# Bluewaters Power

Bluewaters Power 1 Pty Ltd &
Bluewaters Power 2 Pty Ltd

## 2025 Performance Audit and Asset Management System Review

**Electricity Generation Licences EGL04 and EGL17**

## Report

**Economic Regulation Authority**
**March 2026**

# TABLE OF CONTENTS




Quantum Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

Level 28 AMP Tower, 140 St Georges Terrace, Perth **M.** PO Box 6882, East Perth WA 6892

**T.** 08 9278 2570 **F.** 08 9278 2571

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

**Limitations of this Report**

This report was prepared for distribution to the Economic Regulation Authority and Bluewaters Power 1 Pty Ltd (Bluewaters Power) and Bluewaters Power 2 Pty Ltd (Bluewaters Power) for the purpose of fulfilling Bluewaters Power's performance audit and asset management system review obligations under its Electricity Licences. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and Bluewaters Power, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the licence obligations of the Electricity Licences, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

*This page left blank.*

# Executive Summary

Bluewaters Power 1 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL04) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 2 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL17) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 1 Pty Ltd and Bluewaters Power 2 Pty Ltd ('Bluewaters Power') are owned by Sumitomo Corporation & Kansai Electric Power Co. Ltd and the power station is maintained and operated by Bluewaters Power Services Pty Ltd (BWPS).

Bluewaters Power Station is the only privately-owned, coal-fired power station in Western Australia. Bult in 2009, the Plant is located 4.5km northeast of Collie and the two 217MW units deliver electricity to WA's Wholesale Electricity Market. The Bluewaters Power Station runs on sub-bituminous coal, supplied under long-term contracts from the coal mining town of Collie. Bluewaters Power delivers over 15% of WA's electricity supply from an asset that is one of the lowest-cost producers. Operational services to manage Bluewaters Power are based at the Bluewaters Power Station in Collie and the Perth Office.

Whilst Bluewaters Power has provided the ERA with two plans and two reports for past audits and reviews of EGL4 and EGL17, the ERA will accept one plan and one report covering both electricity generation licences as Quantum Assurance will carry out the 2025 audits and reviews (noting that the auditor's findings in the past have been the same for both licences, as Bluewaters uses the same systems and processes for both licences).

Version 7.0 of Bluewaters Power's electricity generation licence (EGL04) was granted on 01 July 2018, as was version 6.0 of Bluewaters Power's electricity generation licence (EGL17). Previous Performance Audits or Asset Management System Reviews were conducted on both Bluewaters Power's EGL04 and EGL17 electricity generation licences from 1 January 2018 to 31 December 2022.

Under the licensing compliance requirements of the *Electricity Industry Act 2004* and as advised by the ERA, the draft audit report for the performance audit and asset management system review is due for submission to the ERA by 31 March 2026.

Quantum Assurance was engaged by Bluewaters Power to complete this Performance Audit ('Audit') and Asset Management System Review ('Review') which is consistent with the requirements of the *Australian Standard on Assurance Engagement ASAE3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the ERA's 2025 Audit and Review Guidelines – Electricity and Gas Licences ('Guidelines').

The audit and review period was from 1 January 2023 to 31 December 2025.

This report is an accurate presentation of our findings and opinions.

**Performance Audit**

This audit has been conducted to assess the licensee's level of compliance with both licences.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Bluewaters Power has fully complied with its Electricity Generation Licence obligations during the audit period from 1 January 2023 to 31 December 2025. Out of 33 applicable compliance obligations, the audit found:

- 15 obligations were rated compliant (7 with adequate controls and 8 with controls not assessed).
- 18 obligations were not rated for compliance, as no relevant activity took place during the audit period (1 with adequate controls and 17 with controls not assessed).

The audit confirmed that Bluewaters Power has complied with its information reporting obligations for the period 1 January 2023 to 31 December 2025.

The control environment is considered to be effective to manage compliance with the licence conditions and has improved since the previous 2022 audit.

Overall, the audit found that there have been significant improvements in the policies, procedures and processes since the previous 2022 review. There were 3 previous recommendations for improvements re the notification to ERA of substantial changes to the asset management system, improving the tracking of risk mitigation and improving the compliance tracking. The recommendations have been implemented.

Bluewaters Power has rolled out a new Governance Framework including all licence obligations, responsibilities and tracking of obligations and reporting to ERA. This included upload of all compliance obligations and responsible persons into the internal Compliance Register. Ongoing compliance reminders prompt ongoing assessment and reporting in line with compliance processes. A procedure for yearly compliance reporting has been created. The Risk Register has also been revised and risk reporting is now part of ongoing Board and management reporting.

There were no recommendations in this audit.

**Asset Management System Review**

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Bluewaters Power has operated the electricity generation services in a reliable manner and provided a good level of service to the customers.

The review found that Bluewaters Power has established an adequate control environment for ongoing compliance in respect of the asset management system and has a generally effective asset management system.

For the review period from 1 January 2023 to 31 December 2025., the electricity supply service provided under the Electricity Generation Licences is considered to be operated with a professional and comprehensive approach. Of the 12 asset management system components, 11 were rated A1 (Process adequately defined and Performing effectively) and 1 was rated B1 (Process requires some improvement and Performing effectively) .

Out of 58 effectiveness criteria for the asset management system, the review found:

- 54 criteria were rated as performing effectively (53 with adequately defined processes and 1 with processes that require some improvement);
- 3 criteria were rated as opportunity for improvement (2 with adequately defined processes and 1 with processes that require some improvement);
- 1 criterion was rated as corrective action required (with processes that require some improvement);

Overall, the Review found that there have been significant improvements in the policies, procedures and processes since the previous 2022 review. There were 10 previous recommendations for improvements in the asset management planning, compliance management, contingency planning and review of the asset management system. The recommendations have been implemented.

Bluewaters Power has revised the Strategic Asset Management Plan and Plant Area Asset management Plans, implemented a new Governance Framework, updated the contingency plans and implemented biannual independent reviews of the asset management plan and system.

There was one recommendation in this Review and this has been accepted by Bluewaters Power.

<u>Asset Operations</u>

As planned, BWPS should prioritise the implementation of the enhancement to Training Management System to strengthen training governance, compliance monitoring, and reporting. This should include:

a) Refresher Training Requirements: Clearly define and document refresher training requirements.

b) Training Matrix Accuracy: Ensure the training matrix is reviewed and updated to reflect accurate, current training records, including completion and expiry dates as per renewal requirements as per action a.

c) Mandatory Training and Compliance Targets: Define and document mandatory training requirements for all relevant roles, including clear compliance targets.

d) Reporting and Oversight: Implement structured reporting of training compliance and performance metrics, including integration into monthly and annual reports to management and the Board. Reporting should highlight compliance against targets, identify gaps, and include clear follow-up actions and status updates.

# Independent Auditor's Report

**Scope**

Bluewaters Power 1 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL04) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 2 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL17) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 1 Pty Ltd and Bluewaters Power 2 Pty Ltd ('Bluewaters Power') are owned by Sumitomo Corporation & Kansai Electric Power Co. Ltd and the power station is maintained and operated by Bluewaters Power Services Pty Ltd (BWPS).

Bluewaters Power Station is the only privately-owned, coal-fired power station in Western Australia. Bulti in 2009, the Plant is located 4.5km northeast of Collie and the two 217MW units deliver electricity to WA's Wholesale Electricity Market. The Bluewaters Power Station runs on sub-bituminous coal, supplied under long-term contracts from the coal mining town of Collie. Bluewaters Power delivers over 15% of WA's electricity supply from an asset that is one of the lowest-cost producers.

Operational services to manage Bluewaters Power are based at the Bluewaters Power Station in Collie and the Perth Office.

Whilst Bluewaters Power has provided the ERA with two plans and two reports for past audits and reviews of EGL4 and EGL17, the ERA will accept one plan and one report covering both licences as Quantum Assurance will carry out the 2025 audits and reviews (noting that the auditor's findings in the past have been the same for both licences, as Bluewaters uses the same systems and processes for both licences).

We have performed a reasonable assurance engagement on Bluewaters compliance, in all material respects, with the conditions of EGL04 and EGL17 and the *Electricity Industry Act 2004* for the period from 01 January 2023 to 31 December 2025.

Our evaluation was made against the licence obligations listed in the Electricity Compliance Reporting Manual (February 2023) and in accordance with the ERA's 2025 Audit and Review Guidelines: Electricity and Gas Licences The scope of this assurance work relates to assessing Bluewaters' systems and effectiveness of processes and regulatory controls to ensure compliance with the obligations, standards, outputs and outcomes required by the Licence issued under the Act.

**Independent Opinion**

In our opinion, based on the procedures performed as outlined in the Audit and Review Plan approved by the Economic Regulation Authority and the evidence we have obtained, Bluewaters Power has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period from 01 January 2023 to 31 December 2025.

**Basis for opinion**

During the period from 01 January 2023 to 31 December 2025, Bluewaters Power had no obligations rated as non-compliant.

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- Used our professional judgement to plan our procedures and assess the risks that may cause material non-compliance with each of the compliance requirements to be concluded upon
- Considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness, and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

**Summary of Procedures**

The audit and review was performed from 13th January 2026 to 23rd March 2026 and our procedures consisted primarily of:

- Utilising the ERA's 2025 Audit and Review Guidelines: Electricity and Gas Licences ('the Guidelines') to develop a risk assessment.
- Developing an Audit and Review Plan and an associated work program, approved by the ERA on 6th October 2025.
- Interviewing relevant Bluewaters Power's staff to gain an understanding of process controls .
- Onsite meeting at Bluewaters Power's Perth office on 28th January 2026 with the key contacts, including corporate services and plant management personnel.
- Onsite visit to Bluewaters Power's site on 4th February 2026 with stakeholders, including corporate services and plant operations management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards.
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations.
- Review of the Annual Compliance Reports to ERA for 2022/23, 2023/24 and 2024/25.
- Performing procedures and testing based on the procedures listed in the approved Audit and Review Plan.

**How We Define Reasonable Assurance and Material Non-Compliance**

We have performed a reasonable assurance engagement on Bluewaters compliance, in all material respects, with the conditions of EGL04 and EGL17 and the *Electricity Industry Act 2004* for the period from 01 January 2023 to 31 December 2025.

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material non-compliance with the compliance requirements.

Instances of non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Licensee's compliance with the compliance requirements.

**Inherent Limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may occur and not be detected.

A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

**Use of this Assurance Report**

This report has been prepared for Bluewaters Power and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

We understand that a copy of this report will be provided to the ERA for the purpose of reporting on the reasonable assurance engagement for the Licensee. We agree that a copy of this report may be provided to the ERA in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Licensee and the ERA, or for any other purpose other than that for which it was prepared.

**Management's responsibility**

Bluewaters Power's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence.
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance.

- Ensuring that it has complied in all material respects with the requirements of the Licence.
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements.
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA.
- Implementing corrective actions for instances of non-compliance (if any).

**Our responsibility**

Our responsibility is to perform a reasonable assurance engagement in relation to Bluewaters Power's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

**Our Independence and Quality Control**

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

*We confirm that the ERA's 2025 Audit and Review Guidelines: Electricity and Gas Licenses have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.*

**Quantum Assurance**

[redacted]

Geoff White CA
Director

20 April 2026

# 1. Performance Audit

## 1.1 Introduction

Bluewaters Power 1 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL04) under the provisions contained in the *Electricity Industry Act 2004.*

Bluewaters Power 2 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL17) under the provisions contained in the *Electricity Industry Act 2004.*

Bluewaters Power 1 Pty Ltd and Bluewaters Power 2 Pty Ltd ('Bluewaters Power') are owned by Sumitomo Corporation & Kansai Electric Power Co. Ltd and the power station is maintained and operated by Bluewaters Power Services Pty Ltd (BWPS).

Bluewaters Power Station is the only privately-owned, coal-fired power station in Western Australia. Bulti in 2009, the Plant is located 4.5km northeast of Collie and the two 217MW units deliver electricity to WA's Wholesale Electricity Market. The Bluewaters Power Station runs on sub-bituminous coal, supplied under long-term contracts from the coal mining town of Collie. Bluewaters Power delivers over 15% of WA's electricity supply from an asset that is one of the lowest-cost producers.

Operational services to manage Bluewaters Power are based at the Bluewaters Power Station in Collie and the Perth Office.

The licences in operation during the audit period were:

**Electricity Generation Licence EGL04**

| Version | Audit Period | Description |
|---|---|---|
| 7 | 01 January 2023 to 31 December 2025. | Licence version granted 01 July 2018<br>Licence area plan ERA-EL-069B |

**Electricity Generation Licence EGL17**

| Version | Audit Period | Description |
|---|---|---|
| 6 | 01 January 2023 to 31 December 2025. | Licence version granted 01 July 2018<br>Licence area plan ERA-EL-090A |

Under the Act, electricity services' licensees are required to provide reports on a performance audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

Bluewaters Power engaged Quantum Assurance, with the approval of the ERA, to perform an audit and review of Bluewaters Power's electricity generation services, to comply with the licensing requirements of the ERA. This audit and review covers the period from 01 January 2023 to 31 December 2025.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Electricity Compliance Reporting Manual – February 2023 and the ERA's 2025 Audit and Review Guidelines: Electricity and Gas Licences).

## 1.2 Objectives and Scope

The objective was to provide the ERA with an independent assessment of the Licensee's compliance with relevant obligations under the licences.

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

| Scope | Description |
|---|---|
| Control Environment | The licensee's management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the relevant staff members. |
| Information Systems | The suitability of the licensee's information systems to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system. |
| Control Procedures | The presence of systems and procedures to monitor compliance with the licence or the effectiveness of the licensee's asset management system, and to detect or prevent instances of non-compliance or under-performance. |
| Compliance Attitude | The action taken by the licensee in response to any previous audit or review recommendations, and an assessment of the licensee's attitude towards compliance. |
| Outcome Compliance | The actual performance against standards prescribed in the licence throughout the audit or review period. |
| Integrity of Reporting | The completeness and accuracy of the compliance reports for 2023/24 and 2024/25 and performance report provided to the ERA for 2024/25 |
| Compliance with individual licence conditions | The requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA. |

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

*"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria."*

The highest priority areas (priority 1, 2 or 3) based on inherent risk and the previous audit findings were:

Priority 1 (High priority)

**Obligation 106** - 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. (Area of special focus)

Priority 3

**Obligation 103** - A licensee must notify details of the asset management system and any substantial changes to it to the ERA.

**Obligation 124** - A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.

In accordance with the ERA Guidelines, recommendations are included in the report only for obligations rated as inadequate controls (C), no controls (D), non-compliant – minor impact (2), non-compliant – moderate impact (3) or non-compliant – major impact (4). Any other improvements identified in the audit are provided direct to the licensee. *(refer Ratings Table in section 1.4).*

## 1.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

| Adequacy of Controls Rating | | Compliance Rating | |
|---|---|---|---|
| Rating | Description | Rating | Description |
| A | Adequate controls – no improvement needed | 1 | Compliant |
| B | Generally adequate controls – improvement needed | 2 | Non-compliant – minor impact on customers or third parties |
| C | Inadequate controls – significant improvement required | 3 | Non-compliant – moderate impact on customers or third parties |
| D | No controls evident | 4 | Non-compliant – major impact on customers or third parties |
| NP | Not performed – A controls rating was not required | NR | Not rated – No activity took place during the audit period or insufficient evidence to rate compliance |

## 1.4 Summary of Audit Ratings of Control and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance for the 33 applicable licence obligations is shown below in the summary table and detailed obligations table.

