



McGill Engineering Services Pty Ltd

Engineering, Adjudication & Arbitration Services ABN 45 106 691 169

NEWGEN POWER KWINANA PTY LTD ELECTRICITY GENERATION LICENCE EGL 3, PERFORMANCE AUDIT REPORT & ASSET MANAGEMENT SYSTEM REVIEW REPORT

Prepared By Kevan McGill
Date 24 November 2009



McGill Engineering Services Pty Ltd

Engineering, Adjudication & Arbitration Services ABN 45 106 691 169

Steve Farley
Station Manager
NewGen Power Station Kwinana
Leath Road
Naval Base WA 6165

Dear Mr Farley

Performance Audit Electricity Licence EGL 3

The fieldwork on the performance audit and asset management review of Generation licence EGL 3 for the audit period (22 February 2006 to 31 July 2009) is complete and I am pleased to submit the report to you.

In my opinion, the licensee maintained, in all material aspects, effective control procedures in relation to the Generation licence (EGL 3) for the audit period on the relevant clauses referred to within the scope section of this report. While some non compliances were noted these are not material to achieving the licence obligations.

Yours sincerely

Kevan McGill
Director

24 November 2009

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Executive Summary

This performance audit and asset management review was conducted in accordance with the guidelines issued by the Economic Regulation Authority (*Authority*) for the audit period (22 February 2006 to 31 July 2009).

Overall Conclusion

In my opinion, the licensee maintained, in all material aspects, effective control procedures in relation to the Generation Licence (EGL 3) for the audit period based on the relevant clauses referred to within the scope section (Page 9) of this report. While some shortfalls were noted these are not material to achieving the licence obligations.

Performance Audit

A summary of the findings of the performance audit is:

Ratings

The compliance rating for each licence condition using the 5-point rating scale is described below.

Performance compliance rating scale

Compliance status	Rating	Description of compliance
COMPLIANT	5	Compliant with no further action required to maintain compliance
COMPLIANT	4	Compliant apart from minor or immaterial recommendations to improve the strength 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 results are summarised below.

Assessment	Licence obligations	Audit priority 4	Audit priority 5
Compliant 5	10	6	4
Compliant 4	2	1	1
Compliant 3	2	0	2
Non-compliant 2	0	0	0
Significantly non compliant 1			
Not Rated	32	23	9

* Note Where an obligation was not exercised in the audit period, it was not possible to form an opinion about compliance and the item was not rated.

Asset Management Review

The findings of the asset management review are summarized as;

Ratings

The effectiveness ratings for each key process in the licensee's asset management system using the 6-point scale are described below.

Asset management review effectiveness rating scale

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

Asset management effectiveness summary

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



PERFORMANCE AUDIT

Performance Audit Objectives

Under section 13 of the *Electricity Industry Act 2004* (the Act), it is a requirement that every licensee provide the Economic Regulation Authority (*Authority*) not less than once in every period of 2 years with a performance audit conducted by an independent expert acceptable to the *Authority*.

The primary objective of the operational audit is to audit the effectiveness of measures taken by the Licensee to maintain quality and performance standards. The Act states a performance audit is an audit of the effectiveness of measures taken by the licensee to meet the performance criteria specified in the licence. The licence states that performance standards are contained in *applicable legislation*. Performance criteria are defined in the licence as:

- (a) the terms and conditions of the *licence*; and
- (b) any other relevant matter in connection with the *applicable legislation* that the *Authority* determines should form part of the *performance audit*.

The licence also provides for individual licence conditions namely - the *Authority* may prescribe *individual performance standards* in relation to the *licensee* of its obligations under this *licence* or the *applicable legislation* (the Act and subordinate legislation).

The *Authority* has summarised the performance requirements in various legislation in its Electricity compliance reporting manual (March 2008)¹.

McGill Engineering Services Pty Ltd has been engaged to carry out the performance audit for Generation Licence EGL 3 for NewGen Power Kwinana Pty Ltd.

Audit Period

The audit period is 22 February 2006 to 31 July 2009. Note that the licence was issued for construction and operation of generation plant but the performance audit and asset management system assessment issues which relate to operational matters run from the plant commissioning date of October 2008.

Scope Limitation

The audit was undertaken by examination of documents, interviews with key persons and observations and is not a detailed inspection of physical items.

¹ Electricity compliance reporting manual, March 2008

Excluded Conditions

As there are no individual performance standards applied by the *Authority*, that area has been deleted from the audit. Item 309 is an obligation on the network operator and any failures would be on the network operator and not the generator and accordingly is deleted.

Inherent Limitations

Because of the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

An audit is not designed to detect all weaknesses in compliance measures as an audit is not performed continuously throughout the period and the audit procedures performed on the compliance measures are undertaken on a test basis.

Any projection of the evaluation of the operating licences to future periods is subject to the risk that the compliance measures in the plans may become inadequate because of changes in conditions or circumstances, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

Scope of the Audit

The *Authority* guideline² for performance audits sets out that the audit should be conducted in 3 phases.

1. Risk and Materiality Assessment

With reference to AS/NZS4360 Risk Management a preliminary assessment was made of the risk and materiality of non-compliance with the required licence conditions in order to focus the audit effort on areas of higher compliance risk and identify areas for testing and analysis.

2. System Analysis, Assertion Setting and Review

Through discussion, observation and review, a sample of cases or data was analysed relating to the licensee's quality and performance systems and standards against requirements of the Licence conditions to be audited.

3. Fieldwork: Testing and Analysis

Using the results of the risk assessment and systems analysis, detailed testing and analysis was performed to compare those standards maintained by the licensee with the relevant clauses of the Licence.

