority or the Minister pursuant to section 39 of the Act.

The Authority's *Electricity Compliance Reporting Manual* (**Reporting Manual**) provides further guidance on those aspects of the Licence and Alinta's performance criteria, which the Authority expects to be reported and included in the scope of the audits.

The compliance requirements identified in the Reporting Manual have been evaluated for applicability to Alinta and used as the basis for determining the performance criteria to be considered for the audit. Table 1 presented below provides an outline of the compliance requirements that do and do not apply to Alinta based on the licence type and operating circumstances.

Table 1: Compliance Obligations

Legislative Element	Notes	Applicable to Alinta
<p>The Licences define 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>For the purpose of its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act.</p> <p>For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licenced to supply electricity to customers, as defined by the Electricity Act, other than on behalf of a retailer does not supply electricity to customers from its generating works. 		
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 Alinta, for the purpose of its Generation and Transmission Licences.	No
Electricity Industry Act - Licence Conditions and Obligations	<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 - Licence Conditions and Obligations	<ul style="list-style-type: none"> specific Licence clauses are relevant and included references to individual licence conditions are excluded (none specified by the Authority) 	Yes
Electricity Industry Metering Code	<ul style="list-style-type: none"> contains majority of licence conditions relevant to Alinta Alinta is a network operator (per its Transmission Licences) and a code participant any references to customer load management and customer are excluded obligations of a “User” in generation/retail licence conditions are excluded as Western Power is the user, not Alinta 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. Western Power is a customer of Alinta for the purposes this code Alinta has a relevant “network”, as its transmission works, for the purposes of this code. 	Yes

Asset Management System Reviews

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

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 AMS.

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

The final audit and review reports (combined for all four Licences) are due to be provided in time for Alinta to review and forward to the Authority by 28 November 2008.

Approach

The audits and reviews will be conducted in three distinct phases, being a risk assessment, systems 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 audits and reviews 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 Alinta's licence obligations. The level of risk and materiality of the process will determine the level of audit required (**Table 2**) e.g. the greater the materiality and the higher the risk, the more effort will be applied.

Table 2 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: 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	Classified on the basis that: <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	Classified on the basis that: <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	Classified on the basis that: <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. Reclassification of Type NR as a Type 2 may occur in circumstances of: <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 assessed. Controls will be 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 audits and reviews 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 assessment 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 the risk assessment is a preliminary document, not a final report, and no reliance should be placed upon its findings. It is however an invaluable tool for focussing the audit 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 matters previously reported.
Audit Priority 4	<ul style="list-style-type: none"> Confirmation of existing controls via observation and walk through testing Follow-up 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 Licences. Where required, an observation of processes, procedures and operations and review of key documents will occur to assist in the determination of Alinta'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 Alinta with the relevant sections and schedules of the Licences. In assessing the extent of compliance, we will consider the following:

- the control environment: Alinta'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
- the information systems: the appropriateness of Alinta's information systems to record the information needed to comply with the Licences, accuracy of data, security of data and documentation describing the information system
- control procedures: the presence of systems and procedures to ensure compliance with the Licences, effectiveness of Alinta's internal control structure to detect and correct non-compliance
- compliance attitude: the action taken by Alinta in response to any previous audit/review recommendations.

In circumstances where the volume of relevant transactions being tested are large, sampling techniques will be utilised to provide adequate assurance that test results are representative of Alinta'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.

Reporting

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

Table 6: Operational/performance compliance rating scale

Compliance Status	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

Table 7: Asset management system 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 audit and review 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 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.

Key Contacts

The key Alinta contacts for this assignment are:

- Ted Brereton General Manager, Western Operations
- Jarrod Baker Operations Manager - Western Operations (Power Generation)
- Bill Truscott Manager, Energy Market Operations
- Rob Stratford Manager, Finance
- Ralph Bates General Manager, Energy Sales and Marketing

Staffing

Deloitte staff assigned to conduct this assignment are:

- Richard Thomas Partner
- Andrew Baldwin Account Director
- Laura McNama Senior Analyst
- Shaun Sia Client Manager (IT)
- Sebastian Diedrichs Support Client Manager
- Jin Sua Analyst
- Matt Thomson Partner, Energy Advisory Group (Quality Assurance Review)

Maunsell staff involved with this assignment are:

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

Timing

The initial risk assessment phase was completed on 19 September 2008. The revised audit plan and detailed work plan were submitted on 11 November 2008.

The remainder of the fieldwork phase is scheduled to be performed in November 2008.

