

# **Merredin Solar Farm Nominee Pty Ltd**

Electricity Generation Licence (EGL28)  
2021 Performance Audit

Final report

17 September 2021



ASSURANCE  
ADVISORY  
GROUP

Level 11, 251 Adelaide Terrace  
PERTH WA 6000

17 September 2021

Mr Stephen Brass  
Operations and Maintenance Manager  
Merredin Solar Farm  
c/- Risen Energy (Australia) Pty Ltd  
4 Clunies Ross Court  
Eight Mile Plains, QLD 4113

Dear Mr Brass

**Electricity Generation Licence (EGL28) – 2021 Performance audit report**

We have completed the Electricity Generation Licence Performance Audit for Merredin Solar Farm Nominee Pty Ltd for the period 19 December 2017 to 30 April 2021 and are pleased to submit our report to you.

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

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin at [abaldwin@assuranceadvisory.com.au](mailto:abaldwin@assuranceadvisory.com.au) or myself at [slinden@assuranceadvisory.com.au](mailto:slinden@assuranceadvisory.com.au).

Yours sincerely

**Assurance Advisory Group**

**Stephen Linden**

**Director**

[www.assuranceadvisory.com.au](http://www.assuranceadvisory.com.au)

# Table of Contents

|                                                                                      |    |
|--------------------------------------------------------------------------------------|----|
| 1. Independent assurance practitioner's report.....                                  | 4  |
| 2. Executive Summary .....                                                           | 7  |
| 3. Summary of Ratings.....                                                           | 13 |
| 4. Detailed findings, recommendations and action plans .....                         | 15 |
| 5. Status of recommendations addressing non-compliances from the previous audit..... | 26 |
| Appendix A - Audit Plan .....                                                        | 27 |
| Appendix B - References.....                                                         | 28 |

# 1. Independent assurance practitioner's report

## Modified opinion

We have undertaken a reasonable assurance engagement on Merredin Solar Farm Nominee Pty Ltd's (MSF) compliance, in all material respects, with the conditions of its Electricity Generation Licence (EGL 28) (the **Licence**) and relevant legislative obligations for the period 19 December 2017 to 30 April 2021. Our evaluation was made against the licence obligations listed in the June 2020 Electricity Compliance Reporting Manual and in accordance with the Economic Regulation Authority's (the **ERA**) March 2019 Audit and Review Guidelines: Electricity and Gas Licences (the **Guidelines**).

In our opinion, based on the procedures we have performed and the evidence we have obtained, except for the effects of the matters described in the Basis for modified opinion paragraph below, MSF has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 19 December 2017 to 30 April 2021.

## Basis for modified opinion

During the period 19 December 2017 to 30 April 2021, MSF did not comply with applicable licence obligations as outlined below:

| Reporting Manual number and Licence obligation                                                                                                                                                                                                                                                                                                                                                                                    | Description                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 103 <b>Electricity Industry Act Section 14(1)(b)</b><br><i>A licensee must notify details of the asset management system and any substantial changes to it to the ERA.</i>                                                                                                                                                                                                                                                        | MSF had not recognised this obligation until the time of this audit and was therefore non-compliant until 5 July 2021.                                   |
| 105 <b>Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</b><br><i>A licensee must pay the prescribed licence fees to the ERA within one month after the day of grant or renewal of its licence and within one month after each anniversary of that day over the term of the licence according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014</i> | MSF did not pay the licence fee due on 18 January 2019 by the due date.                                                                                  |
| 119 <b>Licence condition 4.3.1</b><br><i>A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.</i>                                                                                                                                                                                    | MSF Financial Reports and Financial Statements do not include sufficient information to demonstrate compliance with the Australian Accounting Standards. |
| 123 <b>Licence condition 4.4.1</b><br><i>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.</i>                                                                                                                              | MSF did not notify the ERA of the change in address and contact details (due to change in ownership in December 2018) within the prescribed timeframe.   |

| Reporting Manual number and Licence obligation |                                                                                                                                                                                                                            | Description                                                                         |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 124                                            | <b><i>Licence condition 4.5.1</i></b><br><i>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.</i> | MSF did not submit the 2019/20 compliance report by the due date of 31 August 2020. |

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements (ASAE 3100)* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **MSF's responsibility for compliance with the conditions of the Licence**

MSF is responsible for:

- Compliance with the Licences as evaluated against the conditions within the Licence, for the period 19 December 2017 to 30 April 2021
- Identifying risks that threaten the conditions within the Licence identified above being met
- Identifying suitable compliance requirements as specified by the ERA
- Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance.