**Summary of Audit Ratings of Control and Compliance**

| | Compliance Rating | | | | | | |
|---|---|---|---|---|---|---|---|
| Controls rating | Rating | 1 Compliant | 2 Non-compliant (minor impact) | 3 Non-compliant (moderate impact) | 4 Non-compliant (major impact) | NR Not rated | Total |
| | A -Adequate | 7 | - | - | - | 1 | **8** |
| | B – Generally adequate | - | - | - | - | - | **-** |
| | C - Inadequate | - | - | - | - | - | **-** |
| | D – No controls | - | - | - | - | - | **-** |
| | NP – Not performed | 8 | - | - | - | 17 | **25** |
| | Total | **15** | **-** | **-** | **-** | **18** | **33** |

## Detailed Audit Ratings of Control and Compliance by Obligation

| No.[1] | Brief Description | Legislative Reference | Audit Priority applied (rated 1 = High to 5 = Low) | Adequacy of Controls Rating[2] (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed) | | | | | Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | A | B | C | D | NP | 1 | 2 | 3 | 4 | NR |
| **Electricity Industry Act 2004** | | | | | | | | | | | | | |
| 101 | Provide ERA with performance audit | Section 13(1) | 4 | ✓ | | | | | ✓ | | | | |
| 102 | Provide asset management system (AMS) | Section 14(1)(a) | 4 | ✓ | | | | | ✓ | | | | |
| 103 | Notify ERA of the details and any substantial changes to AMS | Section 14(1)(b) | 3 | ✓ | | | | | | | | | ✓ |
| 104 | Provide ERA with AMS Review every 24 months | Section 14(1)(c) | 4 | ✓ | | | | | ✓ | | | | |
| 105 | Payment of license fees to ERA | ERA (Licencing Funding) Regulations 2014 | 4 | ✓ | | | | | ✓ | | | | |
| 106 | Minimisation of unforeseen effects on electricity supply | Section 31(3) | 1 | ✓ | | | | | ✓ | | | | |
| 107 | Pay the cost of interest in land or easement | Section 41(6) | 4 | | | | | ✓ | | | | | ✓ |
| **Electricity Licence Conditions and Obligations** | | | | | | | | | | | | | |
| 119 | Maintaining accounting records | Section 11 | 4 | ✓ | | | | | ✓ | | | | |
| 121 | Comply with ERA's standard audit guidelines | Section 11 | 4 | | | | | ✓ | ✓ | | | | |
| 122 | Comply with ERA's standard AMS Review guidelines | Section 11 | 4 | | | | | ✓ | ✓ | | | | |
| 123 | Notify ERA of external administration or changes in license circumstances | Section 11 | 4 | | | | | ✓ | ✓ | | | | |
| 124 | Providing ERA with any other information | Section 11 | 3 | ✓ | | | | | ✓ | | | | |
| 125 | Timeframe to publish information | Section 11 | 4 | | | | | ✓ | | | | | ✓ |
| 126 | Notices in writing | Section 11 | 4 | | | | | ✓ | ✓ | | | | |
| **Electricity Industry Metering Code** | | | | | | | | | | | | | |
| **Part 3 – Meters and Metering Installations** | | | | | | | | | | | | | |
| 324 | User becomes aware of bi-directional electricity flow | Clause 3.3B | 4 | | | | | ✓ | | | | | ✓ |
| 339 | Advise network operator of outage or malfunction | Clause 3.11(3) | 4 | | | | | ✓ | | | | | ✓ |

[1] The number refers to the Obligation reference in the Electricity Compliance Reporting Manual (February 2023).

[2] Refer Controls and Compliance Rating Scales in Section 1.4.

| No.[1] | Brief Description | Legislative Reference | Audit Priority applied (rated 1 = High to 5 = Low) | Adequacy of Controls Rating[2] (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed) | | | | | Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | A | B | C | D | NP | 1 | 2 | 3 | 4 | NR |
| **Part 4 – The metering database** | | | | | | | | | | | | | |
| 371 | Discrepancy between data in meter and database | Clause 4.4(1) | 4 | | | | | ✓ | | | | | ✓ |
| 372 | Not knowingly permit the registry to be materially inaccurate. | Clause 4.5(1) | 4 | | | | | ✓ | ✓ | | | | |
| 373 | Notify network operator of any inaccuracy in standing data | Clause 4.5(2) | 4 | | | | | ✓ | | | | | ✓ |
| **Part 5 – Metering services** | | | | | | | | | | | | | |
| 388 | Assist network operator to comply with their obligations | Clause 5.4(2) | 4 | | | | | ✓ | | | | | ✓ |
| 416 | User request for test or audit | Clause 5.21(5) | 4 | | | | | ✓ | | | | | ✓ |
| 417 | Any request must be consistent with any access arrangement or agreement. | Clause 5.21(6) | 4 | | | | | ✓ | | | | | ✓ |
| **Part 6 – Documentation** | | | | | | | | | | | | | |
| 448 | User with access contract must comply with rules, procedures, agreements. | Clause 6.1(2) | 4 | | | | | ✓ | ✓ | | | | |
| **Part 7 – Notes and confidential information** | | | | | | | | | | | | | |
| 451 | Ensure Code participant can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number. | Clause 7.2(1) | 4 | | | | | ✓ | ✓ | | | | |
| 453 | Notify contact details to a network operator within 3 business days after the request. | Clause 7.2(4) | 4 | | | | | ✓ | | | | | ✓ |
| 454 | Notify network operator of any change to the contact details at least 3 business days before the change. | Clause 7.2(5) | 4 | | | | | ✓ | | | | | ✓ |
| 455 | Protection of confidential information | Clause 7.5 | 4 | | | | | ✓ | | | | | ✓ |
| 456 | Comply with any disclosure required by the Code. | Clause 7.6(1) | 4 | | | | | ✓ | ✓ | | | | |
| **Part 8 – Dispute resolution** | | | | | | | | | | | | | |
| 457 | Aim to resolve any dispute with Code Participants within 5 business days. | Clause 8.1(1) | 4 | | | | | ✓ | | | | | ✓ |
| 458 | If a dispute is not resolved within 10 business days, refer dispute to senior management to meet and resolve | Clause 8.1(2) | 4 | | | | | ✓ | | | | | ✓ |

| No.[1] | Brief Description | Legislative Reference | Audit Priority applied (rated 1 = High to 5 = Low) | Adequacy of Controls Rating[2] (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed) | | | | | Compliance Rating (1=Compliant 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | A | B | C | D | NP | 1 | 2 | 3 | 4 | NR |
| 459 | If the dispute is not resolved within a further 10 business days, refer to senior executive officer of each party to meet and resolve. | Clause 8.1(3) | 4 | | | | | ✓ | | | | | ✓ |
| 460 | If resolved, prepare a written and signed record of the resolution and adhere to the resolution. | Clause 8.1(4) | 4 | | | | | ✓ | | | | | ✓ |
| 461 | The disputing parties must at all times conduct themselves in a manner to achieve objectives | Clause 8.3(2) | 4 | | | | | ✓ | | | | | ✓ |

## 1.5 Status of Previous Audit Recommendations

The previous audit covered the period from 1 January 2018 to 31 December 2022 and was reported in March 2023. The status of the previous audit recommendations is provided below. `

| **Reference** (no./year) | **Previously Assessed Non-Compliance/Controls Improvement** | **Previous Auditor's Recommendation and *Action Taken*** | **Date Resolved** | **Further action required** |
|---|---|---|---|---|
| **A. Resolved before end of previous review** | | | | |
| | Nil | | | |
| **B. Resolved during current review period** | | | | |
| 1/2022 | **Notify ERA of Asset Management System**<br>*Obligation 103 – A licensee must notify details of the asset management system (AMS) and any substantial changes to it to the ERA.*<br>**Rating: B2** (Controls: Generally adequate, Compliance: Non-compliant - minor impact)<br>The Licensee did not notify the ERA of the changes to the AMS during the audit period. For example, the decision to not implement the AMS developed by the consultants and the transition to the AMPS platform for the AMS including the development, maintenance and implementation of the Plant Area AMPs for BW1. | Further review the Compliance Register to ensure the information is current and effective in achieving compliance with the generation licence. Ensure responsible personnel are trained and aware of their obligations (i.e. include a Responsible, Accountable, Consulted, and Informed (RACI) matrix). Develop an internal audit program to monitor compliance and assess the effectiveness of corrective actions.<br>**Status: Completed**<br>The new Governance Framework has been rolled out, including upload of all compliance obligations and responsible persons into the internal Compliance Register (Viking). Ongoing Viking compliance reminders prompt ongoing assessment and reporting in line with compliance processes. Procedure for yearly compliance reporting created.<br>Confirmed in this audit. | April 2024 | No further action required. |
| 2/2022 | **Minimise Interruptions to Supply**<br>*Obligation 106 – 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.*<br>**Rating: B2** (Controls: Generally adequate, Compliance: Non-compliant - minor impact) | It is recommended that the organisation undertake a review of the Compliance Register (refer recommendation 01/2022) and also review the risk management processes to ensure the Risk Register is:<br>• Fit for purpose<br>• Contains accurate information<br>• It is complete (i.e. fields that are required are not left empty, refer examples observed:) | April 2024 | No further action required. |

| Reference (no./year) | Previously Assessed Non-Compliance/Controls Improvement | Previous Auditor's Recommendation and *Action Taken* | Date Resolved | Further action required |
|---|---|---|---|---|
| | The Risk Register and Compliance Register were noted to include ineffective or non-specific controls to support risk mitigation and as such, enable compliance processes and ensure the implementation of corrective action. There were no internal monitoring and review processes established. | ○ Active/Inactive,<br>○ Date Risk Identified,<br>○ Strategic Risk Owner,<br>○ Risk Owner,<br>○ Describe the controls we already have in place,<br>○ Strategic Controls Owner,<br>○ Controls Owner,<br>○ What are the potential impacts with the controls applied?<br>○ Residual Risk Rating,<br>○ Is this risk acceptable?<br>○ Treatment Option,<br>○ Treatment Plan Required<br>○ Effective in mitigating risks.<br>• Contains measurable controls that can be independently assessed (i.e. include specifics such as document number, SAP routine, compliance obligation references, etc.)<br>• Is included in the audit program (i.e. monitored for effectiveness)<br>• Is communicated and users trained in its use<br>• Reviews and amendments to risks are tracked.<br>**Status: Completed**<br>Reviewed as part of SOCI Act legislated by the 17 August 2024 and is now complete, including:<br>• CIRMP integrated with the risk management program<br>• Project plan and training completed<br>• Risk suite released and approved by RACC<br>• Risk reporting now part of ongoing Board and Management reporting<br>• New Treatment plan module in Viking is active.<br>RACC has reconvened with meetings held in February and July 2025 and each quarter.<br>Confirmed in this audit. | | |

| **Reference** (no./year) | **Previously Assessed Non-Compliance/Controls Improvement** | **Previous Auditor's Recommendation and *Action Taken*** | **Date Resolved** | **Further action required** |
|---|---|---|---|---|
| 3/2022 | **Provide information to the ERA**<br><br>*Obligation 124 - A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.*<br><br>**Rating: B2** (Controls: Generally adequate, Compliance: Non-compliant - minor impact)<br><br>The Licensee had established a process for review of its non-compliances (i.e. Compliance Register), however, it was not effectively implemented or monitored to ensure compliance. Non-compliance was noted in relation to the completeness and accuracy of the compliance and performance reports provided to the ERA, for example Obligation 103 which was a Type 2 and as such reportable obligation was omitted from the 2019 the Annual Compliance Report. | Develop a more effective process for preparation of Compliance reports to ensure the integrity of data report. Additionally, training requirements should be reviewed to ensure understanding and awareness of the legislative requirements relating to EGL4. Refer 2022 PAIP<br><br>Revise the Compliance Register to ensure:<br>• the Obligations are referenced accurately against the current Electricity Compliance Reporting Manual (i.e. there is a process established for updating obligations)<br>• include Reportable Field or use "Impact of Non-Compliance" column as only type 1 and 2 obligations are reportable (i.e. obligation type (NR, 1 or 2)<br>• include compliance criteria field in Compliance Register to allow internal audit process to be established and create a time dependent audit schedule (i.e. prior to the submission of the Annual Compliance Report 31 August annually to ensure information reported is correct).<br>• Ensure a record of the review is able to be recorded.<br><br>**Status: Completed**<br><br>The new Governance Framework has been rolled out, including upload of all compliance obligations and responsible persons into the internal Compliance Register (Viking). Ongoing Viking compliance reminders prompt ongoing assessment and reporting in line with compliance processes. Procedure for yearly compliance reporting created.<br><br>Bluewaters Power has updated the compliance register to ensure it accurately reflects the compliance obligations of the generation licence and serves as an auditable framework to determine compliance.<br>The responsible people have determined for each obligation and this has been uploaded into Viking including timing of reminders.<br><br>Confirmed in this audit. | April 2024 | No further action required. |

## 1.6 Detailed Audit Observations

| No.[3] | 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) | A brief description of the tests that will be undertaken to assess compliance with the licence condition |
|---|---|---|---|---|---|---|---|---|---|
| **SUMMARY OF COMPLIANCE OBLIGATIONS** | | | | | | | | | |
| **LEGISLATION:** | | | | | | | | | |
| ELECTRICITY INDUSTRY ACT 2004 | | | | Refer Compliance Obligations 101 to 113 as applicable.<br>Refer Licence Conditions 114 to 128 as applicable | | | | | |
| **REGULATIONS:** | | | | | | | | | |
| ECONOMIC REGULATION AUTHORITY (LICENSING FUNDING) REGULATIONS 2014 | | | | Refer Compliance Obligation 105 as applicable | | | | | |
| **CODES:** | | | | | | | | | |
| ELECTRICITY INDUSTRY (METERING CODE) 2012 | | | | Refer Compliance Obligations 317 to 461 as applicable | | | | | |

[3] Number refers to the item reference in the Electricity Compliance Reporting Manual (February 2023)

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| **ELECTRICITY INDUSTRY ACT 2004** | | | | | | | |
| 101 | Condition 5.3.1 | Section 13(1) | A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months. | 4 | The audit confirmed the previous Performance Audit report was provided to the ERA in March 2023 for the audit period from 1 January 2018 to 31 December 2022.<br>This performance audit for the period from 1 January 2023 to 31 December 2025 has been initiated in accordance with the ERA's standard audit and review guidelines. The auditor was approved by the ERA.<br>The Compliance Register includes the biennial Performance Audit obligation, confirming forward scheduling of the next review. | A | 1 |
| 102 | Condition 5.1.1 | Section 14(1)(a) | A licensee must provide for an asset management system. | 4 | The previous review of the Asset Management System reported in March 2023 noted the performance of the Asset Management System was found to require improvement across most effectiveness criteria. The improvements were tracked via the Post Review Implementation Plan provided to the ERA and have been completed. This audit confirmed that Bluewaters Power has an effective asset management system.<br>Thie asset management system is documented in the Strategic Asset Management Plan FY2025-26. | A | 1 |

[4] The number refers to the item reference in the Electricity Compliance Reporting Manual ERA – February 2023)

[5] The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in RED.