Appendices

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

Appendix A – Performance audit risk assessment

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
10 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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Low	Priority 5
82	Electricity Industry Act section 14(1)(a)	A licensee must provide for an asset management system. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Low	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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Low	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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Medium	Priority 4
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. {Transmission and Generation Licences}	NR	Minor	Probable	Low	Medium	Priority 4

Licence Conditions				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. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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. {Transmission Licence}	NR	Not applicable, clause relates to Electricity Networks Corporation (Western Power) and Regional Power Corporation (Horizon Power)				
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. {Transmission Licence}	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. {Transmission Licence}	NR					
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
11 ELECTRICITY LICENCES - LICENCE CONDITIONS AND OBLIGATIONS								
103	Generation Licence condition 12.2 Transmission Licence condition 12.2	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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
104	Generation Licence condition 12.3 Transmission Licence condition 12.3	A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
105	Generation Licence condition 13.1 Transmission Licence condition 13.1	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. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Low	Priority 4
106	Generation Licence condition 14.4 Transmission Licence condition 14.4	A licensee must comply with any individual performance standards prescribed by the Authority. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Medium	Priority 4
107	Generation Licence condition 15.2 Transmission Licence condition 15.2	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Low	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
108	Generation Licence condition 16.4 Transmission Licence condition 16.4	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. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Low	Priority 4
109	Generation Licence condition 17.1 Transmission Licence condition 17.1	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. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Medium	Priority 4
110	Generation Licence condition 18.1 Transmission Licence condition 18.1	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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
111	Generation Licence condition 19.2 Transmission Licence condition 19.2	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
112	Generation Licence condition 20.1 Transmission Licence condition 20.1	Unless otherwise specified, all notices must be in writing. {Transmission and Generation Licences}	2	Moderate	Unlikely	Medium	Medium	Priority 4
14 ELECTRICITY INDUSTRY METERING CODE - LICENCE CONDITIONS AND OBLIGATIONS								
300	Electricity Industry Metering Code clause 2.2(1)(a)	A network operator must treat all retailers which are its associates on an arms-length basis. {Transmission Licence}	NR	Minor	Unlikely	Low	Low	Priority 5

Licence Conditions				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 its associate receives a benefit in respect of the Code unless the benefit is attributable to an arms length application of the Code or is also made available to all Code participants on the same terms and conditions. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Not applicable – for the purpose of its Transmission Licences, as Alinta is licensed to supply electricity from generation works, interval meters are the minimum type of metre required to be used to meter that supply (accumulation meters are not allowed)				
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 {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
307	Electricity Industry Metering Code clause 3.5(3)	A network operator must ensure that there is a metering installation on its network, on and from the time of its connection to the connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed). {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				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 unauthorised access and enable unauthorised access to be detected. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Not applicable - for the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works 				
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
321	Electricity Industry Metering Code clause 3.12(2)	A network operator must ensure that instrument transformer 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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 prescribed arrangements. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
326	Electricity Industry Metering Code clause 3.13(4)	A 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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
327	Electricity Industry Metering Code clause 3.14(3)	If, under clause 3.14(2) of the Code, metering installation uses metering class Cuts and Vats 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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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 with 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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 a 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. {Transmission Licence}	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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 access the metering software applicable to all devices being installed and be able to program the devices set parameters. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	<p>Not applicable - clause relates to customer load management. For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works 				
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). {Transmission Licence}	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 meters if clause 3.24 were deleted. {Transmission Licence}	2					

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
342	Electricity Industry Metering Code clause 3.27	A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration. {Generation Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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 unauthorised access and enable unauthorised access to be detected. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
346	Electricity Industry Metering Code clause 4.1(3)	A network operator must prepare, and if applicable, must implement a disaster recover plan, to ensure that it is able, within 2 business days after the day of any disaster, to rebuild the metering database and provide any energy data to Code participants. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
348	Electricity Industry Metering Code clause 4.3(1)	The standing data for the metering point must comprise at least the items specified. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission and Generation Licences}	NR	Minor	Probable	Low	Medium	Priority 5
350	Electricity Industry Metering Code clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate. {Transmission and Generation Licences}	NR	Minor	Probable	Low	Medium	Priority 5
351	Electricity Industry Metering Code clause 4.5(2)	If a Code participant (other than a network operator) becomes aware of a change to or an inaccuracy in an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed. {Generation Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
356	Electricity Industry Metering Code clause 4.8(4)	A network operator must have security devices and methods in place that ensure energy data held in its metering installation and data held in its metering database is secured from unauthorised local or remote access, in the manner prescribed, sufficient to the standard of good electricity Industry practice. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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 unauthorised access and are only issued to authorised personnel. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	NR	Minor	Probable	Low	Medium	Priority 5