### **Our independence and quality control**

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

### **Our responsibilities**

Our responsibility is to express an opinion on MSF's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period 19 December 2017 to 30 April 2021. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether MSF has complied, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 19 December 2017 to 30 April 2021.

A reasonable assurance engagement in accordance with ASAE 3100, to report on MSF's compliance with the licence obligations as evaluated against its Licence Conditions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the conditions within the Licence. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the licence obligations as evaluated against its Licence Conditions.

Our procedures included:

- Utilising the Audit Guidelines and the June 2020 Electricity Compliance Reporting Manual (the **Reporting Manual**) as a guide for development of a risk assessment and document review to assess controls

- Development of an Audit Plan for approval by the ERA and an associated work program, set out in Appendix A
- Interviews with and representations from relevant MSF representatives to gain an understanding of process controls
- Review of documents and walkthrough of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations
- Sample testing where relevant for obligations rated as an audit priority 3 and above in the approved Audit Plan.

### **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 compliance requirements may occur and not be detected.

A reasonable assurance engagement relating to the period from 19 December 2017 to 30 April 2021 does not provide assurance on whether compliance with the Licence will continue in the future.

### **Restricted use**

This report has been prepared for use by MSF for the purpose of satisfying its obligation under Section 13 of the Electricity Industry Act 2004. We disclaim any assumption of responsibility for any reliance on this report to any person other than MSF, or for any other purpose other than that for which it was prepared. We understand that a copy of the report will be provided to the ERA for the purpose of reporting on the performance audit for the Licence. We agree that a copy of this report will be given to the ERA in connection with this purpose, however we accept no responsibility to the ERA or to anyone who is provided with or obtains a copy of our report.

### **Assurance Advisory Group**

**Stephen Linden**  
**Director**

17 September 2021

## 2. Executive Summary

### 2.1 Introduction and Background

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Merredin Solar Farm Nominee Pty Ltd (**MSF**) an Electricity Generation Licence (EGL28) (the **Licence**).

The Licence relates to Merredin Solar Farm operating the 132MWdc solar farm approximately 260 kms east of Perth and delivering electricity into the South West Interconnected System (SWIS) via the Western Power Merredin Terminal Substation at 220kV. In December 2018, there was a change in ownership of MSF from Ingenious Australian Solar Limited to Risen Energy (Australia) Pty Ltd (**Risen Energy**).

Section 13 of the Act requires Merredin Solar Farm to provide to the ERA a performance audit (the audit) conducted by an independent expert acceptable to the ERA within 24 months after the commencement date, and every 24 months thereafter, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 19 December 2017 to 30 April 2021 (**audit period**).

The audit has been conducted in accordance with the ERA's March 2019 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**).

### 2.2 Observations

In considering MSF's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed that:

- As a fully owned subsidiary of Risen Energy, all of MSF's processes and arrangements for managing its electricity generation licence obligations are provided by Risen Energy
- Through its contractual arrangements with Western Power, MSF has limited obligations in relation to the relevant requirements of the Metering Code
- Although MSF's compliance arrangements have been and will continue to be relatively simple, this audit process has assisted to identify where those arrangements need to further mature
- In response to several compliance breaches resulting from administrative oversights, MSF has implemented steps to recognise future obligations and to allocate responsibility to designated staff for ensuring its compliance with its obligations, particularly those with specified due dates.

### 2.3 Findings

The following tables summarise the assessments made during the audit on MSF's compliance and the adequacy of controls in place for MSF to manage its compliance with the relevant obligations or conditions of the Licence.

Table 1 sets out the rating scale defined by the ERA in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, MSF was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

Table 1: Control adequacy and compliance rating scale

| 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    |
| N/P             | Not performed – A controls rating was not required     | N/R               | Not rated – No activity took place during the audit period    |

**Table 5** at section 3 of this report provides further detail on the controls and compliance rating scales. The above rating scale is defined by the Audit Guidelines.