[6] Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

[7] Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 103 | Condition 5.1.2 and 5.1.3 | Section 14(1)(b) | A licensee must notify details of the asset management system and any substantial changes to it to the ERA. | 3 | As recommended in the previous review, the Compliance Register includes the requirement to notify the ERA of AMS details or substantial AMS changes.<br>Various policies, procedures and processes have been reviewed and updated since the previous 2022 Asset Management System Review but these do not represent material changes to the asset management system. Therefore, no notifications were required to the ERA. | A | NR |
| 104 | Condition 5.1.4 | Section 14(1)( c) | A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA. | 4 | The audit confirmed the previous Asset Management System (AMS) Review report was provided to the ERA in March 2023 for the audit period from 1 January 2018 to 31 December 2022.<br>This AMS Review for the period from 1 January 2023 to 31 December 2025 has been initiated in accordance with the ERA's standard audit and review guidelines. The auditor was approved by the ERA.<br>The Compliance Register includes the biennial AMS Review obligation, confirming forward scheduling of the next review. | A | 1 |
| 105 | Condition 4.2.1 | ERA (Licensing Funding) Regulation s 2014 | A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the *Economic Regulation Authority (Licensing Funding) Regulations 2014.* | 4 | The audit confirmed the annual licence fees and standing charges were paid on time in this audit period.<br>Bluewaters Power paid all 5 annual licence fees within one month of the licence anniversary date, consistent with Regulations 6 and 7.<br>All 25 Standing Charge invoices were paid on time in accordance with Regulation 8(2).<br>The Compliance Register Extract) confirms active tracking of all ERA fee obligations, including annual licence fees and standing charges. | A | 1 |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 106 | Condition 4.1.1 | 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. | 1 | As recommended in the previous audit, the Compliance Register and Risk Register have been reviewed. Also, a review as part of the SOCI Act legislated by the 17 August 2024 and is now complete, including:<br>• CIRMP integrated with the risk management program.<br>• Project plan and training completed.<br>• Risk suite released and approved by RACC.<br>• Risk reporting now part of ongoing Board and Management reporting.<br>• New Treatment plan module in Viking is active.<br>RACC has reconvened with meetings held in February and July 2025 and each quarter.<br>This Asset Management System Review confirmed that effective action has been taken to minimise the extent or disruption of the supply of electricity. *Refer Section 2 below.* | A | 1 |
| 107 | Condition 4.1.1 | Section 41(6) | A licensee must pay the costs of taking an interest in land or an easement over land. | 4 | The Licensee confirmed that no Ministerial direction or recommendation was issued requiring the Licensee to take an interest in land or an easement under *Section 41(6) of the Electricity Industry Act 2004.*<br>Land access remained via lease arrangements. | NP | NR |
| 119 | Condition 4.3.1 | 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. | 4 | The audit confirmed that for the duration of the audit period, Bluewaters Power has maintained financial statements for the financial years ending 31 March and these were audited by independent third party accountants and assessed for compliance with Australian financial reporting standards. | A | 1 |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 121 | Condition 5.1.5 | Section 11 | A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit. | 4 | This audit complies with the ERA's 2025 audit and review guidelines. | NP | 1 |
| 122 | Condition 4.4.1 | Section 11 | A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review. | 4 | This Asset Management System review complies with the ERA's 2025 audit and review guidelines. | NP | 1 |
| 123 | Condition 4.5.1 | Section 11 | In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations. | 4 | The Licensee confirmed there was no external administration in the audit period. No significant corporate, financial, or operational change was identified that would impair the Licensee's ability to comply with the Licence obligations.<br>Bluewaters Power maintained discussions with Government regarding coal supply, but these did not meet the significant change in circumstances obligation.<br>Going-concern assessments were completed by management and external auditors, with financial statements approved and lodged.<br>FY2025 audited financial statements (BW1 & BW2) show unmodified audit opinions and stable financial performance. | NP | 1 |
| 124 | Conditions 3.8.1 and 3.8.2 | Section 11 | A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act. | 3 | The audit confirmed that the Licensee provided all required information to the ERA, including Annual Compliance Reports, Standing Data, and fee-related information.<br>The Compliance Register tracks the reporting requirements. | A | 1 |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 125 | Condition 5.3.2 | Section 11 | A licensee must publish any information as directed by the ERA to publish, within the timeframes specified. | 4 | The Licensee confirmed that the ERA did not issue any direction requiring Bluewaters Power to publish information during the audit period.<br>Annual Compliance Reports and Standing Data submissions were provided to the ERA, but these are submissions, not publication directions, and therefore fall outside Condition 5.3.2. | NP | NR |
| 126 | Condition 3.7.1 | Section 11 | All notices must be in writing, unless otherwise specified. | 4 | Written examples reviewed include ACR submissions, Standing Data submissions, ERA correspondence, and other licence-related communications.<br>All notices reviewed were written and appropriately documented.<br>No evidence was identified of any notice being issued verbally or outside written form.<br>The Compliance Register Extract supports that written communication practices were consistently applied. | NP | 1 |
| Part 3 Meters and Metering Installations | | | | | | | |
| 324 | Condition 4.1.1 | Clause 3.3B | If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in bi-directional flows, the user must notify the network operator within 2 business days. | 4 | The Operations and Maintenance Manager confirmed that no metering point experienced a change from one-directional to bi-directional electricity flow.<br>All meters are owned and operated by Western Power. No configuration changes were issued or recorded<br>No customer, retailer, or operational arrangement created export capability or reverse flow.<br>There was no notification to the network operator required because no trigger event occurred. | NP | NR |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 339 | Condition 4.1.1 | 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. | 4 | The Operations and Maintenance Manager confirmed that no customer, retailer, or operational arrangement created any condition that would affect metering functionality.<br>All metering equipment is owned and operated by Western Power.<br>No notification to the Network Operator was required.<br>The BW1 Network Access Agreement (NAA) establishes Western Power's responsibility for installing, operating, maintaining, and owning metering equipment, including obligations to measure and record flows in accordance with the Metering Code.<br>The Operational Incident Register contains no metering-related incidents in the audit period. | NP | NR |
| Part 4 – The Metering database | | | | | | | |
| 371 | Condition 4.1.1 | Clause 4.4(1) | If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy. | 4 | No discrepancies were identified between metering installation data and the Western Power Metering Database.<br>No liaison with Western Power was required because no mismatch occurred.<br>The Incident Register contains no metering-related incidents, faults, or data errors in the audit period. | NP | NR |
| 372 | Condition 4.1.1 | Clause 4.5(1) | A Code participant must not knowingly permit the registry to be materially inaccurate. | 4 | No evidence indicated that the Licensee knowingly permitted any inaccuracy in the Western Power Metering Registry.<br>No discrepancies, corrections, or standing-data issues were identified.<br>No notifications from Western Power or AEMO suggested any inaccuracy. | NP | 1 |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| | | | | | The Incident Register contains no metering, registry, or standing data incidents in the audit period. | | |
| 373 | Condition 4.1.1 | Clause 4.5(2) | Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or 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. | 4 | No evidence indicated that the Licensee knowingly permitted any inaccuracy in standing data in the Western Power Metering Registry.<br>No discrepancies, corrections, or standing data issues were identified.<br>No notifications from Western Power or AEMO suggested any inaccuracy.<br>The Incident Register contains no registry, NMI, UMI, or metering-data incidents in the audit period. | NP | NR |
| Part 5 – Metering services | | | | | | | |
| 388 | Condition 4.1.1 | Clause 5.4(2) | A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1). | 4 | The Operations and Maintenance Manager confirmed that Western Power did not request any assistance from the Licensee to meet its meter-reading obligations under Clause 5.4(1).<br>No metering access issues, substitute reads, or operational barriers were identified.<br>No notification or action was required from the Licensee. | NP | NR |
| 416 | Condition 4.1.1 | Clause 5.21(5) | A Code participant must not request a test or audit under subclause 5.21(1) 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. | 4 | The Operations and Maintenance Manager confirmed that there was no request to Western Power for any metering test or audit under Clause 5.21(1).<br>No metering disputes, anomalies, or settlement issues were identified that could have prompted a test request.<br>No improper or invalid test request was made.<br>The Incident Register shows no metering-related incidents, failures, or anomalies in the audit period. | NP | NR |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 417 | Condition 4.1.1 | Clause 5.21(6) | A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement. | 4 | As per obligation 416. | NP | NR |
| 448 | Condition 4.1.1 | 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. | 4 | The confirmed that Bluewaters Power had no standalone Service Level Agreement (SLA) with Western Power; therefore, compliance was assessed against the Western Power Build Pack, Metering Code model SLA, and the relevant access agreements (NAA / ETAC).<br>All metering and settlement activity followed prescribed processes with no disputes, exceptions, or procedural deviations.<br>The review of documentation and the site visit confirmed that Bluewaters Power complied with all Western Power rules, procedures, agreements, and criteria applicable under its access contracts.<br>All settlement and metering processes followed prescribed requirements, with no disputes or exceptions.<br>No evidence of any breach, deviation, or procedural failure was identified across any evidence source. | NP | 1 |
| Part 7 – Notes and confidential information | | | | | | | |
| 451 | Condition 4.1.1 | Clause 7.2(1) | Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code. | 4 | Bluewaters Power demonstrated the ability to send and receive notices through all required channels (postal, electronic, telephone). No issues were identified in any contractual, operational, or settlement-related communication. No counterparties or the Network Operator raised concerns about communication capability.<br>34-series trading confirmations (Synergy, Shell Energy, Change Energy, Perth Energy, Amanda | NP | 1 |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| | | | | | Energy) demonstrate reliable electronic communication and timely exchange of validated meter data.<br>The Incident Register contains no communication failures, notice issues, or escalation events in the audit period. | | |
| 453 | Condition 4.1.1 | Clause 7.2(4) | If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request. | 4 | Review of all evidence (ETAC/NAA, Incident Register, 34-series confirmations, Qlik, and the updated Compliance Register) confirms there was no request from Western Power for updated contact details in the audit period. | NP | NR |
| 454 | Condition 4.1.1 | 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 under subclause 7.2(4) at least 3 business days before the change takes effect. | 4 | The audit confirmed that Bluewaters Power contact details remained current and valid throughout the period. | NP | NR |
| 455 | Condition 4.1.1 | Clause 7.5 | A Code participant must subject to subclauses 5.17A and 7.6 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. | 4 | The interviews and review of documentation confirmed that there was no disclosure of confidential information in the audit period.<br>All confidential information was used only for settlement, contractual, or operational purposes permitted under the Code.<br>All agreements containing confidentiality clauses (PPA, ETAC, NAA) were adhered to.<br>There were no allegations, incidents or investigations noted in the Incident Register in the audit period. | NP | NR |

Quantum Assurance

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 456 | Condition 4.1.1 | 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. | 4 | The interviews and review of documentation confirmed that all confidential information was used only for settlement, contractual, or operational purposes permitted under the Code.<br>All agreements containing confidentiality clauses (PPA, ETAC, NAA) were adhered to. | NP | 1 |
| Part 8 – Dispute resolution | | | | | | | |
| 457 | Condition 4.1.1 | Clause 8.1(1) | If any dispute arises between any Code participants, then (subject to subclause 8.2(3)) 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 by negotiations in good faith. | 4 | The Governance, Risk and Compliance Manager confirmed that no commercial, metering, settlement, or operational disagreements occurred between Bluewaters Power and any Code participant in the audit period.<br>No dispute notices were issued or received.<br>No meetings or dispute-resolution processes were triggered. | NP | NR |
| 458 | Condition 4.1.1 | 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. | 4 | As per obligation 457. | NP | NR |
| 459 | Condition 4.1.1 | Clause 8.1(3) | If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith. | 4 | As per obligation 457. | NP | NR |

| No[4] | Licence Condition | Legislative Reference | Description | Audit Priority[5] | Observations | Adequacy of Controls Rating[6] | Compliance Rating[7] |
|---|---|---|---|---|---|---|---|
| 460 | Condition 4.1.1 | 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. | 4 | As per obligation 457. | NP | NR |
| 461 | Condition 4.1.1 | Clause 8.3(2) | The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1). | 4 | As per obligation 457. | NP | NR |

## 1.7 Audit Recommendations

| Table of Current Audit Non- Compliances and Recommendations | | | |
|---|---|---|---|
| **A. Resolved during current audit period** | | | |
| **Recommendation** (no./year) | **Non-Compliance/Controls Improvement** (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control) | **Date Resolved** (& management action taken) | **Auditor's Comments** |
| | Nil | | |

| B. Unresolved at end of current audit period | | | |
|---|---|---|---|
| **Recommendation** (no./year) | **Non-Compliance/Controls Improvement** (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control) | **Auditor's Recommendation** | **Action taken by the licensee by end of audit period** |
| | Nil | | |

# 2. Asset Management System Review

## 2.1 Description of Infrastructure

Bluewaters Power 1 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL04) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 2 Pty Ltd is the licensee of the Economic Regulation Authority (ERA) for the electricity generation licence (EGL17) under the provisions contained in the Electricity Industry Act 2004.

Bluewaters Power 1 Pty Ltd and Bluewaters Power 2 Pty Ltd ('Bluewaters Power') are owned by Sumitomo Corporation & Kansai Electric Power Co. Ltd and the Bluewaters Power station is maintained and operated by Bluewaters Power Services Pty Ltd (BWPS).

Bluewaters Power Station is the only privately-owned, coal-fired power station in Western Australia. Bulti in 2009, the Plant is located 4.5km northeast of Collie and the two 217MW units deliver electricity to WA's Wholesale Electricity Market. The Bluewaters Power Station runs on sub-bituminous coal, supplied under long-term contracts from the coal mining town of Collie. Bluewaters Power delivers over 15% of WA's electricity supply from an asset that is one of the lowest-cost producers.

Operational services to manage Bluewaters Power are based at the Bluewaters Power Station (BWPS) in Collie and the Perth Office.

Whilst Bluewaters Power has provided the ERA with two plans and two reports for past audits and reviews of EGL4 and EGL17, the ERA will accept one plan and one report covering both electricity generation licences as Quantum Assurance will carry out the 2025 audits and reviews (noting that the auditor's findings in the past have been the same for both licences, as Bluewaters Power uses the same systems and processes for both licences).

Version 7.0 of Bluewaters Power's electricity generation licence (EGL04) was granted on 01 July 2018, as was version 6.0 of Bluewaters Power's electricity generation licence (EGL17). Previous Performance Audits or Asset Management System Reviews were conducted on both Bluewaters Power's EGL04 and EGL17 electricity generation licences from 1 January 2018 to 31 December 2022.