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	NR	Minor	Unlikely	Low	Low	Priority 5
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	NR	Not applicable - as Alinta is licensed to supply electricity from generation works, interval meters are the minimum type of metre required to be used to meter that supply (accumulation meters are not allowed)				
363	Electricity Industry Metering Code clause 5.4(2)	A user must, when reasonably requested by a network operator, use reasonable endeavours to assist the network operator to comply with the network operator's obligation. {Generation Licence}	NR	Not applicable – for the purposes of this clause, Alinta is both the User and Network operator				
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
365	Electricity Industry Metering Code clause 5.5(3)	A user must not impose any charge for the provision of the data under this Code unless it is permitted to do so under another enactment. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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 {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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 Metering Code. {Transmission Licence}	2	<p>Not applicable - clause relates to customer transfers. For the purpose of its Transmission Licences, Alinta:</p> <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works 				
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 specified. {Transmission Licence}	2					

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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 specified. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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 data of the meter reading. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
376	Electricity Industry Metering Code clause 5.16	A user that collects or receives energy data from a metering installation must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
377	Electricity Industry Metering Code clause 5.17(1)	A user must provide standing data and validated (and where necessary substituted or estimated) energy data to the user's customer, to which that information relates, where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer. {Generation Licence}	2	Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 of its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act				

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
378	Electricity Industry Metering Code clause 5.18	A user that collects or receives information regarding a change in the energisation status of a metering point must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Generation Licence}	NR	Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 of its Generation Licences, Alinta is not licensed 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. {Generation Licence}	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. {Generation Licence}	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. {Generation Licence}	2					
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 the receipt of any customer, site or address attributes from the user within the timeframes prescribed. {Transmission Licence}	2					

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Generation Licence}	NR	Not applicable - clause relates to the provision of customer information. Under paragraph 2.1 of its Generation Licences, Alinta is not licensed to supply electricity to customers, as defined by the Electricity Act				
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 communication rules, an energy data verification request form. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
387	Electricity Industry Metering Code clause 5.20(4)	If a Code participants 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 with the metering installation. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
388	Electricity Industry Metering Code clause 5.21(2)	A network operator must comply with any reasonable request by the 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
390	Electricity Industry Metering Code clause 5.21(5)	A Code participant must not request a test or audit unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO. {Generation Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
391	Electricity Industry Metering Code clause 5.21(6)	A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement. {Generation Licence}	2	Moderate	Probable	Medium	Medium	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 with the applicable service level agreement between it and the user. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
393	Electricity Industry Metering Code clause 5.21(9)	Any written service level agreement in respect of the testing of 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
399	Electricity Industry Metering Code clause 5.22(4)	A network 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
401	Electricity Industry Metering Code clause 5.22(6)	A network operator must review all validation failures before undertaking any substitution. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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 determined actual value for the metering point. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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 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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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, if doing so would be consistent with good electricity Industry practice. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
409	Electricity Industry Metering Code clause 5.27	Upon request, a current user must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed. {Generation Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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 in to a metering data agency agreement in relation to the network, which must deal with at least the matters prescribed. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	Priority 4
416	Electricity Industry Metering Code clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed. {Generation Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	NR	Minor	Unlikely	Low	Medium	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. {Transmission and Generation Licences}	NR	Not applicable – for the purposes of this clause, Alinta 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 at least 3 business days before the change takes effect. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
420	Electricity Industry Metering Code clause 7.2(4)	A Code participant must notify its contact details to a network operator with whom it has entered into an access contract within 3 business days after the network operator's request. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
421	Electricity Industry Metering Code clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator at least 3 business days before the change takes effect. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
422	Electricity Industry Metering Code clause 7.5	A Code participant must not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	Priority 4
423	Electricity Industry Metering Code clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code. {Generation Licence}	2	Moderate	Unlikely	Medium	Medium	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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Medium	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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Medium	Priority 5
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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Medium	Priority 5