² Audit Guidelines: Electricity, Gas and Water Licences, September 2006

During this audit the Kwinana licence area was visited.

There are no actions taken in response to recommendations in previous audit to follow up as this is the first audit.

The report to the licensee and the *Authority* clearly expresses the opinion of the auditor in respect of the findings of the audit.

The key contacts were:

- Licensee
 - Steve Farley
- McGill Engineering Services Pty Ltd
 - Kevan McGill and John McLoughlin

The audit was conducted during September and October 2009 with the final audit report initially submitted to the Authority by 31 October 2009 and finally submitted by 25 November 2009.

Audit Requirements

Compliance with licence conditions was examined according to the likely inherent risk and the adequacy of controls to manage that risk.

Nature of audit work conducted

The *Authority* guidelines for performance audits require that the audit considers:

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

Stage	Auditor	Standard
1. Risk & Materiality Assessment Outcome - Operational/ Performance Audit Plan	K McGill	ASA 300 replaces AUS 302: Planning ASA 315 replaces AUS 402: Risk Assessments and Internal Controls AUS 808: Planning Performance Audits AS/NZS 4360:2004: Risk Management ERA Guidelines
2. System Analysis	K McGill	AUS 810: Special Purpose Reports on Effectiveness of Control Procedures

3. Fieldwork Assessment and testing of; <ul style="list-style-type: none"> The control environment Information system Compliance procedures Compliance attitude 	K McGill & John McLoughlin	AUS 502: Audit Evidence AUS 806: Performance Auditing
4. Reporting	K McGill	ASA 300 replaces AUS 302 Planning AUS 806: Performance Auditing

Overall Conclusion

In my opinion, the licensee maintained, in all material aspects, effective control procedures in relation to the Generation (EGL 3) licence for the audit period based on the relevant clauses referred to within the scope section of this report. While there have been some shortfalls noted these are not material to achieving the obligations of the licences.

Findings

The conclusions of each of the elements of the licence are summarised in the following table. The audit risk as determined for each licence condition is also shown. The details of the audit can be seen in Appendix I (Page 21)

Item	Licence obligation	Consequences	Likelihood	Inherent Risk	Adequacy of Controls	Review priority	Rating																
							0	1	2	3	4	5	N ^a	N ^r									
Licence conditions Type 2 Generation																							
83.	16.1 & 16.2 EIA s14(1)(b)	Moderate	Unlikely	Medium	Moderate	4																	
87.	5.1 EIA s41(6)	Moderate	Unlikely	Medium	Moderate	4																	
103	12.2 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
104	12.3 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
105	13.1 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
107	15.2 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
108	16.4 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
109	17.1 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
110	18.1 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
111	19.2 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
112	20.1 EIA s11	Moderate	Unlikely	Medium	Moderate	4																	
Licence conditions Type NR Generation																							
81.	15.1 EIA s13(1)	Minor	Unlikely	Low	Moderate	5																	
82.	16.1 EIA s14(1)(a)	Minor	Unlikely	Low	Moderate	5																	

84.	16.3 EIA s14(1)(c)	Minor	Unlikely	Low	Moderate	5													
85.	4.1 EIA s17(1)	Minor	Unlikely	Low	Moderate	5													
86	5.1 EIA s31(3)	Minor	Unlikely	Low	Moderate	5													
Metering Code Type 2 Generation																			
319	5.1 MC 3.11(3)	Moderate	Unlikely	Medium	Moderate	4													
331	5.1 MC 3.16(5)	Moderate	Unlikely	Medium	Moderate	4													
342	5.1 MC 3.27	Moderate	Unlikely	Medium	Moderate	4													
351	5.1 MC 4.5(2)	Moderate	Unlikely	Medium	Moderate	4													
365	5.1 MC 5.5(3)	Moderate	Unlikely	Medium	Moderate	4													
376	5.1 MC 5.16	Moderate	Unlikely	Medium	Moderate	4													
377	5.1 MC 5.17(1)	Moderate	Unlikely	Medium	Moderate	4													
378	5.1 MC 5.18	Moderate	Unlikely	Medium	Moderate	4													
381	5.1 MC 5.19(3)	Moderate	Unlikely	Medium	Moderate	4													
382	5.1 MC 5.19(4)	Moderate	Unlikely	Medium	Moderate	4													
390	5.1 MC 5.21(5)	Moderate	Unlikely	Medium	Moderate	4													
391	5.1 MC 5.21(6)	Moderate	Unlikely	Medium	Moderate	4													
409	5.1 MC 5.27	Moderate	Unlikely	Medium	Moderate	4													
416	5.1 MC 6.1(2)	Moderate	Unlikely	Medium	Moderate	4													
420	5.1 MC 7.2(4)	Moderate	Unlikely	Medium	Moderate	4													
421	5.1 MC 7.2(5)	Moderate	Unlikely	Medium	Moderate	4													
422	5.1 MC 7.5	Moderate	Unlikely	Medium	Moderate	4													
423	5.1 MC 7.6(1)	Moderate	Unlikely	Medium	Moderate	4													
427	5.1 MC 8.1(4)	Moderate	Unlikely	Medium	Moderate	4													
Metering Code Type NR Generation																			
349	5.1 MC 4.4(1)	Minor	Unlikely	Low	Moderate	5													
350	5.1 MC 4.5(1)	Minor	Unlikely	Low	Moderate	5													
363	5.1 MC 4.5(2)	Minor	Unlikely	Low	Moderate	5													
379	5.1 MC 5.19(1)	Minor	Unlikely	Low	Moderate	5													
380	5.1 MC 5.19(2)	Minor	Unlikely	Low	Moderate	5													
384	5.1 MC 5.19(6)	Minor	Unlikely	Low	Moderate	5													
418	5.1 MC 7.2(1)	Minor	Unlikely	Low	Moderate	5													
424	5.1 MC 8.1(1)	Minor	Unlikely	Low	Moderate	5													
425	5.1 MC 8.1(2)	Minor	Unlikely	Low	Moderate	5													
426	5.1 MC 8.1(3)	Minor	Unlikely	Low	Moderate	5													
428	5.1 MC 8.3(2)	Minor	Unlikely	Low	Moderate	5													