Under the licensing compliance requirements of the *Electricity Industry Act 2004* and as advised by the ERA, the draft audit report for the performance audit and asset management system review was due for submission to the ERA by 30 April 2026.

Under the licensing compliance requirements of the *Electricity Industry Act 2004* and as advised by the ERA, the draft audit reports for the performance audits and asset management system review are due for submission to the ERA by 31 March 2026.

Quantum Assurance has been engaged by Bluewaters Power to complete this Performance Audit ('Audit') and Asset Management System Review which is consistent with the requirements of the *Australian Standard on Assurance Engagement ASAE3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the ERA 2022 Audit and Review Guidelines – Electricity and Gas Licences ('Guidelines').

The audit and review period was from 1 January 2023 to 31 December 2025.

## 2.2 Objectives and Scope

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- Asset planning (including development and maintenance of an asset management plan)
- Asset creation and acquisition
- Asset disposal
- Operating Environment (all external factors affecting the system)
- Asset operations
- Asset maintenance

- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of asset management system.

The Review applied a level of scrutiny that corresponds to a 'reasonable assurance engagement' as per the Australian Standard ASAE3000. This includes the areas of special focus as noted below.

A reasonable assurance engagement is:

*"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria."*

The areas of special focus based on the previous review findings have a priority of 2 as shown below.

<u>Priority 2 (High priority)</u>

| | |
|---|---|
| Asset planning | 1.1 Asset management plan covers the processes table 23 of the 2025 Audit and Review Guidelines – Electricity and Gas.<br><br>1.9 Asset management plan is regularly reviewed and updated. |
| Asset creation and acquisition | 2.5 Ongoing legal/environment/safety obligations of the asset owner are assigned and understood. |
| Environmental analysis | 4.1 Opportunities and threats in the asset management system environment are assessed.<br><br>4.3 Compliance with statutory and regulatory requirements. |
| Risk management | 8.1 Risk management policies and procedures exist and are applied to minimise internal and external risks.<br><br>8.2 Risks are documented in a risk register and treatment plans are implemented and monitored. |
| Contingency planning | 9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. |
| Review of asset management system | 12.1 A review process is in place to ensure the asset management plan and the asset management system described in it remain current.<br><br>12.2 Independent reviews (e.g. Internal audit) are performed of the asset management system. |

## 2.3 Asset Management Process and Performance Rating Scales

The adequacy of process policy and definition and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

**Asset Management Process and Policy Definition - Adequacy ratings**

| Rating | Description | Criteria |
|---|---|---|
| A | Adequately defined | • Processes and policies are documented.<br>• Processes and policies adequately document the required performance of the assets.<br>• Processes and policies are subject to regular reviews and updated where necessary.<br>• The asset management information system(s) are adequate in relation to the assets that are being managed. |
| B | Requires some improvement | • Process and policy documentation require improvement.<br>• Processes and policies do not adequately document the required performance of the assets.<br>• Reviews of processes and policies are not conducted regularly enough.<br>• The asset management information system(s) requires minor improvements (taking into consideration the assets being managed). |
| C | Requires significant improvement | • Process and policies are incomplete or require substantial improvement.<br>• Processes and policies do not document the required performance of the assets.<br>• Processes and policies are considerably out of date.<br>• The asset management information system(s) requires substantial improvement (taking into consideration the assets being managed). |
| D | Inadequate | • Processes and policies are not documented.<br>• The asset management information system(s) is not fit for purpose (taking into consideration the assets being managed). |

**Asset Management Performance Ratings**

| Rating | Description | Criteria |
|---|---|---|
| 1 | Performing effectively | • The performance of the process meets or exceeds the required levels of performance.<br>• Process effectiveness is regularly assessed, and corrective action taken where necessary. |
| 2 | Opportunity for improvement | • The performance of the process requires some improvement to meet the required level.<br>• Process effectiveness reviews are not performed regularly enough.<br>• Process improvement opportunities are not implemented. |
| 3 | Corrective action required | • The performance of the process requires significant improvement to meet the required level.<br>• Process effectiveness reviews are performed irregularly, or not at all.<br>• Process improvement opportunities are not implemented. |
| 4 | Some action required | • Process is not performed, or the performance is so poor that the process is considered to be ineffective. |

## 2.4 Summary of Asset Management System Effectiveness Ratings

The review's assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 2.3, is shown in the table below.

Section 2.6 provides further details of the current rating results for each process in the asset management system.

**Summary of Asset Management Performance Ratings**

| Process and Policy Definition – Adequacy Rating | Performance Rating for Effectiveness Criteria | | | | | |
|---|---|---|---|---|---|---|
| | Rating | 1 Performing effectively | 2 Opportunity for improvement | 3 Corrective action required | 4 Some action required | Total |
| | A -Adequately defined | 53 | 2 | - | - | **55** |
| | B – Requires some improvement | 1 | 1 | 1 | - | **3** |
| | C – Requires significant improvement | - | - | - | - | **-** |
| | D – Inadequate | - | - | - | - | **-** |
| | Total | **54** | **3** | **1** | **-** | **58** |

**Asset Management System Performance Ratings**

| ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA | Process and Policy rating | | | | Performance rating | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Adequately defined | Requires some improvement | Requires significant improvement | Inadequate | Performing effectively | Opportunity for improvement | Corrective action required | Serious action required | Not Rated |
| | **A** | **B** | **C** | **D** | **1** | **2** | **3** | **4** | **NR** |
| **1. Asset planning** (including development and maintenance of an asset management plan) | **A** | | | | **1** | | | | |
| 1.1 Asset management plan covers the processes in this table. | ✓ | | | | ✓ | | | | |
| 1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning. | ✓ | | | | ✓ | | | | |
| 1.3 Service levels are defined in the asset management plan. | ✓ | | | | ✓ | | | | |
| 1.4 Non-asset options (e.g. demand management) are considered. | ✓ | | | | ✓ | | | | |

| ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA | Process and Policy rating | | | | Performance rating | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Adequately defined | Requires some improvement | Requires significant improvement | Inadequate | Performing effectively | Opportunity for improvement | Corrective action required | Serious action required | Not Rated |
| | A | B | C | D | 1 | 2 | 3 | 4 | NR |
| 1.5 Lifecycle costs of owning and operating assets are assessed. | ✓ | | | | ✓ | | | | |
| 1.6 Funding options are evaluated. | ✓ | | | | ✓ | | | | |
| 1.7 Costs are justified and cost drivers identified. | ✓ | | | | ✓ | | | | |
| 1.8 Likelihood and consequences of asset failure are predicted. | ✓ | | | | ✓ | | | | |
| 1.9 Asset management plan is regularly reviewed and updated. | ✓ | | | | ✓ | | | | |
| **2. Asset creation/ acquisition** | **A** | | | | **1** | | | | |
| 2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions. | ✓ | | | | ✓ | | | | |
| 2.2 Evaluations include all life-cycle costs. | ✓ | | | | ✓ | | | | |
| 2.3 Projects reflect sound engineering and business decisions. | ✓ | | | | ✓ | | | | |
| 2.4 Commissioning tests are documented and completed. | ✓ | | | | ✓ | | | | |
| 2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood. | ✓ | | | | ✓ | | | | |
| **3. Asset disposal** | **A** | | | | **1** | | | | |
| 3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process. | ✓ | | | | ✓ | | | | |
| 3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken. | ✓ | | | | ✓ | | | | |
| 3.3 Disposal alternatives are evaluated. | ✓ | | | | ✓ | | | | |
| 3.4 There is a replacement strategy for assets. | | ✓ | | | ✓ | | | | |
| **4. Operating Environment** (all external factors affecting the system) | **A** | | | | **1** | | | | |
| 4.1 Opportunities and threats in the asset management system environment are assessed. | ✓ | | | | ✓ | | | | |
| 4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved. | ✓ | | | | | ✓ | | | |

| ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA | Process and Policy rating | | | | Performance rating | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Adequately defined | Requires some improvement | Requires significant improvement | Inadequate | Performing effectively | Opportunity for improvement | Corrective action required | Serious action required | Not Rated |
| | A | B | C | D | 1 | 2 | 3 | 4 | NR |
| 4.3 Compliance with statutory and regulatory requirements. | ✓ | | | | ✓ | | | | |
| 4.4 Service standards (customer service levels, etc) are measured and achieved. | ✓ | | | | ✓ | | | | |
| **5. Asset operations** | | **B** | | | 1 | | | | |
| 5.1 Operational policies and procedures are documented and linked to service levels required. | ✓ | | | | ✓ | | | | |
| 5.2 Risk management is applied to prioritise operations tasks. | ✓ | | | | ✓ | | | | |
| 5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. | ✓ | | | | ✓ | | | | |
| 5.4 Accounting data is documented for assets. | ✓ | | | | ✓ | | | | |
| 5.5 Operational costs are measured and monitored. | ✓ | | | | ✓ | | | | |
| 5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities. | | ✓ | | | | | ✓ | | |
| **6. Asset maintenance** | **A** | | | | **1** | | | | |
| 6.1 Maintenance policies and procedures are documented and linked to service levels required. | ✓ | | | | ✓ | | | | |
| 6.2 Regular inspections are undertaken of asset performance and condition. | ✓ | | | | ✓ | | | | |
| 6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule. | | ✓ | | | | ✓ | | | |
| 6.4 Failures are analysed and operational/maintenance plans adjusted where necessary. | ✓ | | | | | ✓ | | | |
| 6.5 Risk management is applied to prioritise maintenance tasks. | ✓ | | | | ✓ | | | | |
| 6.6 Maintenance costs are measured and monitored. | | | | | ✓ | | | | |
| **7. Asset Management Information System** | **A** | | | | **1** | | | | |
| 7.1 Adequate system documentation for users and IT operators. | ✓ | | | | ✓ | | | | |

| ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA | Process and Policy rating | | | | Performance rating | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Adequately defined | Requires some improvement | Requires significant improvement | Inadequate | Performing effectively | Opportunity for improvement | Corrective action required | Serious action required | Not Rated |
| | **A** | **B** | **C** | **D** | **1** | **2** | **3** | **4** | **NR** |
| 7.2 Input controls include suitable verification and validation of data entered into the system. | ✓ | | | | ✓ | | | | |
| 7.3 Security access controls appear adequate, such as passwords. | ✓ | | | | ✓ | | | | |
| 7.4 Physical security access controls appear adequate. | ✓ | | | | ✓ | | | | |
| 7.5 Data backup procedures appear adequate and backups are tested. | ✓ | | | | ✓ | | | | |
| 7.6 Computations for licensee performance reporting are accurate. | ✓ | | | | ✓ | | | | |
| 7.7 Management reports appear adequate for the licensee to monitor licence obligations. | ✓ | | | | ✓ | | | | |
| 7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation. | ✓ | | | | ✓ | | | | |
| **8. Risk management** | **A** | | | | **1** | | | | |
| 8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks. | ✓ | | | | ✓ | | | | |
| 8.2 Risks are documented in a risk register and treatment plans are implemented and monitored. | ✓ | | | | ✓ | | | | |
| 8.3 Probability and consequences of asset failure are regularly assessed. | ✓ | | | | ✓ | | | | |
| **9. Contingency planning** | **A** | | | | **1** | | | | |
| 9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. | ✓ | | | | ✓ | | | | |
| **10. Financial planning** | **A** | | | | **1** | | | | |
| 10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those. | ✓ | | | | ✓ | | | | |
| 10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs. | ✓ | | | | ✓ | | | | |
| 10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets). | ✓ | | | | ✓ | | | | |

| ASSET MAN/AGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA | Process and Policy rating | | | | Performance rating | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Adequately defined | Requires some improvement | Requires significant improvement | Inadequate | Performing effectively | Opportunity for improvement | Corrective action required | Serious action required | Not Rated |
| | **A** | **B** | **C** | **D** | **1** | **2** | **3** | **4** | **NR** |
| 10.4 The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period. | ✓ | | | | ✓ | | | | |
| 10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services. | ✓ | | | | ✓ | | | | |
| 10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary. | ✓ | | | | ✓ | | | | |
| **11. Capital expenditure planning** | **A** | | | | **1** | | | | |
| 11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates. | ✓ | | | | ✓ | | | | |
| 11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure. | ✓ | | | | ✓ | | | | |
| 11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan. | ✓ | | | | ✓ | | | | |
| 11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented. | ✓ | | | | ✓ | | | | |
| **12. Review of asset management system** | **A** | | | | **1** | | | | |
| 12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current. | ✓ | | | | ✓ | | | | |
| 12.2 Independent reviews (e.g. internal audit) are performed of the asset management system. | ✓ | | | | ✓ | | | | |

### 2.5 Status of Previous Review Recommendations

The previous review covered the period from 1 April 2021 to 31 March 2023 and was reported in June 2023. Recommendations from the previous review are listed in the following table together with the current status of action to address the recommendations.

