

Eneabba Energy Pty Ltd

ABN 23 114 452 863

Performance Audit 2011 (Electricity Generation Licence)

Final Report
11 February 2011



Quantum Management Consulting & Assurance
ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

Perth: Suite 2, 188 Adelaide Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

T. 08 9225 5181 **F.** 08 9225 5313

E. mail@quantumassurance.com.au **W.** www.quantumassurance.com.au

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Executive Summary

INTRODUCTION

Eneabba Energy Pty Ltd (“EEPL”) (the licensee) – ABN 23 114 452 863 - has a Generation Licence granted by the Economic Regulation Authority (the Authority) to construct and operate generating works in accordance with the terms and conditions of the licence EGL16 Version 3 dated 13 January 2011.

The licensee is required to comply with the terms and conditions of their licence, including applicable legislative provisions and performance reporting as set out in the Electricity Compliance Reporting Manual (July 2010).

The licensee required a performance audit of their compliance with the licence conditions. As the licensee has not commenced construction of the generating plant, an asset management review is not yet required.

Our audit approach was based on the compliance obligations set out in the Generation Licence, applicable legislation and the Audit Guidelines issued by the Authority in August 2010.

The audit covered the period from commencement of the licence on 12 March 2007 to 31 December 2010.

RESULTS

Due to the construction of the generating plant having not yet commenced, many of the licence obligations are not applicable. The remaining obligations, mainly concerning compliance reporting, correspondence and licence payments to the Authority, have been complied with during the audit period. The licensee is aware of the licence obligations and has adequate systems in place at this stage to maintain compliance.

CONCLUSION

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the auditor has gained reasonable assurance that Eneabba Energy Pty Ltd has complied with its Generation Licence obligations during the audit period from 12 March 2007 to 31 December 2010.

There were no exceptions noted or recommendations for improvement.

SIGN-OFF

We confirm that the Authority’s Audit Guidelines: Electricity, Gas and Water Licences (August 2010) have been complied with in the conduct of this audit and the preparation of the report, and that the audit report is an accurate presentation of our findings and opinions.

QUANTUM MANAGEMENT CONSULTING & ASSURANCE



GEOFF WHITE
DIRECTOR

11 FEBRUARY 2011

1. Background

Eneabba Energy Pty Ltd (“EEPL”) (the licensee) – ABN 23 114 452 863 - has a Generation Licence granted by the Economic Regulation Authority (the Authority) to construct and operate generating works in accordance with the terms and conditions of the licence EGL16 Version 3 dated 13 January 2011.

The licensee required a performance audit of their compliance with the licence conditions. As the licensee has not commenced construction of the generating plant, an asset management review is not yet required.

The licensee is required to comply with the terms and conditions of their licence, including applicable legislative provisions and performance reporting as set out in the Electricity Compliance Reporting Manual (July 2010).

Our audit approach was based on the compliance obligations set out in the Generation Licence, applicable legislation and the Audit Guidelines issued by the Authority in August 2010.

2. Audit Approach

2.1 Objectives and Scope

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the obligations of the performance and quality standards referred to in the licence.

The audit applied a risk-based audit approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the licence.

The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

- process compliance - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- outcome compliance – the actual performance against standards prescribed in the licence throughout the audit period;
- 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);
- integrity of reporting – the completeness and accuracy of the compliance and performance reports provided to the Authority; and
- compliance with any individual licence conditions - the requirements imposed on the specific licensee by the Authority or specific issues that are advised by the Authority.

The audit sought to identify any areas where improvement is required and recommend corrective action as necessary.

As this is the first audit for the licensee, there were no previous audit recommendations to be reviewed. Also, from our initial meeting, we noted that, as the generating plant has not been built, most of the requirements of the licence are not applicable at this time.

2.2 Audit Period and Timing

The current audit covered the period from 12 March 2007 to 31 December 2010 and was completed from 31st January 2011 to 8 February 2011.

2.3 Licensee's Representatives participating in the Audit

Mark Babidge CEO and Managing Director

2.4 Key Documents Examined

- Electricity Generation Licence 16 (EGL16) - Eneabba Energy Pty Ltd dated 13 January 2011;
- Compliance Reports to the Authority for 2009-10, 2009-08 and 2007-08;
- Invoices from the Authority for licence fees and payment records from 12 March 2007 to 11 March 2010;
- Media Release dated 17 January 2011 concerning the Centauri Power Station Electricity Licence being re-issued;
- Media Release dated 21 January 2011 concerning the Centauri Power Station remaining the key focus of Eneabba;
- Annual Report 2010 of Eneabba Gas Limited (parent company of Eneabba Energy Pty Ltd);
- Annual Report 2010 of Eneabba Gas Limited; and
- Other Correspondence with the Authority as requested.