N^a Not applicable

N^r Not rated

Audit Results and Recommendations

Summary of significant results

The licensee does not have any meters so the vast majority of the metering code obligations have not been rated as there is no activity on which to form an opinion.

Licence fees were paid but slightly after the due date and reports have been submitted but not in the required time.

Post Audit Implementation Plan

Fees should be paid to the *Authority* on time and processes should be put into place to ensure payment before the anniversary of the issue of the licence. Steve Farley, Station Manager, NewGen Power Kwinana, should be responsible to do this by 1 January 2010.

Reports should be submitted to the *Authority* on time and processes should be put into place to ensure reporting by the prescribed time.. Steve Farley, Station Manager, NewGen Power Kwinana, should be responsible to do this by 1 January 2010.

A compliance calendar has been developed for all annual reporting and licensing compliance. This should prevent late lodgements in the future.



ASSET MANAGEMENT SYSTEM REVIEW

Asset Management System Review Objectives

Under the *Electricity Industry Act 2004* (the Act) section 14, the licensee must develop and maintain an asset management system to manage the significant asset base for ongoing service delivery to its customers. The Act requires a review of the asset management system every two years (or other time approved by the Economic Regulation Authority - *Authority*).

An asset management system is to set out the measures to be taken by the licensee for the proper maintenance of assets used in the generation of electricity and in the operation and maintenance of, and, where relevant, the construction or alteration of, the generator's assets.

Asset Management System Review Recommendations

The recommendations identify:

- a) The asset management process.
- b) The effectiveness rating.
- c) The issue(s) identified that have resulted in the nominated effectiveness rating.
- d) The recommended action(s) to improve the effectiveness of the asset management process to an acceptable level.

Asset management system review methodology

The asset management review report provides a table that summarises the auditor's assessment of the effectiveness ratings for each key process in the licensee's asset management system using the 6-point scale described below.

The overall effectiveness rating is based on an assessment of the adequacy and effectiveness of the licensee's asset management system.

Use of Audit Processes and Practices

- 1 Accepted audit processes and practices were used to complete the review. These include the sampling techniques associated with process reviews such as interviews to define accountability, observations, document sighting and testing of users.
- 2 The review addressed four key elements of successful delivery of asset management to allow the assessment of the effectiveness of the asset management system. These elements are:
 - Process – the existence of a suitable process for activities
 - Documentation – the existence of a document defining a process

- Availability/accessibility/understanding – the process is understood, available to those required to use it and accessible to them
 - Use- confirmation the process is used consistently
- 3 The audit priorities were determined and include in the asset management system review plan approved by the *Authority*.

The review was conducted by Kevan McGill and John McLoughlin during September and October 2009.

Audit priority

The *Authority* guidelines for asset management system reviews sets out a rating for audit priority based on inherent risk and existing controls. The following priorities were determined in accordance with the guidelines and audit plan and accepted by the Licensee.

The review priorities and findings are as follows. The detail of the review and findings can be seen in Appendix II (Page 43).

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

Licensee structure

The licensee (NewGen Power Kwinana Pty Ltd) is a special vehicle established by the owners (ERM Power Kwinana Pty Ltd and Summit Kwinana Power Pty Ltd). The owners

are in turn owned by companies such as ERM Power Pty Ltd in Queensland. The licensee carry out the asset management functions directly related to the licensed assets such as operational and maintenance functions. The strategic asset management functions such as where to invest and why, are carried out by the ultimate owners such as ERM Power Pty Ltd. The owners have a management committee that oversees the financial management of the licensee.

Overall conclusion

In my opinion, the licensee maintained, in all material aspects, an adequate and effective asset management system in relation to the Generation Licence (EGL 3) for the audit period based on the relevant clauses referred to within the scope section (Page 9) of this report. While a number of shortfalls are noted they are not material for the effectiveness of an asset management system even if there is a division between the part undertaken by the licensee and those by the owners. The Asset Planning, Creation, Disposal and Review are carried out by the owners of the licensee. The intent of the legislation is met as the outcome is compliant.

Findings

The conclusions of each of the elements of the licence are summarised in the following table. The audit risk as determined for each licence condition is also shown.

Asset management process	Review risk assessment	Rating	
Asset planning	2	Not Rated	-
Asset creation/ acquisition	2	Not Rated	-
Asset disposal	2	Not Rated	-
Environmental analysis	2	Planned & Tracked	2
Asset operations	2	Well defined	3
Asset maintenance	2	Well defined	3
Asset Management Information System	2	Well defined	3
Risk management	2	Planned & Tracked	2
Contingency planning	2	Planned & Tracked	2
Financial planning	4	Well defined	3
Capital expenditure planning	4	Well defined	3
Review of AMS	4	Performed Informally	1

The overall effectiveness rating for each licence condition is based on an assessment of the effectiveness of the licensee's existing control procedures to manage its assets.