| **Reference** (no./year) | **Previously Assessed Process and Policy Deficiency** (Asset management Process, Rating, Details) | **Previous Auditor's Recommendation and *Action Taken*** | **Date Resolved** | **Further action required** |
|---|---|---|---|---|
| **A. Resolved before end of previous review** | | | | |
| | Nil | | | |
| **B. Resolved during current review period** | | | | |
| 4/2022 | **Asset Management Plan**<br><br>**Process: Asset Planning**<br><br>*Criteria 1.1: Asset management plan covers the processes in this table.*<br><br>**Rating: B3** (Process: Requires some improvement/ Performance: Corrective action required)<br><br>Whilst the Asset Management Plan System (AMPS) platform has been established and has significant potential to facilitate an effective AMS, it was noted that the AMP and the SAMP included some obsolete, incomplete, inaccurate and out of date content. Additionally, the Plant Area AMPs Failure Mode, Effects and Criticality Analyses (FMECAs) were undertaken outside the AMP and were not referenced or documented. There was no review process implemented to critically assess the performance of the AMS. | In order to ensure completeness and accuracy if the AMP (and SAMP), maximise the benefits and effectiveness of the AMS and the AMPS platform the following recommendations are made:<br>• Review and update the AMP and the SAMP with consideration of the requirements of Table 23 (refer Audit Guideline)<br>• Undertake Gap Analysis of BW1 AMS to the requirements of ISO 55000 as a minimum (not contractual agreements with Western Power and Customer require good electricity which incorporates the requirements of ISO 55000).<br>• Complete the Plant Area AMPs and ensure they contain adequate detail.<br>• Link AMPS platform to FMECA, SAP (CMMS) and VIKING (HSEQ Management Software).<br>• Ensure all AMPS have clearly defined responsible persons.<br>• Ensure version control to better track changes within the dynamic environment. Develop an internal and/or external audit process to maintain transparency, accuracy and accountability within the organisation. | October 2023 | Nil |

| Reference (no./year) | Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details) | Previous Auditor's Recommendation and *Action Taken* | Date Resolved | Further action required |
|---|---|---|---|---|
| | | • Review AMS processes and develop and AMS maturity roadmap to better align the corporate and site objectives.<br>**Status: Completed**<br>*The AMPS platforms has been revised using Workday Adaptive software and the CI module in Viking. The SAMP, AMP and supporting Manuals have been revised and implemented.*<br>*This review confirmed the recommendations have been implemented.* | | |
| 5/2022 | **Asset Management Plan**<br>**Process: Asset Planning**<br>*Criteria 1.9: Asset management plan is regularly reviewed and updated.*<br>**Rating: B3** (Process: Requires some improvement/ Performance: Corrective action required)<br>Findings as per recommendation 4/2022 above. | BWPS finalise its development and implementation of the AMPS Platform and its review processes as per the ERA guidelines. Ensure the review processes for the AMS and AMPs are documented and aligned with ISO 55000 or similar as a minimum standard.<br>**Status: Completed**<br>*The Gap Analysis to ISO 55000 was completed and implementation in Workday Adaptive completed.*<br>*The SAMP, AMP and Manuals were published in September and October 2023.*<br>*This review confirmed the recommendation has been implemented.* | April 2024 | Nil |

| Reference (no./year) | Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details) | Previous Auditor's Recommendation and *Action Taken* | Date Resolved | Further action required |
|---|---|---|---|---|
| 6/2022<br>7/2022<br>8/2022<br>9/2022<br>10/2022 | **Compliance Management**<br>*Criteria 2.5: Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood.*<br>*Criteria 4.1: Opportunities and threats in the asset management system environment are assigned and understood.*<br>*Criteria 4.3: Compliance with statutory and regulatory requirements.*<br>*Criteria 8.1: Risk management policies and procedures exist and are applied to minimise internal and external risks.*<br>*Criteria 8.2: Risk are documented in a risk register and treatment plans are implemented and monitored.*<br>**Rating: B3** (Process: Requires some improvement/ Performance: Corrective action required)<br>The Risk Register and Compliance Register were noted to include ineffective or non-specific controls to support risk mitigation and as such, enable compliance processes and ensure the implementation of corrective action. There were no internal monitoring and review processes established. | As per recommendation 2/2022 in Section 1.5 above, Develop a more effective process for preparation of Compliance reports to ensure the integrity of data report. Additionally, training requirements should be reviewed to ensure understanding and awareness of the legislative requirements relating to EGL4. Refer 2022 PAIP<br>Revise the Compliance Register to ensure:<br>• the Obligations are referenced accurately against the current Electricity Compliance Reporting Manual (i.e. there is a process established for updating obligations)<br>• include Reportable Field or use "Impact of Non-Compliance" column as only type 1 and 2 obligations are reportable (i.e. obligation type (NR, 1 or 2)<br>• include compliance criteria field in Compliance Register to allow internal audit process to be established and create a time dependent audit schedule (i.e. prior to the submission of the Annual Compliance Report 31 August annually to ensure information reported is correct).<br>• Ensure a record of the review is able to be recorded.<br>**Status: Completed**<br>*The new Governance Framework has been rolled out, including upload of all compliance obligations and responsible persons into the internal Compliance Register (Viking). Ongoing Viking compliance reminders prompt ongoing assessment and reporting in line with compliance processes. Procedure for yearly compliance reporting created.*<br>*Bluewaters Power has updated the compliance register to ensure it accurately reflects the compliance obligations of the generation* | April 2024 | Nil |

| Reference (no./year) | Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details) | Previous Auditor's Recommendation and *Action Taken* | Date Resolved | Further action required |
|---|---|---|---|---|
| | | *licence and serves as an auditable framework to determine compliance.*<br>*The responsible people have determined for each obligation and this has been uploaded into Viking including timing of reminders.*<br>*This review confirmed the recommendations have been implemented.* | | |
| 11/2022 | **Contingency Plans**<br>*Criteria 9.1: Contingency Plans are documented, understood and tested to confirm their operability and to cover higher risks.*<br>**Rating: B3** (Process: Requires some improvement/ Performance: Corrective action required)<br>The development, testing of contingency plans to confirm their operability to cover high risks was not evident for all high risks. | a) Review the Contingency Planning process to ensure:<br>i. Risk Register and ensure all High/Critical risks requiring mitigation have accurate contingencies or plant redundancies documented, for example reference the bores for the water supply.<br>ii. Contingency Plans are consistent with the Strategic Plan the AMPS platform is reviewed to ensure all applicable Asset Area Plans to include contingency plans.<br>iii. Schedule and carry-out testing and training of each contingency plan.<br>b) Update the BCDRF, BCP and develop the Crisis Management Plan and Business Unit Recovery Plans or capture in the AMPS, where appropriate.<br>c) Ensure all personnel listed in the Contingency Plans are trained as per requirements and records reflected in the Training register.<br>d) Testing of the contingency plans should form part of an internal monitoring/auditing program (i.e. the review of controls for risks/compliance).<br>**Status: Completed**<br>*Review of operational risks and contingency plans has been completed.* | | |

| **Reference** (no./year) | **Previously Assessed Process and Policy Deficiency** (Asset management Process, Rating, Details) | **Previous Auditor's Recommendation and *Action Taken*** | **Date Resolved** | **Further action required** |
|---|---|---|---|---|
| | | *The AMS Manual has been updated to include contingency plan requirements.*<br>*Operational contingency plans are now in place for Risk Register records with a residual rating of High or Critical*<br>*This review confirmed the recommendations has been implemented.* | | |
| 12/2022<br>13/2022 | **Review of Asset Management Plan**<br>*Criteria 12.1: A review process is in place to ensure the asset management plan and the asset management system described in it remain current.*<br>*Criteria 12.2: Independent reviews (e.g. Internal audit) are performed of the asset management system.*<br>**Rating: B3** (Process: Requires some improvement/ Performance: Corrective action required)<br>For the duration of the review period there have been no internal AMS Review or third-party reviews, for the AMS or the AMPs .<br>For the duration of the review period there has not been a process established for independent reviews of the Asset Management System. | A review process to ensure the AMP and the AMS remain current is required. It was noted that the nature of the dynamic AMS should support this requirement moving forward. However, the quality of the information contained within the AMP should be reviewed to ensure they are effective. As such a formalised process to ensure independent reviews (e.g. internal or third party audits) are performed of the asset management system an annual basis is required. Consideration as to the requirement from the AMPs platform to enable document and version control is recommended to enable BW1 to demonstrate the approved AMP in place at any point in time.<br>**Status: Completed**<br>*An independent review of the AMS has been completed in April 2024 and is scheduled annually.*<br>*This review confirmed the recommendation has been implemented.* | April 2024 | Nil |

## 2.6 Detailed Review Observations

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **1** | | **ASSET PLANNING** (including development and maintenance of an asset management plan) | | **A** | **1** |
| 1.1 | 4 | Asset management plan covers the processes in this table. | As recommended in the previous review (March 2023), the Asset Management Platform Systems have been revised using Workday Adaptive software and the CI module in HSEQ Management System . The Strategic Asset Management Plan (SAMP) and the Asset Management Plan (AMP) and supporting Manuals have been revised and implemented by October 2023.<br>The SAMP considers multiple horizons:<br>• Asset Design Life<br>• Long Term–10 Year Forecast<br>• Mid-Term–5-Year Forecast<br>• Short Term–Financial Year Plan<br>• Operational–Month-by-Month Plan<br>The 12-asset management processes this table are collectively addressed by the SAMP, the Plant Area AMPs and supporting processes. The Plans are reviewed annually with the latest review in September 2025. | A | 1 |
| 1.2 | 4 | Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning. | The Strategic Objectives are approved annually by the Board and set the framework for the Asset Management Plan objectives. The SAMP FY2025-26 and previous versions includes the asset objectives for the Bluewaters Power Station. The SAMP referenced the role of stakeholders in setting the requirements and expectations for the asset objectives. The SAMP lists the major stakeholders and objectives for each stakeholder.<br>Section 3 – Stakeholders of the SAMP includes the Internal and external stakeholders, with reference to their requirements and level of interest for each interest category. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 1.3 | 4 | Service levels are defined in the asset management plan | Section 5 – Asset Performance of the SAMP includes the service levels.<br>The performance requirements of the generation assets are established within the strategic planning process each year.<br>Unit 1 and Unit 2 each have respective performance targets based on factors for Availability, Capacity and Utilisation.<br>Availability is the primary operational performance indicator and monitored within the monthly Site Management Meetings.<br>Any conditional factors specifically applicable to a particular Key Asset are further detailed in the respective Plant Area AMP. Performance against this plan is then monitored and reported within the monthly “Asset Performance” reports, created and distributed by the Engineering Manager. | A | 1 |
| 1.4 | 5 | Non-asset options (e.g. demand management) are considered | Non-asset options (e.g. demand management) are considered, for example, with the difficulties in the coal supply chain to BW1, the Trading team have implemented contingencies to ensure continual supply of power to their current customers. Back-up coal supplies have been established on site. Weekly reports are submitted to the Management and the Board and were provided for review.<br>The Trading team had implemented a process of using third party bilateral relationship to ensure continuous supply of power to their customers. | A | 1 |
| 1.5 | 4 | Lifecycle costs of owning and operating assets are assessed | Section 2.3 – Asset Lifecycle of the SAMP documents the asset lifecycle stages of acquisition, operations and maintenance, and disposal.<br>The Bluewaters Power 2024-27 Annual Strategic Plan includes the lifecycle costs of capital expenditure, operating and maintenance expenditure, and any disposal costs. These are budgeted annually and reported monthly per asset area. | A | 1 |
| 1.6 | 4 | Funding options are evaluated | Costs of generation are calculated annually as part of Strategic Planning, AMP and budgeting process with the Board approving the final budgets. Future planned CAPEX and OPEX project cost are included in the calculation and projected for 5 years from 2024-2027. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | All request for expenditure identified the source of funds, that being within or outside of budget and followed an authority for expenditure approval process, (i.e. OME and Finance Workflow). | | |
| 1.7 | 4 | Costs are justified and cost drivers identified | The Bluewaters Power 2024-27 Annual Strategic Plan includes the costs and justification, including site management and staffing costs (i.e. non-O&M Costs - OPEX), trading and market costs, CAPEX (i.e. outage costs), financing costs, total cost of generation ($/MWh), fixed and variable operating and maintenance costs (O&M), fuel costs and tax costs.<br>Costs are well identified and justified. Costs and cost drivers are monitored vigilantly and reported to management and the Board. Variances are identified as part of the process and investigations conducted. | A | 1 |
| 1.8 | 4 | Likelihood and consequences of asset failure are predicted | Section 3.2 – Risks of the SAMP include a high level summary of the likelihood and consequences of asset failure. This is detailed in the Bluewaters Risk Management Program that outlines how risks are identified, assessed and mitigated within the Business.<br>The Business Risk Register and associated detail are maintained within the HSEQ Management System . Each Business Unit Manager is accountable for maintaining their respective business risks, mitigation strategies and treatments in accordance with the Risk Management Program. | A | 1 |
| 1.9 | 4 | Asset management plan is regularly reviewed and updated | As recommended in the previous review, the Gap Analysis comparing the Asset Management Plan to ISO 55000 Standard for Asset Management was completed and implementation in Workday Adaptive completed. The SAMP, and Plant Area AMPs were published in September and October 2023.<br>Section 6.4 Annual Reviews of the SAMP states that AMS documents are reviewed annually by the Asset Services Manager to ensure that operational activities align with the published strategic plan. This includes the SAMP and Plant Area AMPs.<br>The SAMP and Plant Area AMPs have been reviewed annually since September 2023 with the latest review completed in September 2025. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **2** | | **ASSET CREATION/ ACQUISITION** | | A | 1 |
| 2.1 | 4 | Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions. | The SAMP considers multiple horizons:<br>• Asset Design Life<br>• Long Term–10 Year Forecast<br>• Mid-Term–5-Year Forecast<br>• Short Term–Financial Year Plan<br>• Operational–Month-by-Month Plan<br>Budget and Forecast confidence levels increase with each reduction in the horizon period.<br>Bluewaters has an established Risk Management Program which is applied consistently across the business to summarise each Life-Cycle Activity (LCA) associated with the various key assets. This system is maintained continuously to ensure that budgeting and cash-flow forecasting are as accurate as possible.<br>Revised budgets are established with consideration of:<br>• historical operating and maintenance costs;<br>• current asset condition;<br>• business input assessments; and<br>• anticipated performance requirements<br>The Bluewaters “Delegation of Authority” policy outlines subsequent approvals required for expenditure of approved funds; which are facilitated through the Finance module within HSEQ Management System .<br>The SAP Materials Requirement Planning (MRP) system is segregated into Procurement Groups as follows:<br>• 001–Original group and catch-all<br>• 002–Consumables<br>• 999–Strategic & Rotables | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | Strategic and Rotatable inventory are also identified using SAP Valuation Classes 3100 and 3041 respectively. These classes are considered within the Risk Management Program under "Supply Chain Hazards".<br>All inventory is classified into the following categories:<br>• C1 – New<br>• C2 – Repaired<br>• C3 - Repairable<br>The Auditor confirmed that BWPS, through its budgeted CAPEX Analysis, undertakes full project evaluations for new assets, including comparative assessment of non-asset solutions in its financial model, which is integrated into the yearly financial budgeting plus further 4 years. | | |
| 2.2 | 4 | Evaluations include all life-cycle costs. | CAPEX projects were evaluated for its operational life expectancy. These projects were included into lifecycle costings of the plant, that is depreciation and subsequently into its annual externally audited financial statements.<br>The BWPS 2024-2029 Annual Strategic Plan, Operating & Capital Expenditure Budgets have been developed. It has been noted that delays to CAPEX projects since the previous review in 2022 have resulted in the majority of significant projects being delayed until 2026-27 and beyond. The delays were due to the uncertainty in the energy market due to the new market commencement in October 2023. Components of mid-life plant refurbishment have been included in the budget to 2029. All statutory outage costs have been included in the budget to 2029. The BWPS Annual Strategic Plan is a rolling 5-year plan, updated continuously, monitored by Management and shareholders representatives on a monthly basis and is reviewed by the Board on a quarterly basis. | A | 1 |
| 2.3 | 4 | Projects reflect sound engineering and business decisions. | The BWPS 2024-2029 Annual Strategic Plan outlines CAPEX analysis to factor project costs that were evaluated in terms of engineering, business risk assessments and cost/benefit analysis. As appropriate, external vendors (OEMs) have been consulted to provide input into the final design and implementation of project deliverables. All CAPEX evaluations followed the | | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | OME workflow and finance workflow procedures. Projects are approved as per the delegation of Authority. | | |
| 2.4 | 4 | Commissioning tests are documented and completed. | The Planned Outage Management Plan Workflow confirmed the quality control documentation requirements of which Commissioning Test Documentation of any new or refurbished assets and equipment forms part of handover from the relevant vendor/contractor. Asset OEM manuals included handover documentation which are then referenced in SAP as required. Documentation for return-to-service after an outage requires commissioning test sheets to be completed to ensure asset integrity and reliability. | A | 1 |
| 2.5 | 4 | Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood. | As recommended in the previous review (March 2023), Bluewaters Power has established compliance and risk registers that identify all legal, environmental and safety obligations and controls.<br>The OME Compliance Workflow chart is in place. SAP continues to be the tool for monitoring closeout through system raised prompts and reminders to responsible person.<br>The Risk and Compliance registers were reviewed to ensure that they were fit for purpose, contained accurate information, identified risk owner and rating, identified mitigation, controls and residual risk rating and owner.<br>The review resulted in system and data enhancements to strengthen the clarity and accessibility of risk and compliance information so that non-subject matter experts can more easily understand the risk and compliance information. Additionally, New compliance items were incorporated into the compliance register as part of the review process. A total of 61 compliance items were created during the audit period, originating from both business-as-usual activities and review-related findings.<br>The SAMP detailed the role of risk as an input to the Asset Management Planning Cycle and to the compliance processes. The interdependence of the Risk and Compliance Register has been established with compliance inherent risk rating. The EGL04 and 17 and ERL 12 Compliance reports to the ERA for 2022/23, 2023/24 and 2024/25 were reviewed to confirm compliance is being maintained. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **3** | | **ASSET DISPOSAL** | | **A** | **1** |
| 3.1 | 4 | Under-utilised and under-performing assets are identified as part of a regular systematic review process. | The review confirmed by interview and the site visit, that the replacement of asset components was due to condition, wear and tear and obsolescence identified through asset planning and condition monitoring. The Performance of Assets is monitored as per the condition monitoring and maintenance schedules and are presented to the Board through monthly reports, updated AMPs and Financial models with the projected CAPEX projects for the next 5 years on a rolling basis.<br>Asset performance is assessed using availability and utilisation metrics, which are compared against budgeted targets and reported monthly to the senior leadership team and quarterly to the Board supporting under-utilisation and under-performance identification (refer to 5.1 or the SAMP) | A | 1 |
| 3.2 | 4 | The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken. | The review confirmed that internal expertise, OEM suppliers and consultants are used for root cause analysis (FMECA) and corrective action. The poor performance issues of assets are discussed at the daily meetings post inspection. Asset disposal requirements are incorporated into the financial planning on a rolling 5-year basis. | A | 1 |
| 3.3 | 4 | Disposal alternatives are evaluated. | Assets that were identified to be removed followed a structured procedure with appropriate delegation sign-offs. OME Procurement Workflow is followed to evaluate alternatives. | A | 1 |
| 3.4 | 4 | There is a replacement strategy for assets. | There is a rolling 5-year Capital Expenditure and Strategic Spares Budget and a 5 year SAMP (last updated in September 2025) which identified all critical spares. Critical spares are held on site and stock levels maintained by onsite personnel. All replacements were made on condition derived from inspection, failure and or FMECA.<br>Spares Management has categorised warehouse assets into 3 categories:<br>C1 – New | B | 1 |