2.5 Compliance Ratings

The licensee's compliance with the licence obligations was assessed using the following compliance ratings.

COMPLIANCE STATUS	RATING	DESCRIPTION OF COMPLIANCE
COMPLIANT	5	Compliant with no further action required to maintain compliance
COMPLIANT	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance
COMPLIANT	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance
NON-COMPLIANT	2	Does not meet minimum requirements
SIGNIFICANTLY NON-COMPLIANT	1	Significant weaknesses and/or serious action required
NOT APPLICABLE	N/A	Determined that the compliance obligation does not apply to the licensee's business operations
NOT RATED	N/R	No relevant activity took place during the audit period, therefore it is not possible to assess compliance

2.6 Audit Team and Hours

The audit was completed by Geoff White, Director with a budget of 10 hours.

2.7 Disclaimer

An audit involves performing procedures to obtain audit evidence about the disclosures in the organisation's records. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the records whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to ensuring compliance with the licensing obligations in order to design audit procedures that are appropriate in the circumstances.

The audit is not designed to detect all errors or omissions, since we do not examine all evidence and every transaction. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.

Our report is provided solely for the information of Eneabba Energy Pty Ltd and the Economic Regulation Authority, Western Australia. We disclaim any assumption of responsibility for any reliance on this report to any person other than to Eneabba Energy Pty Ltd and the Economic Regulation Authority or for any purpose other than that for which it was prepared.

3. Detailed Audit Results

The preliminary risk assessment included in the Audit Plan was reviewed and updated during the audit and a compliance rating using the scale in Section 2.5 was assigned to each obligation under the licence, as shown in Section 3.1. Section 3.2 provides further details of the systems and the compliance assessment for each obligation.

3.1 Summary of Compliance Ratings

The audit assessment of the compliance ratings for each licence condition is shown below (risk assessment and control rating are as per the Audit Plan). Only obligations relevant to a generating licence and applicable during the audit period are shown. These and other obligations that will become applicable when the generating plant is constructed are listed in the detailed schedule Section 3.1.

Compliance Obligation No.	Legislation Reference	Brief Description	Consequence (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls per Audit Plan (S=strong, M=moderate, W=weak)	Compliance Rating (1=significantly non-compliant, 2=non-compliant, 3=compliant, 4=compliant, 5=compliant, N/A = not applicable, N/R = not rated)							
							1	2	3	4	5	N/A	N/R	
Electricity Industry Act 2004														
81	Sec. 13(1)	Performance audit	2	C	M	M					✓			
85	Sec. 17(1)	Licence fees	1	C	L	W					✓			
87	Sec. 41(6)	Interests in land or easements	N/A	N/A	N/A	N/A							✓	
105	Sec. 11	Accounting Standards	2	C	M	M					✓			
107	Sec. 11	Performance Audit Guidelines	2	B	M	M					✓			
109	Sec. 11	External administration or change in circumstance	2	B	M	M					✓			
110	Sec. 11	Information to the Authority	2	B	M	M					✓			
111	Sec. 11	Publishing information	2	C	M	M							✓	
112	Sec. 11	Notices in writing	2	C	M	M					✓			

3.2 Audit Observations and Recommendations

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
ELECTRICITY INDUSTRY ACT2004										
81	Generation Licence condition 14.1	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.	2	C	Medium	Moderate	4	Confirmed with licensee that the due dates for compliance obligations are listed as reminders in an Outlook calendar.	5
82	Generation Licence condition 20.1	Electricity Industry Act section 14(1)(a)	A licensee must provide for an asset management system.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
83	Generation Licence condition 20.2 and 20.3	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

¹ Number refers to the item reference in the Electricity Compliance Reporting Manual, ERA July 2010

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
84	Generation Licence condition 20.4 to 20.7	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
85	Generation Licence condition 4.1	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.	1	C	Low	Weak	5	Licence granted on 12 March 2007 and the requirement is for the invoices to be paid within one month of this date. Sighted payments for audit period. All payments made within one month of being invoiced by the Authority.	5
86	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
87	Generation Licence	Electricity Industry Act	A licensee must pay the costs of taking an interest in land or an	N/A	N/A	N/A	N/A	N/A	Confirmed with the licensee that no interests in land or easements were	N/R