Review Results and Recommendations

The following summarises the key results and recommendations

Asset Management Item	Recommendation
Asset Planning	Issue 1
	<p>The licensee conducts the shorter timeframe asset management elements (operations, maintenance and contingency planning). Other than a strategic overview, the elements of an asset management process exist informally.</p> <p>The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners.</p>
	Recommendation 1
	None - The licensee does not carry out asset planning as it is carried out by the owning bodies.
Asset Creation	Issue 2
	<p>The licensee conducts the shorter timeframe asset management elements (operations, maintenance and contingency planning). Other than a strategic overview, the elements of an asset management process exist informally.</p> <p>The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners.</p>
	Recommendation 2
	None - The licensee does not carry out asset planning as it is carried out by the owning bodies.
Asset Disposal	Issue 3
	<p>The licensee conducts the shorter timeframe asset management elements (operations, maintenance and contingency planning). Other than a strategic overview, the elements of an asset management process exist informally.</p> <p>The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners.</p>
	Recommendation 3
	None - The licensee does not carry out asset planning as it is carried out by the owning bodies.
Asset Operations	Issue 4
	<p>The earthing does not allow the required step and touch voltages to be within safe levels if the earthing is disconnected from the adjacent Verve and Water Authority earthing systems. A potentially unsafe situation could arise if the earthing nets are disconnected (which is unlikely) while continuing to generate.</p>

	<p>Recommendation 4</p> <p>A procedure (or interlocks) is implemented to ensure that the plant does not operate when the adjacent earthing systems are disconnected.</p>
Asset Management Information System	<p>Issue 5</p> <p>The operational policies are well documented but security could be improved by issue of PDF documents to operational staff instead of MS Word documents and implementing control management procedures.</p> <p>Access to write to the database is controlled (passwords) and changes are tracked. There is good documentation for data recovery procedures which include operating on the local server. Backup at other remote servers would improve data integrity.</p>
	<p>Recommendation 5</p> <p>Improve security of operational procedures documentation and implement remote backup of database.</p>
	<p>Issue 6</p> <p>There is good documentation of risk management procedures but this does not appear to have been rolled out and implemented at the site. The risk management procedures as documented should be implemented.</p>
	<p>Recommendation 6</p> <p>Implement the risk management policy as documented.</p>
Contingency Planning	<p>Issue 7</p> <p>There are no documented strategic contingency plans as a result of there being no implemented risk management plans.</p>
	<p>Recommendation 7</p> <p>Develop documented contingency plans responding to the risk assessments.</p>
	<p>Issue 8</p> <p>Strategic asset planning is carried out by the owning companies and they carry out continuous review of the process. There is a division of an asset management system where the owners carry out the strategic asset planning and the licensee carries out the whole of plant life functions including shorter term and operational functions. It would not be appropriate to require the licensed entities to carry out these functions when they are already carried out by the owning companies.</p>
	<p>Recommendation 8</p> <p>None - There is no business case for carrying out asset review when it is carried out by the owning bodies.</p>

Post Audit implementation Plan

AMS item	Recommendation	Responsible	When
Asset Operations	A procedure (or interlocks) is implemented to ensure that the plant does not operate when the adjacent earthing systems are disconnected.	Station Manager	December 2009
Asset Management Information System	Improve security of operational procedures documentation and implement remote backup of database.	Station Manager	December 2009
Risk management	Implement the risk management policy as documented.	Station Manager	June 2010
Contingency Planning	Develop documented contingency plans responding to the risk assessments.	Station Manager	September 2010

Audit Evidence

The following evidence was gathered for the audit.

1. Legislation and standards
 - *Electricity Industry Act 2004*
 - Auditing and Assurance handbook
 - Electricity Generation Licence EGL 3
 - Licence maps

2. Licensee's documents
 - Electricity licence applications
 - Auditors statement
 - Annual compliance report
 - Licence fees invoices/payment
 - Budget documents

Audit Time

The audit was undertaken by Kevan McGill and John McLoughlin and took approximately 60 hours.

Appendix 1 Performance Audit Detail Results and Recommendations

Licence Obligations Type 2 Generation

Item 83	Generation Licence Clauses 16.1 & 16.2							Compliance rating Compliant 5	
<i>Electricity Industry Act section 14(1)(b)</i> The requirement is that a licensee must notify details of the asset management system and any substantial changes to it to the <i>Authority</i> .									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The <i>Authority</i> was advised of the licensee's asset management system at the time the licence was issued. There have been no substantive changes since.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 87	Generation Licence Clause 5.1							Compliance rating Not Rated	
<i>Electricity Industry Act section 41(6)</i> A licensee must pay the costs of taking an interest in land or an easement over land.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
As no interest in land or easement over land has occurred in the audit period, no cost payments arose and compliance or otherwise could not be assessed.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 103 Generation Licence Clause 12.2		Compliance rating Not Rated	
<i>Electricity Industry Act section 11.</i> The requirement is that a licensee must amend the asset management system before an expansion or reduction in generating works, distribution systems and transmission systems and notify the <i>Authority</i> in the manner prescribed, if the expansion or reduction is not provided for in the asset management system.			
Observations			
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>
Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>
Compliance	<input type="checkbox"/>		
There have been no substantive changes to the Generation equipment in the audit period that would require an amendment to the asset management system.			
Issues			
None.			
Recommendations			
None.			
Management Actions			
Not applicable.			