Table 2: Summary of findings, by **compliance and controls ratings**

|                 |       | Compliance rating |   |   |   |     |       |
|-----------------|-------|-------------------|---|---|---|-----|-------|
|                 |       | 1                 | 2 | 3 | 4 | N/R | Total |
| Controls rating | A     |                   |   |   |   |     |       |
|                 | B     | 1                 | 1 |   |   |     | 2     |
|                 | C     |                   | 4 |   |   |     | 4     |
|                 | D     |                   |   |   |   |     |       |
|                 | N/P   | 8                 |   |   |   | 28  | 36    |
|                 | Total | 9                 | 5 |   |   | 28  | 42    |

Table 3: Summary of findings, by **audit priority and controls rating**

| Audit Priority | Controls rating |   |   |   |     | Total |
|----------------|-----------------|---|---|---|-----|-------|
|                | A               | B | C | D | N/P |       |
| Priority 1     |                 |   |   |   |     |       |
| Priority 2     |                 |   |   |   |     |       |
| Priority 3     |                 |   | 1 |   |     | 1     |
| Priority 4     |                 | 2 | 3 |   | 24  | 29    |
| Priority 5     |                 |   |   |   | 12  | 12    |
| Total          |                 | 2 | 4 |   | 36  | 42    |

Table 4: Summary of findings, by audit priority and compliance rating

| Audit Priority | Compliance rating |          |   |   |           | Total     |
|----------------|-------------------|----------|---|---|-----------|-----------|
|                | 1                 | 2        | 3 | 4 | N/R       |           |
| Priority 1     |                   |          |   |   |           |           |
| Priority 2     |                   |          |   |   |           |           |
| Priority 3     |                   | 1        |   |   |           | 1         |
| Priority 4     | 7                 | 4        |   |   | 18        | 29        |
| Priority 5     | 2                 |          |   |   | 10        | 12        |
| <b>Total</b>   | <b>9</b>          | <b>5</b> |   |   | <b>28</b> | <b>42</b> |

Note that, in accordance with the Audit Guidelines:

- Obligations assessed as being “not applicable” to MSF’s operations have not been included within this report
- A control rating is only provided for those obligations with a Priority 1, 2 or 3 rating, where an obligation is assessed as non-compliant, or where a control improvement opportunity is identified.

Specific assessments for each Licence obligation are summarised at Table 5 in the “Summary of findings” section of this report.

Detailed findings, including relevant observations, recommendations and action plans are located in section 4 “Detailed findings, recommendations and action plans”.

## 2.4 MSF’s response to previous audit recommendations

As this is MSF’s first performance audit, there are no previous audit recommendations.

## 2.5 Current audit non-compliances, recommendations and action plans

### A. Resolved during current audit period

Not applicable.

B. Unresolved at end of current audit period

| Reference<br>(no./year) | Non-compliance / Controls improvement<br>(Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Auditor's<br>recommendation                                                                                                                                                                                                                     | Action taken |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1/2021                  | <p><b>C2</b></p> <p><u>Obligation 103 - Electricity Industry Act Section 14(1)(b)</u></p> <p>At the commencement of this audit, MSF had not notified details of its AMS to the ERA as required by Electricity Industry Act Section 14 (1)(b) and therefore was non-compliant with this obligation.</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised this obligation until the time of this audit and did not have a mechanism in place to ensure it recognised and dealt with licence compliance obligations in a proactive manner.</p> <p>The Operations and Maintenance Manager notified details of MSF's asset management system to the ERA on 5 July 2021.</p> <p><u>Obligation 105 Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</u></p> <p>MSF did not pay its Annual Licence Charge due on 18 January 2019 (i.e. one month after the anniversary of the grant of the licence) by the due date.</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised the specific obligation to ensure licence fees are paid within one month of the licence anniversary, instead MSF relied on its accounts payable processes following receipt of an invoice from the ERA.</p> <p><u>Obligation 123 – Licence condition 4.4.1</u></p> <p>Licence condition 4.4.1 requires MSF to report to the ERA within prescribed timeframes:</p> <p>(c) Any change in the Licensee's name, ABN or address (within 10 business days of the change occurring).</p> <p>Due to the change in ownership to Risen Energy (Australia) Pty Ltd, MSF's address and contact details changed in December 2018. However the ERA was not notified of the change until February 2019, which did not meet the 10-business day requirement.</p> <p><u>Obligation 124 – Licence condition 4.5.1</u></p> <p>We observed that in accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MSF did not submit the 2019/20 compliance report by the due date of 31 August 2020</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF has not implemented an effective mechanism in place to ensure it recognises and deals with licence compliance obligations in a proactive manner.</p> | MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff. | n/a          |
|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                 |              |