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
	condition 5.1	section 41(6)	easement over land.						taken during the audit period. Not required as neither the generating plant or any transmission lines have been constructed.	
103	Generation Licence condition 5.1	Electricity Industry Act section 11	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
104	Generation Licence condition 5.1	Electricity Industry Act section 11	A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
105	Generation Licence condition 5.1 and 12.1	Electricity Industry Act section 11	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	2	C	Medium	Moderate	4	Sighted independent audit report in 2009 and 2010 Annual Reports of Eneabba Gas Limited (parent company) that was unqualified and confirmed compliance with accounting standards.	5
106	Generation	Electricity	A licensee must comply with any	N/A	N/A	N/A	N/A	N/A	No individual performance	N/A

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	Licence condition 5.1	Industry Act section 11	individual performance standards prescribed by the Authority.						standards have been prescribed by the Authority per the Licence 13/1/2011.	
107	Generation Licence condition 5.1	Electricity Industry Act section 11	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.	2	B	Medium	Moderate	4	The Audit Plan and this Performance Audit Report confirm compliance with the audit guidelines.	5
108	Generation Licence condition 5.1	Electricity Industry Act section 11	A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the asset management system.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
109	Generation Licence condition 5.1 and 15.1	Electricity Industry Act section 11	A licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a significant change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	2	B	Medium	Moderate	4	Confirmed with Licensee. Also reviewed external audit report and subsequent events in Annual Report 2010.	5
110	Generation Licence condition 5.1 and 16.1	Electricity Industry Act section 11	A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection	2	B	Medium	Moderate	4	Confirmed with the Licensee and by review of correspondence with the Authority that any information required was provided. Outlook is	5

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			with its functions under the Electricity Industry Act.						used for a reminder system. Annual Compliance Reports were provided to the Authority by due dates of 31 August each year.	
111	Generation Licence condition 5.1 and 17	Electricity Industry Act section 11	A licensee must publish any information it is directed by the Authority to publish, within the timeframes specified.	2	C	Medium	Moderate	4	Confirmed that no information was required to be published.	N/R
112	Generation Licence condition 5.1 and 18	Electricity Industry Act section 11	Unless otherwise specified, all notices must be in writing.	2	C	Medium	Moderate	4	Confirmed with licensee that all communication with the Authority has been in writing – sighted correspondence.	5
ELECTRICITY INDUSTRY METERING CODE 2005										
326	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
336	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

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348	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
359	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
366	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
367	Generation Licence condition 5.1	Electricity Industry Metering Code clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
368	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
380	Generation Licence condition 5.1	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 obligations.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
382	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
393	Generation Licence condition 5.1	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	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

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			timeframes prescribed.							
394	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
395	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
396	Generation Licence condition 5.1	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	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
			meeting its obligations described in the Code and elsewhere.							
397	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
398	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
399	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
401	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
407	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
408	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
426	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
433	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
435	Generation Licence condition 5.1	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	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works. There is no Independent Market Operator (IMO) requirement for pre-	N/A

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			electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.						registration as this is not envisaged as an IMO delivery.	
437	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
438	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
439	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
440	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
441	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
442	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
443	Generation Licence condition 5.1	Electricity Industry Metering Code	If the dispute is not resolved within 10 business days after the dispute is referred to senior management	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

No. ¹	Licence Condition	Obligation Under Licence Condition	Description	Consequences (1=minor, 2=moderate, 3=major)	Likelihood (A=likely, B=probable, C=unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of existing controls (S=strong, M=moderate, W=weak)	Audit Priority (1=highest, 5=lowest)	System established to comply with licence obligation (including any potential improvements)	Compliance rating (Refer to the 7-point rating scale in section 2.5)
		clause 8.1(3)	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.							
444	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A
445	Generation Licence condition 5.1	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.	N/A	N/A	N/A	N/A	N/A	Not applicable until completion of construction of generating works.	N/A

3.3 Integrity of Compliance Reporting

In accordance with the Electricity Compliance Reporting Manual 2010, the Licensee must submit compliance reports to the Authority covering all of its type 2 licence obligations for each financial year (1 July to 30 June inclusive) by 31 August immediately following the financial year that is the subject of the report.

The audit confirmed that Eneabba Energy Pty Ltd has complied with its compliance reporting obligation for the period 1st July 2007 to 30th June 2010. There were no exceptions reported.

The audit confirmed that Eneabba Energy Pty Ltd has established adequate internal controls to ensure that documentation is prepared and submitted to the relevant authorities on time. Reminders are saved on Outlook for the CEO to action.

3.4 Recommended Changes to the Licence

No changes to the licence are considered necessary.

4. Conclusion

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the auditor has gained reasonable assurance that Eneabba Energy Pty Ltd has complied with its Generation Licence obligations during the audit period 12 March 2007 to 31 December 2010.

There were no exceptions noted or recommendations for improvement.

END OF REPORT