Quantum Assurance

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | C2 – Repaired<br>C3 – Repairable<br>The OME Procurement Workflow uses the following 3 categories for replacement spares:<br>001 – Procurement<br>002 – Consumables<br>999 – Strategic spares such as last stage turbine blades, etc.<br>Based on Mid-life Refurbishment Plan and Asset Management Plans for various critical assets, replacement strategy is developed. Asset criticality, its condition monitoring data and operational strategy for the plant are used to develop this strategy.<br>At the time of site-visit, the auditor also observed that there was uncategorised scrap that was being held in warehouses.<br>*The following improvement was provided to Bluewaters Power:*<br>*Bluewaters Power should consider developing a category for maintaining a record of scrap assets that are not being disposed of but maintained on site.* | | |
| **4** | | **OPERATING ENVIRONMENT** (all external factors affecting the system) | | **A** | **1** |
| 4.1 | 2 | Opportunities and threats in the asset management system environment are assessed. | In this audit period, both units of Bluewaters Power Station (BWPS) have averaged approximately 90% utilisation factor (UF), although coal conservation measures in FY2023 saw the UF drop considerably. Utilisation Factor takes into consideration the market conditions along with process inputs such as coal, water, etc. In fact, Capacity and Utilisation are both impacted by these factors.<br>Although increased renewables network connections are impacting the current energy market, BWPS has secured a position where it is expected to continue operating beyond FY2035 based on current projections by the State Government, as the Muja and Collie Power Stations have been announced for shutdown by FY2029. This opportunity has been factored in the current financial projections and mid-life refurbishment plan and also the outage management plan. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | BWPS has implemented measures to mitigate threats to the strategic planning of their Asset Management System, which include:<br>• Coal Conservation Strategy: This primarily involved coal stockpile management.<br>• Continued reassessments of its maintenance schedules of power plant equipment.<br>The Risk Register outlines the identified risks and their intended and/or implemented mitigation strategies for BWPS Asset Management. In all the measures implemented, risk management and assessments have been applied to ensure assets were being well managed and controlled. In addition, the Board and Management received monthly cash flow analysis with updates on the implementation of the strategies. | | |
| 4.2 | 2 | Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved. | Through discussions with key BWPS personnel on site and upon reviewing relevant documentation, the auditor can confirm that performance measures were captured in the annual operations and financial reports. KPI's were included in the AMP and all operational and financial reporting to management and the Board. The Availability factor for BW1 was above target for the FY2025-26, however that was not the case for BW2 which experienced numerous forced outages, over and above its own planned outage, caused due to issues with Turbine Lube Oil System mal-function, ID Fan bearing temperatures and coal feeder belt drift issues. Both units' asset performance was above target.<br>BWPS has in place an Emergency Response Plan and Business Continuity Plan. An audit undertaken by the insurers in March 2025 identified some specific crisis management workshops but there has been no evidence sighted to confirm any such testing being undertaken, which highlights an ineffective and inefficient link between the desktop Crisis Management Actions and the risk register. The Auditor has seen evidence of annual emergency evacuation drills being undertaken and there was also a co-ordinated drill undertaken in May 2025 which included participation by local authorities. BWPS has an MoU with Fire and Emergency Services (FESA) and participates in the regional Collie Emergency Response Activities. | A | 2 |

| Item no. | **Review Priority** (1 High to 5 Low) | **Component and Effectiveness Criteria** (per Audit and Review Guidelines) | **Observations and results** (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | Through discussions on site with key BWPS staff and review of relevant documentation, the auditor confirms that all operational, maintenance, health, safety, environmental, governance and trading performance standards were measured and reported monthly and quarterly to both the management and the Board. There was minimal evidence of any scenario simulations and/or drills. Also, the training matrix shows a lack of training courses undertaken by BWPS to ensure effective crisis management.<br>The Auditor also noted that there was no Spontaneous Ignition Crisis Management identified in the Emergency Response Plan for the pulverised coal stockpile nor has there been any simulated drills undertaken to address such crisis scenarios.<br>The Emergency Response Plan was reviewed and updated in 2025.<br>The 2025/26 HSE plan included a capability assessment of the Bluewaters' Emergency Response Team (ERT), which has been completed. Purchased ERT equipment has now arrived on site and has been distributed to the correct locations. The capability assessment identified further improvement actions and additional training was performed and supplementary equipment procured to address these actions. The site Hazard Risk assessment was reviewed to determine equipment and training requirements. Fire Warden and Chief Fire Warden training was performed in 2025.<br>A rescue drill was conducted during the U2 planned outage in October/November 2024. Bluewaters engages external emergency response team resources during periods of elevated risk such as outages to strengthen response capacity.<br>*Improvements provided to Bluewaters Power are that Bluewaters Power should:*<br>*a) Add rigour to simulated Crisis Management drills, such as scenario simulations and drills.*<br>b) *Complete a risk assessment to highlight spontaneous ignition potential of the coal stockpile.*<br>c) *Include crisis management in training courses completed by BWPS personnel.* | | |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 4.3 | 4 | Compliance with statutory and regulatory requirements. | BWPS, through its governance process had established a process whereby regulatory obligations are identified and implemented. These are reported in monthly and quarterly reports to the Board. A Compliance Register has been developed that identifies all Compliance mandates of which ERA forms part off. The previous review (March 2023) recommended that BWPS induce some rigour into the Compliance Management Process and build awareness of the compliance requirements within BWPS employees. This was evident through discussions with the key O&M staff during the site visit and review of documentation outlined that there were no non-compliances raised in this review period. Internal and external audits of this compliance processes have also been implemented to ensure compliance with statutory and regulatory requirements are always achieved. | A | 1 |
| 4.4 | 4 | Service standards (customer service levels, etc.) are measured and achieved. | There have been a few instances when a Unit outage was prioritised over power generation to meet Market demands to ensure safety was not compromised. This has impacted the Plant Availability Factor during the review period which is directly reflective of Service standards. However, BWPS needs to be commended for putting safety over profit at those instances.<br>Overall, asset performance during the review period met the target and availability and utilisation factors were slightly below target. Customer service levels through tracking of availability, reliability and utilisation factors are measured on a daily basis and reported monthly through the monthly reports to the Board. The Review confirmed that the customer service levels for availability and reliability are being achieved. Utilisation is an internal service standard.<br>When an outage occurs and Bluewaters is unable to generate; customer energy requirements are met by purchasing through the market or via bilateral agreement with another generator. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **5** | | **ASSET OPERATIONS** | | **B** | 1 |
| 5.1 | 4 | Operational policies and procedures are documented and linked to service levels required. | The Auditor sighted the Standard Operating Procedures Listing and all OEM manuals and operational procedures. These are readily accessible from the Intranet to operators and maintenance personnel. BWPS operations are well established and as such have well developed key operational systems, processes and documents to ensure service levels are achieved. The SAMP and Plant Area AMPs detail the operational performance against the targeted budget performance with all planned and unplanned outages factored in. Operating performance levels are monitored and reported regularly in monthly reports by the Station Manager.<br>The Control Room is manned 24/7 and critical alarms listed in SCADA and DCS (P1 and P2) are linked to the required service levels as determined by the Trading Team. In addition, the control room also had direct communication with AEMO.<br>Monthly reports with detailed operational parameters and performance projection on operating parameters are reviewed by the O&M team. | A | 1 |
| 5.2 | 4 | Risk management is applied to prioritise operations tasks. | BWPS has in place operational process whereby the priority of the alarms utilises the BWPS Risk Management Framework, HSEQ Management System and the defined risk appetite to determine the operational priorities. in particular, the planning of outages and probable extensions of outages. These established documents, processes and systems assist BWPS in reducing the risk of operational tasks. The Auditor's discussions on site with key operational and maintenance staff demonstrated appropriate experience and qualifications in order to understand the operational risks and prioritization of tasks to mitigate or reduce the risks to as low as practicable and maintain the safe and efficient operation of BWPS<br>The Operational Incidents Risk Register Jan 2023 to Dec 2025 was sighted. The OME Risk Register was also sighted with well-defined risk descriptions, specific details of inherent controls and risk treatment plans. Risks categorised as High or Critical are reviewed annually by the RACC in addition to the regular operational review. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | PM01 and PM02 workorders and SAP notifications are reviewed daily at the morning planning meeting, tasks and priorities are re-evaluated at that meeting. The risks are assessed and operational tasks are updated as necessary. | | |
| 5.3 | 4 | Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data. | BWPS uses the KKS system which has a unique identifier number for each asset and is recorded in SAP. During the site demonstration, utilizing the AMP system module and SAP work orders, the history of the asset in terms of its location could be traced. Within SAP, utilizing the KKS number was effective in displaying its asset condition and work order history. Also. it was demonstrated via the SAP system, the asset KKS numbers could also provide sight of upcoming maintenance works The AMP system also showed the main asset groups Asset Area Plans which provided additional information on the condition of the assets. Financial Asset registers for both 1 and 2 units of BWPS outlined Life Cycle costings of all the assets and their applicable depreciation. | A | 1 |
| 5.4 | 4 | Accounting data is documented for assets. | Assets are well documented in the monthly Financial Report provided to the Board. The financial information contained within the asset register detailed acquisition and retirement date, capital costs, depreciation rate and write-off of assets. This was utilised in the asset life cycle costing. | A | 1 |
| 5.5 | 4 | Operational costs are measured and monitored. | OME Finance Workflow (BWG-AM-GDL-006) is in place. From the operational data, CAPEX analysis, including revenue and costs were generated and presented to Management and Boards in the form of Budgeted Financial and Operating Performance Summary. Key risks and contingency funds based on the probability of occurrence are also taken into consideration when forecasting costs for following years. This CAPEX analysis included actual data, outage planning data considering statutory outage costs and projected for 5 years. The Auditor confirms to have reviewed the document outlining BWPS Proposed Budget FY 25/26 to 29/30. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 5.6 | 4 | Staff resources are adequate and staff receive training commensurate with their responsibilities. | The Review confirmed in the site visit, interviews and review of documentation that the staffing resources are adequate. PM01 and PM02 workorders and SAP notifications are reviewed daily at the morning planning meeting, task and priorities are re-evaluated at that meeting.<br>BWPS is currently implementing enhancements to its Training Management System, following the identification that the system had not been fully configured to effectively manage training records for compliance, legislative, and health and safety competencies, as outlined in the Training Management Process Workflow Diagram. These system enhancements are scheduled for completion by July 2026.<br>It was also noted that in some circumstances the business had defined a training renewal requirement that was more frequent than the recommended renewal (example every two years rather than every three years). However, it was inconsistently demonstrated that the internal renewal requirement was adhered to.<br>The Auditor noted an absence of defined and structured reporting processes to monitor compliance rates against targets (e.g. 80% compliance for First Aid) and to identify and escalate compliance issues. Monthly and annual reports showed no evidence of BWPS management actively seeking or reviewing training statistics.<br>A review of the current technical operator competency training matrix for Operations and Maintenance (O&M) personnel identified that it is being managed by the Site Management team using basic Excel spreadsheets. Based on documentation reviewed and discussions with the BWPS Training Coordinator, it is evident that the current training management and performance tracking require corrective action.<br>The insurers' external auditors (March 2025) identified key training requirements for O&M personnel. However, there is no evidence to demonstrate that these requirements have been implemented. Specifically:<br>• Emergency Response Training<br>• Fire Warden Training | B | 3 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | • Basic site-specific operator competency training<br>These requirements were either not reflected in the training matrix in Training Management System or had not been completed. In addition, no evidence was identified of refresher training being scheduled.<br>*Recommendation 1/2026*<br>*As planned, the new training management system should be implemented as soon as possible including,*<br>a) *Refresher Training Requirements: Clearly define and document refresher training requirements.*<br>b) *Training Matrix Accuracy: Ensure the training matrix is reviewed and updated to reflect accurate, current training records, including completion and expiry dates as per renewal requirements as per action a).*<br>c) *Mandatory Training and Compliance Targets: Define and document mandatory training requirements for all relevant roles, including clear compliance targets*<br>d) *Reporting and Oversight: Implement structured reporting of training compliance and performance metrics, including integration into monthly and annual reports to management and the Board. Reporting should highlight compliance against targets, identify gaps, and include clear follow-up actions and status updates.* | | |
| **6** | | **ASSET MAINTENANCE** | | **A** | **1** |
| 6.1 | 4 | Maintenance policies and procedures are documented and linked to service levels required. | Maintenance policies, procedures and activities are based on the operational requirements, OEM's recommendations are varied as per the results of condition monitoring. They are accessible to Operations and Maintenance staff and any revisions are controlled through the document control system.<br>The Asset Area Plans showed asset information, performance levels (that is the required service levels), maintenance strategy and activity. They also include any Failure Mode analysis information.<br>Within the Plant Area AMPs, reference is made to appropriate maintenance manuals and SAP planning documentation. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 6.2 | 4 | Regular inspections are undertaken of asset performance and condition. | Maintenance plans for regular inspections are included in SAP and conducted as per the frequency determined by OEM recommendations and the outcomes of condition monitoring. The results of inspections are documented and saved against SAP work orders. SCADA continuously monitored the performance of the plant. Outcomes from the maintenance routines are discussed at daily maintenance meetings and weekly engineering and technical meetings. Maintenance activities are prioritised and assigned to operations or maintenance or outages for remedial actions.<br>Maintenance and Work Order Statistics are captured in monthly reports. SAP Weekly Inspection Checklists are scanned and uploaded when completed. Condition monitoring data and trends are recorded in the Asset Performance Reports. Condition reports feed into the monthly Engineering report. Asset management plans for all critical assets have been developed and are updated annually based on their condition monitoring data.<br>For Turbines and Generators, BWPS send the data on a weekly basis to GE (T&G OEM) for their review. Instrumentation is checked on a weekly basis by the Maintenance Technician and completed checklists are uploaded for reference. External technicians are engaged to produce quarterly calibration reports. Boiler inspections are undertaken by external specialist contractors, currently ATS and previously HRL.<br>The Mid-life Strategy for the power station assets has been developed for operation until the year 2035 but it is expected to be extended further, based on current projections of the State's energy requirements. | A | 1 |
| 6.3 | 4 | Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule. | Work orders in SAP are categorised as follows:<br>PM01 – corrective/failures<br>PM02 – routine maintenance tasks<br>PM03 – not used<br>PM04 – tasks associated with equipment refurbishments<br>PM05 – tasks assigned to external resources such as contractors, OEMs<br>PM06 – tasks associated with capital projects | B | 2 |