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission and Generation Licences}	2	Moderate	Probable	Medium	Medium	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. {Transmission and Generation Licences}	NR	Minor	Unlikely	Low	Medium	Priority 5
16 ELECTRICITY INDUSTRY (Network Quality and Reliability of Supply) CODE 2005								
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. {Transmission Licence}	NR	Minor	Unlikely	Low	Medium	Priority 5
430	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 8	A distributor or transmitter must, as 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. {Transmission Licence}	NR	Minor	Unlikely	Low	Medium	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. {Transmission Licence}	NR	Minor	Unlikely	Low	Medium	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 interruption on a customer. {Transmission Licence}	NR	Minor	Unlikely	Low	Low	Priority 5

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	NR	Minor	Unlikely	Low	Low	Priority 5
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. {Transmission Licence}	NR	Minor	Unlikely	Low	Medium	Priority 5
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Medium	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 and Quality of Supply) Code 2005. {Transmission Licence}	2	Not applicable - for the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works 				
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. {Transmission Licence}	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. {Transmission Licence}	NR	Minor	Probable	Low	Low	Priority 5

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Probable	Medium	Medium	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. {Transmission Licence}	2	Not applicable - for the purpose of its Transmission Licences, Alinta: <ul style="list-style-type: none"> is not licenced to supply electricity to customers, other than on behalf of a retailer does not supply electricity to customers (on behalf of a retailer) from its generating works 				
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. {Transmission Licence}	2					
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 the small customer who makes a complaint to the distributor or the transmitter who asks to be given such information. {Transmission Licence}	2					
449	Electricity Industry (Network Quality and Reliability of Supply) Code 2005 clause 25(2)	A document setting out the distributor's or transmitter's complaint handling process must contain the specified information. {Transmission Licence}	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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4

Licence Conditions				Risk Assessment				
No	Obligations under Condition	Description	Type	Consequence	Likelihood	Inherent Risk	Control Risk	Audit Priority
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. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4
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 a specified period. {Transmission Licence}	2	Moderate	Unlikely	Medium	Low	Priority 4

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	Low	Priority 4
1 (b)	Service levels are defined	Moderate	Probable	Medium	Low	Priority 4
1 (c)	Non-asset options (e.g. demand management) are considered	Minor	Probable	Low	Medium	Priority 5
1 (d)	Lifecycle costs of owning and operating assets are assessed	Moderate	Probable	Medium	Low	Priority 4
1 (e)	Funding options are evaluated	Minor	Probable	Low	Low	Priority 5
1 (f)	Costs are justified and cost drivers identified	Moderate	Probable	Medium	Low	Priority 4
1 (g)	Likelihood and consequences of asset failure are predicted	Major	Probable	High	Medium	Priority 2
1 (h)	Plans are regularly reviewed and updated	Moderate	Probable	Medium	Medium	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	Low	Priority 4
2 (b)	Evaluations include all life-cycle costs	Moderate	Probable	Medium	Medium	Priority 4
2 (c)	Projects reflect sound engineering and business decisions	Moderate	Probable	Medium	Medium	Priority 4
2 (d)	Commissioning tests are documented and completed	Moderate	Probable	Medium	Low	Priority 4
2 (e)	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood	Moderate	Probable	Medium	Medium	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	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	Priority 4
3 (c)	Disposal alternatives are evaluated	Minor	Probable	Low	Medium	Priority 5
3 (d)	There is a replacement strategy for assets	Moderate	Probable	Medium	Medium	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	Priority 2
4 (b)	Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved	Moderate	Probable	Medium	Low	Priority 4
4 (c)	Compliance with statutory and regulatory requirements	Moderate	Likely	High	Low	Priority 2
4 (d)	Achievement of customer service levels	Moderate	Probable	Medium	Medium	Priority 4

5	Asset operations					
Key Process:	Operational 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	Medium	Priority 2
5 (b)	Risk management is applied to prioritise operations tasks	Moderate	Probable	Medium	Medium	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	Minor	Probable	Low	Low	Priority 5
5 (d)	Operational costs are measured and monitored	Moderate	Probable	Medium	Low	Priority 4
5 (e)	Staff receive training commensurate with their responsibilities	Moderate	Probable	Medium	Medium	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	Medium	Priority 2
6 (b)	Regular inspections are undertaken of asset performance and condition	Moderate	Probable	Medium	Medium	Priority 4
6 (c)	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule	Moderate	Likely	High	Medium	Priority 2
6 (d)	Failures are analysed and operational/maintenance plans adjusted where necessary	Moderate	Probable	Medium	Medium	Priority 4
6 (e)	Risk management is applied to prioritise maintenance tasks	Moderate	Probable	Medium	Medium	Priority 4
6 (f)	Maintenance costs are measured and monitored	Minor	Probable	Low	Medium	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-date running of the asset management system. The focus of the review is the accuracy of performance information used by the licensee to monitor and report on service standards.				
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	Priority 5
7 (b)	Input controls include appropriate verification and validation of data entered into the system	Minor	Likely	Medium	Medium	Priority 4
7 (c)	Logical security access controls appear adequate, such as passwords	Minor	Likely	Medium	Medium	Priority 4
7 (d)	Physical security access controls appear adequate	Minor	Probable	Low	Medium	Priority 5
7 (e)	Data backup procedures appear adequate	Moderate	Probable	Medium	Medium	Priority 4
7 (f)	Key computations related to licensee performance reporting are materially accurate	Minor	Probable	Low	Medium	Priority 5
7 (g)	Management reports appear adequate for the licensee to monitor licence obligations	Minor	Probable	Low	Medium	Priority 5