Item 104 Generation Licence Clause 12.3		Compliance rating Compliant - 5	
<i>Electricity Industry Act section 11.</i> The requirement is that a licensee must not expand the generating works, distribution systems or transmission systems outside the licence area. If there is any expansion the relevant fees are to be paid.			
Observations			
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>
Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>
Compliance	<input checked="" type="checkbox"/>		
There have been no expansions outside the licence areas.			
Issues			
None.			
Recommendations			
None.			
Management Actions			
Not applicable.			

Item 105 Generation Licence Clauses 13.1		Compliance rating Compliant - 5	
<i>Electricity Industry Act section 11.</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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The licensee's auditor advises that the licensee complies with Australian accounting standards. The financial audit was conducted to Australian audit standards and any variation from Australian accounting standards would have been reported as an exception and there were no exceptions.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 107 Generation Licence Clause 15.2	Compliance rating Compliant - 5								
<i>Electricity Industry Act section 11.</i> A licensee must comply, and require its auditor to comply, with the <i>Authority's</i> standard audit guidelines dealing with the performance audit.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
This audit is in accordance with the <i>Authority's</i> guidelines.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 108 Generation Licence Clause 16.4	Compliance rating Compliant - 5
<i>Electricity Industry Act section 11.</i> The requirement is that a licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the <i>Authority's</i> standard guidelines dealing with the asset management system.	

Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
This review complies with the requirements.									
Issues									
None.									
Recommendations									
None.									
Management Actions									
Not applicable.									

Item 109	Generation Licence Clause 17.1	Compliance rating Not Rated							
<i>Electricity Industry Act section 11.</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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The licensee is not under external administration nor has there been a significant change in the circumstances on which the licence was granted and therefore no need to advise the <i>Authority</i> .									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 110	Generation Licence Clauses 18.1	Compliance rating Compliant - 3							
<i>Electricity Industry Act section 11.</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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The licensee has provided the information prescribed to the <i>Authority</i> but not in the									

prescribed time.
Issues
Reporting needs to be done by the required date.
Recommendations
Reporting should be submitted to the <i>Authority</i> on time and processes should be put into place to ensure reports are done in the prescribed time.
Management Actions
Processes to be put into place to ensure reports are done in the prescribed time.

Item 111	Generation Licence Clauses 19.2	Compliance rating Not Rated							
<i>Electricity Industry Act section 11.</i> A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
No information has been required to be published..									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 112	Generation Licence Clause 20.1	Compliance rating Not Rated							
<i>Electricity Industry Act section 11.</i> Unless otherwise specified, all notices must be in writing.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There has not been a requirement to issue notices.									
Issues									
None									
Recommendations									

None
Management Actions
Not applicable

Licence Obligations Type NR Generation

Item 81	Generation Licence Clause 15.1	Compliance rating Compliant - 5							
<i>Electricity Industry Act section 13(1)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
This audit satisfies the requirement.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 82	Generation Licence Clause 16.1	Compliance rating Compliant 4							
<i>Electricity Industry Act section 14(1)(a).</i> A licensee must provide for an asset management system.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
This review has examined the asset management system but some of the value adding function is carried out by the owner and not the licensee.									
Issues									
None									
Recommendations									
None									
Management Actions									

Not applicable

Item 84 Generation Licence Clause 16.3							Compliance rating Compliant 5		
<i>Electricity Industry Act section 14(1)(c).</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
This review satisfies the requirement.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 85 Generation Licence Clause 4.1							Compliance rating Compliant - 3		
<i>Electricity Industry Act section 17(1)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The fees have been paid but 4 days later than the month of the anniversary of the licence issue.									
Issues									
Fees need to be paid within the month of the anniversary of licence issue.									
Recommendations									
The fees were paid but slightly late and should be paid promptly.									
Management Actions									
To pay fees within a month of the anniversary of licence issue.									

Item 86 Generation Licence Clause 5.1								Compliance rating Compliant - 4	
<i>Electricity Industry Act section 31(3)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
There has been one unscheduled outages since commissioning (within audit period). A major failure occurred but that was in the steam turbine which reduced the nominal capacity by 50%. All endeavours were taken to minimize the down time. The obligation recognizes that outages may be unavoidable but duration of the restriction must be minimized.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Metering Code Obligations Type 2 Generation

Item 319 Licence Clause 5.1								Compliance rating Not Rated	
<i>Electricity Industry Metering Code clause 3.11(3)</i> The requirement is that a Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 331 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 3.16(5)</i> The requirement is that 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
This requirement relates to the conversion of non interval metering to interval metering. The generator does not have any meters. The tariff meters belong to Western Power.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 342 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 3.27</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no meters installed.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 351 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 4.5(2)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 365 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 5.5(3).</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 376 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 5.16.</i> 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.									

Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The users do not collect energy data. The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 377 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.17(1).</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 378 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.18.</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									

Issues
None
Recommendations
None
Management Actions
Not applicable

Item 381 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.19(3).</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 382 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.19(4).</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There are no sensitive loads.									
Issues									
None									
Recommendations									

None
Management Actions
Not applicable

Item 390 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.21(5).</i> A Code participant must not request a meter 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 391 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.21(6).</i> A Code participant must not make a test or audit request that is inconsistent with any access arrangement or agreement.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 409	Licence Clause 5.1								Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 5.27.</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 416	Licence Clause 5.1								Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 6.1(2).</i> A user must in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 420	Licence Clause 5.1								Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 7.2(4)</i> 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.									

Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no new access contracts in the audit period and there have been no requests for contact details from the network operator.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 421	Licence Clause 5.1									Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 7.2(5)</i>										
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										
Observations										
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>	
The licensees' contractor's contact details have not changed.										
Issues										
None										
Recommendations										
None										
Management Actions										
Not applicable										

Item 422	Licence Clause 5.1									Compliance rating Compliant - 5
<i>Electricity Industry 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.										

Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
No complaints have risen about disclosure of confidential information.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 423	Licence Clause 5.1									Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 7.6(1)</i> A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.										
Observations										
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>	
No information has been required to be disclosed.										
Issues										
None										
Recommendations										
None										
Management Actions										
Not applicable										

Item 427	Licence Clause 5.1									Compliance rating Not Rated
<i>Electricity Industry Metering Code clause 8.1(4)</i> 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.										
Observations										
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>	
There have been no metering disputes.										

Issues
None
Recommendations
None
Management Actions
Not applicable

Metering Code Obligations Type NR Generation

Item 349	Licence Clause 5.1	Compliance rating Not Rated							
<i>Electricity Industry 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The network operator has both the metering installation and the metering database so the licensee would not be aware of any issues with energy data..									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 350	Licence Clause 5.1	Compliance rating Not Rated							
<i>Electricity Industry Metering Code clause 4.5(1)</i> A Code participant must not knowingly permit the registry to be materially inaccurate.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The generator does not have any meters.									
Issues									
None									

Recommendations
None
Management Actions
Not applicable

Item 363 Licence Clause 5.1	Compliance rating Compliant - 5								
<i>Electricity Industry Metering Code clause 5.4(2)</i> 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. Meters have to be read at least once per year and if not, has assistance been provided by the licensee to the network operator to read the meter.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Meters are read remotely (every half hour) and manually daily.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 379 Licence Clause 5.1	Compliance rating Not Rated 5								
<i>Electricity Industry Metering Code clause 5.19(1)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
There has been no request to collect customer information. The network operator (Western Power) has the access with the customer (via Synergy) and not the licensee.									
Issues									
None									

Recommendations
None
Management Actions
Not applicable

Item 380 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.19(2)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The generator does not have any meters. There are no customers (consumers of energy), the energy is sold to the retailer - Synergy. The only connection point is with the Western Power network.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 384 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry Metering Code clause 5.19(6)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
The generator does not have any meters.									
Issues									
None									
Recommendations									
None									

Management Actions
Not applicable

Item 418 Licence Clause 5.1	Compliance rating Compliant - 5								
<i>Electricity Industry 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
The network operator and generator have the current contact details.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 424 Licence Clause 5.1	Compliance rating Not Rated								
<i>Electricity Industry 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no disputes.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 425 Licence Clause 5.1								Compliance rating Not Rated	
<i>Electricity Industry Metering Code clause 8.1(2)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no metering disputes.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 426 Licence Clause 5.1								Compliance rating Not Rated	
<i>Electricity Industry Metering Code clause 8.1(3)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no metering disputes.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Item 428 Licence Clause 5.1							Compliance rating Not Rated		
<i>Electricity Industry Metering Code clause 8.3(2)</i> 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.									
Observations									
Process	<input checked="" type="checkbox"/>	Outcome	<input checked="" type="checkbox"/>	Output	<input checked="" type="checkbox"/>	Reporting	<input checked="" type="checkbox"/>	Compliance	<input type="checkbox"/>
There have been no metering disputes.									
Issues									
None									
Recommendations									
None									
Management Actions									
Not applicable									

Appendix II Asset management system review results and recommendations

Asset Planning							Effectiveness rating -Not Rated
1. <i>Asset planning</i>							
Asset planning strategies are focused on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).							
Observations							
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>
<p><i>Asset Planning Process/Plan and its currency</i></p> <p>The licensee is a special entity established to operate and maintain generation plant at this site. Their owners make the decisions about asset planning and asset creation and then when the decision is made to proceed, entities are established for the specific asset operational matters. This licensee and the related licensee at Neerabup (NewGen Power Neerabup Pty Ltd) are examples.</p> <p>There is a documented whole of life asset plan for the licensed assets. There is no formal strategic asset plan covering the broader or strategic elements by the Licensee. The owners make the decisions if and when to invest and will make the disposal decisions. The owners have a Business Development team (in Brisbane) to carry out these functions.</p> <p><i>Allocation of responsibilities / statutory obligations</i></p> <p>The organisational arrangements allocate responsibilities. There is documentation (such as the owners (ERM Power Pty Ltd) policy manual) requiring compliance with statutory obligations.</p>							
Issues							
<p>The licensee conducts the shorter timeframe asset management elements, (operations, maintenance and contingency planning). Other than a strategic overview, the elements of an asset management process exist.</p> <p>The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners. There has been no asset planning activity in the review period.</p>							
Recommendation							
None -The licensee does not carry out asset planning as it is carried out by the owning bodies.							
Rating							
Not Rated							

Asset Creation						Effectiveness rating -Not Rated	
<i>2 Asset creation and acquisition</i>							
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.							
Observations							
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>
<i>Policies and procedures for asset creation / sample creation activities</i>							
Procurement of major electricity plant is a very significant exercise taking considerable time. There has been no asset creation of the generation plant in the audit period. The responsibility for asset creation belongs with the owners and not the licensee. The owners have a Business Development team to carry out these functions. There are documented procedures for capital developments on the site.							
<i>Meeting statutory obligations</i>							
There are documents requiring employees and contractors to meet statutory obligations.							
The asset creation processes are appropriate.							
Issues							
The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners. There has been no asset creation activity in the review period.							
Recommendation							
None - The licensee does not carry out asset creation as it is carried out by the owning bodies..							
Rating							
Not Rated							