Quantum Assurance

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | Site personnel have daily meetings to review and plan the schedules for completion each day.<br>Changes to maintenance plans are documented as per the condition monitoring and any FMECA outcomes.<br>BWPS has in place Business Continuity and Disaster Recovery Plan, Emergency Response plan, Cyber Incident Response Plan, Outage Management Plan, Mid-life Refurbishment Plan and Decommissioning Plan.<br>All maintenance activities are reported weekly and monthly. Major maintenance activities are also presented to the Board in quarterly reports. If there were any deviations from the maintenance schedule, for example delay in outages to perform major compliance and/or maintenance schedules, the site personnel carried out a risk assessment and rescheduled the maintenance activities.<br>Strategic spares are well identified in a rolling 5-year CAPEX and Strategic Spares Budget.<br>Preventative Maintenance Plans are loaded into SAP (CMMS) and the WOs were available a week and month ahead.<br>Corrective Maintenance was entered into SAP (CMMS) as required.<br>There is also an Outage Management Plan that was last revised in August 2019, although reference is made to revisit the plan every year.<br>*<u>The following improvements were provided to Bluewaters Power:</u>*<br>*Bluewaters Power should implement the following actions:*<br>a) *Work order management lacked details of scheduled hours/duration for each task and tracking actual time taken to complete the task. This information is critical to ensure effective schedule management and planning. It is recommended to maintain accurate record of scheduled versus actual time taken to complete any work order.*<br>b) *Spares Management needs to extend the inclusion of maintaining a record of scrap assets stored on site and display the next scheduled date for maintenance tasks on spare motors stored in the warehouse to ensure that they are kept in usable condition at all times.* | | |

Quantum Assurance

| **Item no.** | **Review Priority** (1 High to 5 Low) | **Component and Effectiveness Criteria** (per Audit and Review Guidelines) | **Observations and results** (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | c) *Review and update the Outage Management Plan, and ensure the Plan is reviewed biennially.* | | |
| 6.4 | 4 | Failures are analysed and operational/maintenance plans adjusted where necessary. | Failures are analysed and responded to and reported in the monthly and quarterly reports by the Engineering department and in consultation with OEM as needed.<br>Using FMECA, a root cause analysis and improvement cycle to failures was evident where defects, inspection results were fed into SAP and ongoing outage plans to assist in identifying operational and/or maintenance risks and any subsequent additional maintenance activities. Budget approval was sought and accordingly adjustments made to operational and maintenance plans.<br>*The following improvement was provided to Bluewaters Power:*<br>*It has been identified in SAMP that there is room for improvement to develop a Defect Elimination Process (DEP) with feedback reporting and associated maintenance strategy reviews into the Work Management processes.* | A | 2 |
| 6.5 | 4 | Risk management is applied to prioritise maintenance tasks. | The BSPS assets are continually monitored and inspected and the findings from these inspections are saved to the closure of the work order in SAP. It was evident that priority was given to maintenance of critical equipment as identified in the SAMP and Plant Asset AMPs. Major works were raised, assessed through Risk Assessment process and entered into the OME Risk Register. Maintenance risks that were on the OME Risk Register are also included in planned maintenance activities. Tasks were assigned either scheduled maintenance opportunities and/or planned outages. If there was to be unplanned outage, Maintenance and Engineering reviewed upcoming works and scheduled, if possible, to carry out the remedial works.<br>The Auditor has cited examples when forced outage was brought forward to address a maintenance task on a critical equipment which directly impacted BWPS through availability penalties imposed by AEMO. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 6.6 | 4 | Maintenance costs are measured and monitored. | Asset Performance Reports detailed the maintenance budgets and actual asset performance levels. Any variations due to outages are adjusted and captured in the next report. These were presented to all management and Board members. The monitoring of the maintenance costs is extensive and in-depth.<br>Outage budgets were approved 2 years in advance with rolling 5-year CAPEX and Strategic Spares reports. Maintenance costs were viewed in life cycle costing models of BWPS. Delegations of Authority were established for the approval of both OPEX and CAPEX costs. Strategic Spares were well costed and planned for. | A | 1 |
| **7** | | **ASSET MANAGEMENT INFORMATION SYSTEM** | | **A** | **1** |
| 7.1 | 5 | Adequate system documentation for users and IT operators. | The Asset Management System (AMS) comprises the following systems: SAP (CMMS), HSEQ Management System (HSE and Risk Register), AMPS (SAMP, Plant Atea AMPs), SAGE e-Pass (PTW System), Gallagher (Site Access Control), QLIK, Work Day Adaptive System and Content Manager (Document Control System). The Intranet web portal is the main platform to access all e-platforms and was available to everyone with appropriate assigned access. It was also specific to Business Units (included sub-system), for example Finance could load up documents relevant to them and have controlled access. Within each sub-system there were operating manuals and training modules.<br>There is system documentation for the use on the Intranet web portal. Documentation is maintained in Content Manager to enable version tracking.<br>Bluewaters Power has in place Information System Polices and associated IT rules, procedures and forms. | A | 1 |
| 7.2 | 4 | Input controls include appropriate verification and validation of data entered into the system. | Bluewaters Power has established robust data input, verification and data validations processes. The input controls for all systems include online validation of data input. This is supported by staff review of the information reported.<br>For example, with respect to the weekly, monthly and quarterly presentation of the information, a business improvement system called QLIK was utilised to ensure that operational, financial and maintenance information was collated to | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | accurately represent the overall asset information to all stakeholders. In addition, Bluewaters Power has implemented the Budgeting Tool "Work Day Adaptive". It was a new system that allowed efficient reporting, thereby reducing human error and providing quick analysis. This was integral for better decision-making. | | |
| 7.3 | 4 | Security access controls appear adequate, such as passwords. | Computer access is limited to staff and passwords are in place which are automatically regenerated every 30 days. The HR/IT Administrator ensures that appropriate access to relevant areas and documents is provided in consultation with the correct delegations of authority, that is the Line Manager. The power station control room is manned continuously. The DCS and its data acquisition system have tiered access protection and some checks to ensure validity of data entry. BW 1 and BW 2 DCS's are separate, both displayed in the control room, but some balance of plant was shared. Firewalls and virus protection were in place and BWPS had also in place cyber security controls and had provided cyber training to staff at least annually since 2022.<br>Cybersecurity training is renewed annually, and targeted security awareness training is conducted on an ad hoc basis, but no less than annually.<br>Privileged users undertake annual training on the risks, responsibilities, and obligations of privileged access.<br>The security access controls are documented in the Information and Systems Security Rules document. | A | 1 |
| 7.4 | 4 | Physical security access controls appear adequate. | During the site visit it was confirmed that access to the power station site is restricted through security over entrance points and monitored through an alarm system and a continuous CCTV system. Restricted access to the power station was ensured through perimeter fencing, signage and gates with password access controls. | A | 1 |
| 7.5 | 4 | Data backup procedures appear adequate and backups are tested. | The licensee confirmed that backup procedures were in place and tested.<br>Critical local systems such as SAP, Oracle, File services are backed up using an in-house system (Commvault). | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| | | | System settings of older OT assets, which cannot be virtualised, are backed up when offline. The backups are stored on a local server, which is backed up daily.<br>Cloud systems such as HSEQ Management System, are backed up by the service providers and data backed up by Bluewaters Power nightly. There is ad hoc testing of backups.<br>A SAP restore was completed in 2024 and files restores are completed as required. Historically, restore logs were kept for 90 days then overwritten. Bluewaters Power has extended this to 1,400 days from March 2026 to provide sufficient evidence of the restoration process. | | |
| 7.6 | 4 | Computations for licensee performance reporting are accurate. | The Licensee confirmed for the duration of the review period, Bluewaters Power was not required to publish or submit licence performance reporting data other than standing data for the calculation of the standing data charges.<br>Western Power metering was maintained by Western Power, generation Sent Out instrumentation monitored by control staff was understood to be from separate instrumentation.<br>Calibration of data input instrumentation is monitored through CalStation (calibration software system). Calibration certificates are maintained. | A | 1 |
| 7.7 | 4 | Management reports appear adequate for the licensee to monitor licence obligations. | Bluewaters Power provided monthly and quarterly reports to the management and Board respectively, including compliance with the license obligations. In addition, the Governance section of the Board report, identified current and impending legislation that Bluewaters Power will need to fulfil. | A | 1 |
| 7.8 | 4 | Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation. | Bluewaters Power has established policies, systems and procedures relating to access to Bluewaters data systems to ensure it is limited. This was implemented and controlled by the IT department that had in place processes to ensure appropriate delegation was approved prior to access being provided.<br>The Auditor sighted the Information and System Security Rules that include adequate measures to protect asset management data. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **8** | | **RISK MANAGEMENT** | | **A** | **1** |
| 8.1 | 4 | Risk management policies and procedures exist and are being applied to minimise internal and external risks. | Bluewaters Power has an established Risk Management Program which is applied consistently across the business to summarise each Life-Cycle Activity (LCA) associated with the various key assets. This system is monitored continuously and is updated daily if required to ensure that budgeting and cash-flow forecasting are as accurate as possible.<br>The Bluewaters Risk Management Program outlines how risks are identified, assessed and mitigated within the Business. The Business Risk Register and associated detail are maintained within the HSEQ Management System . Each Business Unit Manager is accountable for maintaining their respective business risks, mitigation strategies and treatments in accordance with the Risk Management Program.<br>The Operational Incidents Risk Register Jan 2023 to Dec 2025 was sighted. The OME Risk Register was also sighted with well-defined risk descriptions, specific details of inherent controls and risk treatment plans. Risks categorised as High or Critical are reviewed annually by the RACC in addition to the regular operational review.<br>The Risk Audit and Compliance Committee (RACC) meets quarterly and provides oversight of the risk management. | A | 1 |
| 8.2 | 4 | Risks are documented in a risk register and treatment plans are actioned and monitored. | Risks are identified and documented in the Risk Register that includes mitigation actions and monitoring.<br>The risk assessment process is documented. Treatment plans (mitigation strategies) were listed Automatic electronic reminders are sent to relevant responsible persons when risk reviews are due.<br>Identified Risks are assessed, likelihood of occurrence agreed for each quantitative and qualitative consequences to calculate inherent risk. All mitigations (in place and proposed) are then listed with a resultant residual risk. The highest residual risks are further reviewed for OPEX and CAPEX improvements. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 8.3 | 4 | Probability and consequences of asset failure are regularly assessed. | Section 3.2 – Risks of the SAMP includes a high level summary of the likelihood and consequences of asset failure. This is detailed in the Bluewaters Risk Management Program that outlines how risks are identified, assessed and mitigated within the Business. The probability and consequences of asset failure are reviewed annually. There is also daily review at the onsite meetings every morning.<br>The Business Risk Register and associated detail are maintained within the HSEQ Management System . Each Business Unit Manager is accountable for maintaining their respective business risks, mitigation strategies and treatments in accordance with the Risk Management Program. | A | 1 |
| **9** | | **CONTINGENCY PLANNING** | | **A** | **1** |
| 9.1 | 2 | Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. | As recommended in the previous review (March 2023), the Business Continuity Plan was reviewed and updated in November 2024. It includes the detailed contingency plans to cover higher risks.<br>BWPS has in place Business Continuity Plan, Emergency Response plan, Cyber Incident Response Plan, Outage Management Plan, Mid-life Refurbishment Plan and Decommissioning Plan.<br>The Emergency Response Plan was reviewed and updated in May 2025. Vertical rescue drills and an evacuation drill were completed in November 2025. Local Government Minutes of an emergency planning meeting was also sighed in the audit.<br>Bluewaters Power also provide water for firefighting activities. This was confirmed in the walkthrough on site. The reporting of the Coal Supply Chain measures is well documented and presented to the Board weekly, monthly and quarterly.•<br>The contingency plans are tested annually and were last tested in November 2025. | A | 1 |

| **Item no.** | **Review Priority** (1 High to 5 Low) | **Component and Effectiveness Criteria** (per Audit and Review Guidelines) | **Observations and results** (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| **10** | | **FINANCIAL PLANNING** | | **A** | **1** |
| 10.1 | 4 | The financial plan states the financial objectives and identifies strategies and actions to achieve those. | Finance has in place the Finance workflow which is integrated with the OME workflow and budget cycles. Financial procedures and rules are in place.<br>The Financial budget including the financial objectives, is prepared annually with a forward budget based on rolling 5 years forecast including all OPEX and CAPEX. The Auditor sighted the Capex 5 Year Plan FY25/26 to FY29/30 and the Operating Budget FY25/26 to FY29/30.<br>The financial planning process was very thorough It includes the identification and strategies to achieve the financial objectives and this is monitored by Management and shareholders representatives on a monthly basis and is reviewed by the Board on a quarterly basis. | A | 1 |
| 10.2 | 4 | The financial plan identifies the source of funds for capital expenditure and recurrent costs. | The Licensee confirmed that for the duration of the review period, all funds were sourced internally through the Syndicated Facility Agreement.<br>Financial plans and financial reports detailing Syndicated Funding arrangements are Commercial in confidence. | A | 1 |
| 10.3 | 4 | The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets). | Projections of statements of Profit and Loss and Balance Sheets are reported annually, rolling 5 year basis and life cycle cost models were updated during the audit period. It was updated using a combination of actuals and forecast revenue and costs. The statement of financial position is included in the Balance Sheets. This is reviewed by the board at their quarterly meetings. | A | 1 |
| 10.4 | 4 | The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period. | Every week, the Finance team produced weekly cash flow reports that are projected to 12 weeks and then for each month. This is then used as the basis to provide cash flow projections on a rolling 5-year basis. The Lifecycle Cost Model demonstrated generation for the power station revised annually and budget forecast for life cycle of assets. The Auditor sighted the Capital Budget FY25/26 to FY29/30 and the Operating Budget FY25/26 to FY29/30.<br>Detailed financial modelling was undertaken by the licensee for 40 years to 2049..<br>Financial modelling is run continuously to accommodate both internal and external requirements. | A | 1 |