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	Medium	Priority 4
8 (b)	Risks are documented in a risk register and treatment plans are actioned and monitored	Moderate	Probable	Medium	Medium	Priority 4
8 (c)	The probability and consequences of asset failure are regularly assessed	Moderate	Probable	Medium	Medium	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	Moderate	Probable	Medium	Medium	Priority 4

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	Medium	Priority 4
10 (b)	The financial plan identifies the source of funds for capital expenditure and recurrent costs	Minor	Probable	Low	Medium	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	Priority 5
10 (d)	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period	Minor	Probable	Low	Medium	Priority 5
10 (e)	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	Moderate	Unlikely	Medium	Medium	Priority 4
10 (f)	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary	Moderate	Probable	Medium	Medium	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	Priority 4
11 (b)	The plan provides reasons for capital expenditure and timing of expenditure	Minor	Probable	Low	Medium	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	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	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	Priority 4
12 (b)	Independent reviews (eg internal audit) are performed of the asset management system	Minor	Probable	Low	Medium	Priority 5

Appendix B – References

Key Alinta staff participating in the audit

Name	Position
▪ Jarrod Baker	Operations Manager, Western Region Power Generation
▪ Bill Truscott	Manager Energy Market Operations
▪ Corey Dykstra	Manager Regulatory Affairs

Other Alinta staff participating in the audit

- WA Controller – Finance
- General Manager WA Operations

Key Alcoa staff participating in the audit

- Procurement Specialist - Energy
- Principal Mechanical Engineer WAO Powerhouse
- Principal Electrical Engineer WAO Powerhouse

Deloitte staff participating in the audit

Name	Position	Hours
▪ Richard Thomas	Partner	5
▪ Andrew Baldwin	Account Director	62
▪ Sebastian Diedrichs	Manager	24
▪ Laura McNama	Senior Analyst	8
▪ Jin Sua	Analyst	38
▪ Ben Fountain	Support Analyst	5
▪ Quality Assurance Review performed by Deloitte Risk Services and Assurance & Advisory Services partners		4

Key documents and other information sources examined

- Alinta Annual compliance reports to the Authority 2006/07 and 2007/08
- 2006/07 Electricity Compliance Manual Data Sheets
- Representations from Operations Manager, Western Region Power Generation
- Representations from Manager Energy Market Operations
- Representations from Manager Regulatory Affairs
- Representations from WA Controller - Finance
- BBP Risk Impact and Likelihood Matrix
- Babcock & Brown Power Annual Report 2008
- AlintaAGL Annual Report 2007
- Extract from ASIC database – documents lodged by Babcock & Brown Power and AlintaAGL
- Electricity Industry Metering Code 2005
- Electricity Industry Metering Code 2005 – Approved Communication Rules
- Electricity Industry Act 2004
- Electricity Generation Licences EGL6 EGL10
- Electricity Transmission Licences ETL1 ETL3
- Evidence of payment of 2006, 2007 and 2008 licence fee payments

Deloitte: Alinta (Wagerup and Pinjarra) 2008 EGL and ETL Performance Audit

- Wagerup Generation Project: O&M Agreement – Alcoa/Alinta Cogeneration (Wagerup)
- Pinjarra Generation Project: O&M Agreement – Alcoa/Alinta Cogeneration (Pinjarra)

Alcoa references (relevant to Alinta activities)

- Alcoa WA Powerhouse organisational structure
- Relevant Alcoa correspondence with the Authority
- Numerous emails from Alcoa representatives in response to specific enquiries
- Network Access Agreement (Western Power Corporation/Alcoa)
- Alcoa (WAO) management systems manual