Asset Disposal						Effectiveness rating -Not Rated	
<i>3. Asset disposal</i>							
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.							
Observations							
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>
<i>Policies and procedures for asset disposal / sample disposal activities</i>							
There is no disposal action in the audit period. The responsibility for asset disposal belongs with the owners and not the licensee. The owners have a Business							

<p>Development team to carry out these functions. The owners have commitments with their financiers about disposal of significant assets.</p> <p><i>Meeting statutory obligations</i> There are documented obligations of the licensee’s employees to comply with statutory obligations.</p>
<p>Issues</p>
<p>The owning bodies such as ERM Power Pty Ltd in Australia carry out the long term and strategic elements of an asset management system. The licensee does not carry out these functions leaving them to the owners. There has been no asset disposal activity in the review period.</p>
<p>Recommendation</p>
<p>None - The licensee does not carry out asset disposal as it is carried out by the owning bodies..</p>
<p>Rating</p>
<p>Not Rated</p>

<p>Environmental analysis</p>	<p>Effectiveness rating Planned and tracked - 2</p>
<p><i>4. Environmental analysis</i></p> <p>Environmental analysis examines the asset system environment and assesses all external factors affecting the asset system.</p>	
<p>Observations</p>	
<p>Process</p>	<p><input checked="" type="checkbox"/></p>
<p>Documentation</p>	<p><input checked="" type="checkbox"/></p>
<p>Availability</p>	<p><input checked="" type="checkbox"/></p>
<p>Use</p>	<p><input checked="" type="checkbox"/></p>
<p><i>Standards / monitoring / reporting / breaches</i> The licensee has environmental management policies. Reporting and monitoring tools are appropriate.</p> <p>The Licensee has air and water discharge environmental licences.</p> <p>The owners have the responsibility for market surveillance for expansion opportunities or threats. The owners have a Business Development team to carry out these functions. The licensee has in its whole of life asset plan, gas sharing with the Neerabup plant and operational strategies for differing gas availability of this plant for 30 years.</p> <p>The principal external threats are gas availability. The customer has some capacity to allocate gas but otherwise there is no alternative but to constrain operation to the level of gas available. There are no major spares holdings for critical plant failures such as a generator transformer. Critical minor spares are held.</p>	
<p>Issues</p>	
<p>There are no environmental breaches reported.</p> <p>There are no contingency plans for back up generation to minimise outages.</p>	

Recommendation
None
Rating
Planned and tracked - 2

Asset operations	Effectiveness rating Well defined - 3
<p><i>5. Asset operations</i></p> <p>Operations functions relate to the day-to-day running of assets and directly affect service levels and costs.</p>	
Observations	
Process	<input checked="" type="checkbox"/> Documentation
	<input checked="" type="checkbox"/> Availability
	<input checked="" type="checkbox"/> Use
<p><i>Policies and procedures for asset operation / sample activities</i></p> <p>The generation assets are a combined cycle gas turbine with heat recovery and duct burning peaking capability. The plant is constructed to appropriate standards. The operational policies are well documented but security could be improved by issue of PDF documents to operational staff instead of MS Word documents and implementing control management procedures.</p> <p>The earthing does not allow the required step and touch voltages to be within safe levels if the earthing is disconnected from the adjacent Verve and Water Authority earthing systems. A potentially unsafe situation could arise if the earthing systems are disconnected (which is unlikely) while continuing to generate.</p> <p>The asset register is part of the contractor's maintenance IT system.</p> <p><i>Training/ resources / exceptions</i></p> <p>The licensee operates the plant. The resourcing is appropriate and ongoing training is evident as are the operating procedures and practices. Plant operation and related maintenance appear to take due allowance of any exceptions in the licensed plant.</p>	
Issues	
<p>The asset operation is appropriate for the duty.</p> <p>The earthing does not allow the required step and touch voltages to be within safe levels if the earthing is disconnected from the adjacent Verve and Water Authority earthing systems. A potentially unsafe situation could arise if the earthing nets are disconnected (which is unlikely) while continuing to generate.</p>	
Recommendation	
A procedure (or interlocks) is implemented to ensure that the plant does not operate when the adjacent earthing systems are disconnected.	
Rating	
Well defined - 3	

Asset Maintenance							Effectiveness rating Well defined - 3	
<i>6. Asset maintenance</i>								
Maintenance functions relate to the upkeep of assets and directly affect service levels and costs.								
Observations								
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>	
<i>Policies and procedures for asset maintenance / sample activities</i>								
Maintenance is controlled by an IT system that coordinates tasks, incorporates condition, risk, breakdown and time based maintenance. Maintenance jobs are standardised which gives a quality and safety assurance and change management where by changing the standard job specification the work process is changed. Spare parts required for standard jobs and inventories are being developed as part of the system.								
The asset plan for operations, maintenance and contingencies contains performance measures.								
<i>Training / resources / exceptions</i>								
Maintenance is scheduled well into the future and these actions appear appropriate for the type of equipment. The resourcing is appropriate and ongoing training is evident as are the operating procedures and practices. High Voltage training occurs. Plant maintenance appears to take due allowance of any exceptions in the licensed plant.								
Issues								
The maintenance is appropriate for the duty required.								
Recommendation								
None.								
Rating								
Well defined - 3								

Asset Management Information System							Effectiveness rating Well defined - 3	
<i>7. Asset Management Information System (MIS)</i>								
An asset management information system is a combination of processes, data and software that support the asset management functions.								
Observations								
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>	
<i>Policies and procedures</i>								
The licensee has a competent asset management information system with a number of								