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 10.5 | 4 | The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services. | Financial plans including weekly, monthly, quarterly, annual, 2 yearly and rolling 5 year plans included all costs associated with capital expenditure, corporate overheads, operations and maintenance of the assets.<br>The annual strategic planning process includes the annual review and update of the financial plans and projections with respect to revenue, OPEX and CAPEX.<br>Delegation of authority is in place, adjustments made and approved by the Board. | A | 1 |
| 10.6 | 4 | Large variances in actual/budget income and expenses are identified and corrective action taken where necessary. | The Licensee confirmed during the review period, financials identified variances and comparisons were made against budget where required. Reports were made to the Board and management weekly, monthly and quarterly. Any corrective action required by management or the Board is tracked and monitored at the following monthly or quarterly meetings. | A | 1 |
| **11** | | **CAPITAL EXPENDITURE PLANNING** | | **A** | **1** |
| 11.1 | 4 | There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates. | The Licensee confirmed that there was a rolling 5-year plan that listed all CAPEX activities that needed to occur and was budgeted for. Board approval was sought for first two years of the 5 year plan FY25/26 to FY29/30 in order to secure strategic spares. The CAPEX financial plan included planned and unplanned outages and half-life plant refurbishments. The Board is updated at their quarterly meetings on the progress of the CAPEX financial plan.<br>The Auditor sighted the Capex 5 Year Plan FY25/26 to FY29/30. | A | 1 |
| 11.2 | 4 | The capital expenditure plan provides reasons for capital expenditure and timing of expenditure. | Capital Expenditure is identified from operating conditions, maintenance routines and activities, condition monitoring, FMECA and inclusive of risk assessments. Risks were noted be from deterioration of equipment condition, obsolescence of equipment or improvements to provide redundancy or backup systems. Additionally, the 2025 AMPs and Plant Area AMPs outlined capital expenditure requirements. | A | 1 |

Quantum Assurance

| Item no. | Review Priority (1 High to 5 Low) | Component and Effectiveness Criteria (per Audit and Review Guidelines) | Observations and results (including any potential improvements) | Process and Policy Rating | Performance Rating |
|---|---|---|---|---|---|
| 11.3 | 4 | The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan. | Capital Expenditure is included in the Life Cycle Models and included in the forecast budgets for the preceding years. This also included Half Life refurbishment cost to 2049.<br>Asset lifecycle model provided an overview and analysis on all forecast capital expenditure requirements up until FY49 | A | 1 |
| 11.4 | 4 | There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned. | CAPEX Budgets are prepared and reported in monthly and quarterly reports with variances and response.<br>Annual updates of the CAPEX budgets with rolling 5 year projections are completed in conjunction with the strategic planning cycle. The CAPEX budgets are approved by the Board. | A | 1 |
| **12** | | **REVIEW OF ASSET MANAGEMENT SYSTEM** | | **A** | **1** |
| 12.1 | 4 | A review process is in place to ensure that the asset management plan and the asset management system described in it remain current. | As recommended in the previous review, the Gap Analysis comparing the Asset Management Plan to ISO 55000 Standard for Asset Management was completed and implementation in Workday Adaptive completed. The SAMP, and Plant Area AMPs were published in September and October 2023.<br>Section 6.4 Annual Reviews of the SAMP states that AMS documents are reviewed annually by the Asset Services Manager to ensure that operational activities align with the published strategic plan. This includes the SAMP and Plant Area AMPs.<br>The SAMP and Plant Area AMPs have been reviewed annually since September 2023 with the latest review completed in September 2025. | A | 1 |
| 12.2 | 4 | Independent reviews (e.g. internal audit) are performed of the asset management system. | As recommended in the previous review (March 2023), an independent review of the Asset Management System has been completed in April 2024 and is scheduled biennially unless an ERA audit is planned. The next review is the ERA asset management system review in March 2026. The next independent review is due by April 2028.<br>This asset management system review is being completed as required by the ERA. | A | 1 |

## 2.7 Review Recommendations

As per the Audit and Review Guidelines, recommendations from the review that were rated as process C or D and/or effectiveness of 3 or 4 are listed in the following table. Other improvements are provided direct to the Licensee.

| Table of Current Review Asset System Deficiencies and Recommendations | | | |
|---|---|---|---|
| **A. Resolved during current review period** | | | |
| **Reference** (no./year) Compliance rating | **Asset System Deficiency** (AMS Component/Effectiveness Criteria/Details) | **Auditor's Recommendation** | **Management Action taken by end of review period** |
| | Nil | | |
| **B. Unresolved during current review period** | | | |
| **Reference** (no./year) Compliance rating | **Asset System Deficiency** (AMS Component/Effectiveness Criteria/Details) | **Auditor's Recommendation** | **Management Action taken by end of audit period** |
| 1/2026<br><br>**B3** | **Asset Operations**<br>*Criteria 5.6: Staff resources are adequate and staff receive training commensurate with their responsibilities.*<br>BWPS is currently implementing enhancements to its Training Management System, following the identification that the system had not been fully configured to effectively manage training records for compliance, legislative, and health and safety competencies, as outlined in the Training Management Process Workflow Diagram. These system enhancements are scheduled for completion by July 2026.<br>It was also noted that in some circumstances the business had defined a renewal requirement that was more frequent than the recommended renewal (example every two years rather than every three years), however it was inconsistently demonstrated that the internal renewal requirement was adhered to.<br>The Auditor noted an absence of defined and structured reporting processes to monitor compliance rates against targets (e.g. 80% compliance for First Aid) and to identify and escalate compliance issues. Monthly and annual reports showed | As planned, BWPS should prioritise the implementation of the enhancement to Training Management System to strengthen training governance, compliance monitoring, and reporting. This should include:<br>a) Refresher Training Requirements: Clearly define and document refresher training requirements.<br>b) Training Matrix Accuracy: Ensure the training matrix is reviewed and updated to reflect accurate, current training records, including completion and expiry dates as per renewal requirements as per action a.<br>c) Mandatory Training and Compliance Targets: Define and document mandatory | Nil |

| Table of Current Review Asset System Deficiencies and Recommendations | | | |
|---|---|---|---|
| **A. Resolved during current review period** | | | |
| **Reference** (no./year) Compliance rating | **Asset System Deficiency** (AMS Component/Effectiveness Criteria/Details) | **Auditor's Recommendation** | **Management Action taken by end of review period** |
| | no evidence of BWPS management actively seeking or reviewing training statistics.<br>A review of the current technical operator competency training matrix for Operations and Maintenance (O&M) personnel identified that it is being managed by the Site Management team using basic Excel spreadsheets. Based on documentation reviewed and discussions with the BWPS Training Coordinator, it is evident that the current training processes and performance require corrective action.<br>The insurers external auditors (March 2025) identified key training requirements for O&M personnel. However, there is no evidence to demonstrate that these requirements have been implemented. Specifically:<br>• Emergency Response Training<br>• Fire Warden Training<br>• Basic site-specific operator competency training<br>These requirements were either not reflected in the training matrix in the Training Management System or had not been completed. In addition, no evidence was identified of refresher training being scheduled. | training requirements for all relevant roles, including clear compliance targets.<br>d) Reporting and Oversight: Implement structured reporting of training compliance and performance metrics, including integration into monthly and annual reports to management and the Board. Reporting should highlight compliance against targets, identify gaps, and include clear follow-up actions and status updates. | |

# Appendix A - Methodology

## A1. Audit and Review Approach

Our approach to meeting the requirements for the performance audit and asset management system effectiveness review is set out below.

***Audit and Review Planning***

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required).*
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes (*completed).*
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

***Fieldwork***

- Undertake a visit to the licensee and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. The on-site visit included our Engineer and was conducted on 4th February 2026. The attendees included Executive General Manager Bluewaters Operations, Asset Services Manager, Governance, Risk and Compliance Manager, Operations & Maintenance Superintendent and other onsite operational staff.
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the **Performance Audit** will include:
    - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
    - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
        - **control environment** – management's philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
        - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data, cyber security and documentation describing the information system;
        - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
        - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management's attitude towards compliance; and
        - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.

- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
  - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
  - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
  - physically inspect the key assets and infrastructure; and
  - assess the effectiveness of the processes and system in place.

***Audit and Review Reporting***

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with the licensee's management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- Issue the final report to the ERA.
- The ERA will arrange responses to the proposed actions in the Post Audit and Review Implementation Plan.

### A2. Key Documents Reviewed

| | |
|---|---|
| ***Regulatory Compliance*** | |
| o Electricity Industry Act 2004<br>o Electricity Industry (Metering Code) 2012<br>o Economic Regulation Authority (Licensing Funding) Regulations 2014<br>o Electricity Compliance Reporting Manual (February 2023 | o Electricity Generation Licence EGL04<br>o Electricity Generation Licence EGL17<br>o Operating Area Map (ERA-EL-090A)<br>o Operating Area Map (ERA-EL-069B) |
| ***Performance Audit*** | |
| o Compliance Register<br>o ERA Invoices and payment<br>o Risk Register<br>o FY2025 Financial Statements<br>o BW1 Network Access Agreement<br>o Incident Register<br>o PPA, ETAC and NAA Agreements | o Compliance Reports to the ERA for 2022/23, 2023/24 and 2024/2025, and acknowledgment of receipt.<br>o Performance Data Sheets to ERA for 2022/23, 2023/24 and 2024/25 |
| ***Asset Management System Review*** | |
| **Asset Planning**<br>o Asset Management Policy<br>o Asset Management Manual<br>o Strategic Asset Management Plan<br>o Plant Area: Asset Management Plans<br>o Asset Management Manual | o Strategy Management Plan for CUI<br>o BGM PPA Agreement<br>o Document Framework<br>o Delegation of Authority Policy<br>o Customer Agreements |

| | |
|---|---|
| **Asset Creation/Acquisition**<br>○ Asset Management Manual | **Asset Disposal**<br>○ Asset Management Manual<br>○ Preliminary Decommissioning Plan<br>○ OME Procurement Workflow |
| **Operating Environment**<br>○ Asset Management Manual<br>○ Compliance Register Extract Environmental<br>○ BWPS Health and Safety Management Plan<br>○ OHS Committee Meeting Minutes (example)<br>○ Environmental Reporting Annual Summary<br>○ Collection and Dispatch of Oil samples to Oil Lab. Procedure<br>○ Lube Oil Sampling for Critical Equipment Plan<br>○ Vibration Analysis Plan for Plant Critical Equipment<br>○ BW2 – 5c Licence<br>○ Dangerous Goods Site Licence<br>○ Poison Permit BWPS<br>○ CEMS Weekly Verification and Calibration Results Check Sheet<br>○ Coal Conveyor Weekly Inspection and Minor Maintenance Checklist<br>○ Cooling Tower Fan Installation Check Sheet<br>○ Emergency Response Trailer Preventative Maintenance Check Sheet<br>○ Monthly Sootblower In-Service Inspection Check Sheet<br>○ Coal Supply Agreement<br>○ Deed of Amendment to increase to 217 MW | **Asset Operations and Maintenance**<br>○ BWPS Organisation Chart<br>○ Standard Operating Procedures<br>○ LCA Master Maintenance Routines<br>○ O&M Agreement<br>○ OME Procurement Workflow<br>○ OME Compliance Workflow<br>○ Site Meeting Guidelines<br>○ Site Management Meeting Minutes (example)<br>○ Admin. Meeting Minutes (example)<br>○ Engineering Meeting Minutes (example)<br>○ O&M Meeting Minutes (example)<br>○ Asset Listing<br>○ Management of Change Workflow<br>○ Purchasing Process Map<br>○ BW1 Form 388 FY2025<br>○ BW2 Form 388 FY2025<br>○ Operational Incident Register (extract)<br>○ Plant Operation Procedure Training Presentation<br>○ BWP Training Management Process |
| **Asset Creation/Acquisition**<br>○ Bluewaters 5 Year Capex Power Station<br>○ BWPS 2024-2029 Annual Strategic Plan<br>○ Planned Outage Management Plan Workflow<br>○ OME Procurement Workflow | **Asset Management Information System**<br>○ Information and System Security Rules<br><br>**Risk Management**<br>○ Risk Register<br>○ Compliance Register (extract) |
| **Contingency Planning**<br>○ Emergency Response Plan<br>○ Business Continuity Plan<br>○ Outage Management Plan<br>○ LEMA General Plan<br>○ LEMC Shire of Collie Minutes 21 May 2025<br>○ Cyber Incident Response Plan<br><br>**Capital Expenditure Planning**<br>○ Bluewaters 5 Year Capex Power Station<br>○ BWPS 2024-2029 Annual Strategic Plan | **Financial Planning**<br>○ Bluewaters Power Operating Budget (OPEX) 2024-2029<br>○ Bluewaters Power Operating Budget (OPEX) 2023-2028<br>○ 2025-26 Budgets and Presentation to the Board<br>○ Bluewaters FY2025 Strategic Plan and Budget<br>○ Planned Outage Budget Forecast Analysis (Rev. 20250107)<br>○ Consolidated Operating Budget 2025-2030<br>○ Deed of Amendment to the ETAC<br>○ Electricity Transfer Access Agreement |

## A3. Key Contacts

The licensee's representatives participating in the audit were:

| Name | Role |
|---|---|
| | Executive General Manager Bluewaters Operations |
| | Asset Services Manager |
| | GM IT & Governance |
| | Procurement, Admin & Inventory Manager |
| | COO Bluewaters |
| | GM Finance & Accounting, Bluewaters |
| | Operations & Maintenance Manager |
| | Outage Manager |
| | Cyber & Infrastructure Manager |
| | Engineering Manager |
| | Regulatory & Commercial Manager |
| | Governance, Risk and Compliance Manager |
| | Senior Health and Safety Advisor |
| | EGM Trading Commercial & Regulatory |
| | Development & IT Operations Manager |
| | Operations & Maintenance Superintendent |

## A4. Consultants

| Name and Position | Budget Hours |
|---|---|
| Geoff White - Director | 40 |
| Susan Smith – Manager | 60 |
| Tanuja Sanders – Technical Director | 60 |
| **TOTAL HOURS** | **160** |

End of Report