<p>elements.</p> <p>It has a dedicated maintenance management database (MEX) to control a complex list of items. The maintenance system links project management to scheduled tasks to standard work plans (assisting with safety and change management), asset register and parts inventory is being developed. Documentation is appropriate. The system is intuitive with a more operational focus and less database style mode of use.</p> <p>The operational policies are well documented but security could be improved by issue of PDF documents to operational staff instead of MS Word documents and implementing control management procedures.</p> <p>Access to write to the database is controlled (passwords) and changes are tracked. There is good documentation for data recovery procedures which include operating on the local server. Backup at other remote servers would improve data integrity.</p> <p><i>Exceptions</i> The reliability of the plant is evidence of good maintenances practices and that exceptions are being followed up.</p>
<p>Issues</p>
<p>The operational policies are well documented but security could be improved by issue of PDF documents to operational staff instead of MS Word documents and implementing control management procedures.</p> <p>Access to write to the database is controlled (passwords) and changes are tracked. There is good documentation for data recovery procedures which include operating on the local server. Backup at other remote servers would improve data integrity.</p>
<p>Recommendation</p>
<p>Improve security of operational procedures documentation and implement remote backup of database.</p>
<p>Rating</p>
<p>Well defined 3</p>

<p>Risk management</p>	<p>Effectiveness rating Planned and tracked- 2</p>
<p><i>8. Risk management</i></p> <p>Risk management involves the identification of risks and their management within an acceptable level of risk.</p>	
<p>Observations</p>	
<p>Process</p>	<p><input checked="" type="checkbox"/></p>
<p>Documentation</p>	<p><input checked="" type="checkbox"/></p>
<p>Availability</p>	<p><input checked="" type="checkbox"/></p>
<p>Use</p>	<p><input checked="" type="checkbox"/></p>
<p><i>Policies and procedures</i> While there is evidence that risk based approaches being carried out particularly as it affects security of the plant. There is good documentation of risk management procedures but this does not appear to have been rolled out and implemented at the site.</p>	

<i>Training</i> There is evidence of training and awareness by staff of risk based approaches particularly in approaches to tasks where JSA (Job Safety Analysis) are prepared for all work.
Issues
There is good documentation of risk management procedures but this does not appear to have been rolled out and implemented at the site. The risk management procedures as documented should be implemented.
Recommendation
Implement the risk management policy as documented.
Rating
Planned and Tracked- 2

Contingency planning	Effectiveness rating Planned and tracked - 2
<i>9. Contingency planning</i> Contingency plans document the steps to deal with the unexpected failure of an asset.	
Observations	
Process	<input checked="" type="checkbox"/> Documentation
	<input checked="" type="checkbox"/> Availability
	<input checked="" type="checkbox"/> Use
<i>Development of contingency plans / currency</i> There are no documented strategic contingency plans as a result of there being no implemented risk management plans. The Licensee has detailed maintenance scheduled out for several years, with minor and major shutdowns allowed to deal with potential issues. The maintenance regime is geared to keeping the plant operational without forced outages. <i>Testing of contingency plans</i> The licensee tests safety systems routinely.	
Issues	
There are no documented strategic contingency plans as a result of there being no implemented risk management plans.	
Recommendation	
Develop documented contingency plans responding to the risk assessments.	
Rating	
Planned and tracked - 2	

Financial planning							Effectiveness rating Well defined - 3	
<i>10. Financial planning</i>								
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.								
Observations								
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>	
<i>Financial planning process / plans</i>								
The Licensee has financial plans, budgeting and monitoring processes. These are on an annual basis and upgraded year by year.								
The owners provide guidance and approve the licensee's budget and then monitor financial progress. The licensee's managers are responsible for reporting actual versus budget. Revenue is retained for maintenance and capital expenditure where that is within the retained funds capacity.								
Issues								
None								
Recommendation								
None								
Rating								
Well defined - rating 3								

Capital expenditure planning							Effectiveness rating Well defined - 3	
<i>11. Capital expenditure planning</i>								
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.								
Observations								
Process	<input checked="" type="checkbox"/>	Documentation	<input checked="" type="checkbox"/>	Availability	<input checked="" type="checkbox"/>	Use	<input checked="" type="checkbox"/>	
<i>Capital expenditure process / plans</i>								
The Licensee has financial plans, budgeting and monitoring processes. There are capital expenditure plan for a rolling 5 years.								
Revenue is retained for capital expenditure where that is within the retained funds								

capacity. Only at a point where equity is required to be injected/funded from the owners will that occur. There has been no budget for any equity injection/funding.
Issues
None.
Recommendation
None
Rating
Well defined - rating 3

Review of AMS	Effectiveness rating Performed informally - 1
12. Review of AMS	
The asset management system is regularly reviewed and updated.	
Observations	
Process	<input checked="" type="checkbox"/> Documentation
	<input checked="" type="checkbox"/> Availability
	<input checked="" type="checkbox"/> Use
As a supplier of electricity the service delivery is heavily asset based and needs an AMS. There is ongoing review of asset issues relating to operations, maintenance and contingencies.	
Issues	
Strategic asset planning is carried out by the owning companies and they carry out continuous review of the process. There is a division of an asset management system where the owners carry out the strategic asset planning and the licensee carries out the whole of plant life functions including shorter term and operational functions. It would not be appropriate to require the licensed entities to carry out these functions when they are already carried out by the owning companies.	
Recommendation	
None - There is no business case for carrying out asset review when it is carried out by the owning bodies.	
Rating	
Performed informally rating 1	