| Reference<br>(no./year) | Non-compliance / Controls improvement<br>(Rating / Licence obligation reference number and licence obligation / Details of<br>noncompliance or inadequacy of controls)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Auditor's<br>recommendation                                                                                                                                      | Action taken |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 2/2021                  | <p><b>B2</b></p> <p><i>Obligation 119 - Licence condition 4.3.1</i></p> <p>Our examination of the Financial Reports and Financial Statements for the period ending 20 December 2018, the year ending 30 June 2019 and the six months ending 31 December 2020 concluded that these special purpose financial statements do not include sufficient information to demonstrate compliance with the Australian Accounting Standards Board Standards. In particular, Note 1 Basis of preparation to the Financial Statements state that the financial statements "...do not comply with any Australian Accounting Standards unless otherwise stated", for which no exceptions are stated.</p> | MSF reconsider its approach for preparing financial statements that comply with the requirement to maintain accounting records in accordance with the Standards. |              |

## 2.6 Scope and objectives

We have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, MSF has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated May 2021) during the period 19 December 2017 to 30 April 2021.

Our engagement was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board and provides reasonable assurance as defined in ASAE 3100. The procedures we performed are described in more detail in section 2.7 below.

A reasonable assurance engagement in accordance with ASAE 3100 involves performing procedures to obtain evidence about the compliance with the conditions of the Licence. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in compliance with the conditions of the Licence. In making those risk assessments, we considered internal controls in relation to compliance with the conditions of the Licence.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

The ERA has summarised the requirements of the applicable legislation that it expects to be reported upon and included in the scope of this audit in its June 2020 Electricity Compliance Reporting Manual.

The Audit Plan approved by the ERA for this audit sets out MSF's Licence obligations confirmed to be included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation.

## 2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period May to June 2021:

- Utilising the Guidelines and Reporting Manuals as a guide, developed a risk assessment, which involved discussions with key staff and document review to assess controls
- Developed an Audit Plan (see Appendix A) for approval by the ERA and an associated work program
- Interviewed relevant MSF representatives to gain understanding of process controls (see Appendix B for staff involved)
- Reviewed relevant documentation and walked through processes and controls to assess overall compliance and effectiveness in accordance with Licence obligations (see Appendix B for reference listing)
- Sample tested relevant obligations (assessed as an audit priority 3) and where there was relevant activity, determine whether transactions complied with the requirements of the obligation
- Reported findings to MSF for review and response.

### 3. Summary of Ratings

Table 1 in section 2 above sets out the rating scale defined by the ERA in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, MSF was required to demonstrate it has maintained effective processes and controls, which facilitate compliance with relevant obligations.

The remainder of this report provides:

- A summary of the findings for the compliance obligations (at Table 5 below)
- Detailed findings, including relevant observations and recommendations (at Section 4).

**Table 5: Compliance Ratings**

Refer to Detailed Findings at Section 4 and Audit Plan at Appendix A for descriptions of the obligations. Note that detailed findings are not presented for those obligations assessed to be not applicable to MSF's operations for the period subject to audit - refer to the Audit Plan at Appendix A for further explanation.

| No                                                                         | Obligation reference                                    | Audit Priority | Controls rating |   |   |   |     | Compliance rating |   |   |   |     |
|----------------------------------------------------------------------------|---------------------------------------------------------|----------------|-----------------|---|---|---|-----|-------------------|---|---|---|-----|
|                                                                            |                                                         |                | A               | B | C | D | N/P | 1                 | 2 | 3 | 4 | N/R |
| 12 Electricity Industry Act - Licence Conditions and Obligations           |                                                         |                |                 |   |   |   |     |                   |   |   |   |     |
| 101                                                                        | Section 13(1)                                           | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 102                                                                        | Section 14(1)(a)                                        | Priority 5     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 103                                                                        | Section 14(1)(b)                                        | Priority 4     |                 |   | C |   |     |                   | 2 |   |   |     |
| 104                                                                        | Section 14(1)(c)                                        | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 105                                                                        | Section 17(1); ERA (Licensing Funding) Regulations 2014 | Priority 4     |                 |   | C |   |     |                   | 2 |   |   |     |
| 106                                                                        | Section 31(3)                                           | Priority 4     |                 | B |   |   |     | 1                 |   |   |   |     |
| 107                                                                        | Section 41(6)                                           | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 13 Electricity Licences – Licence Conditions and Obligations               |                                                         |                |                 |   |   |   |     |                   |   |   |   |     |
| 119                                                                        | Licence condition 4.3.1                                 | Priority 4     |                 | B |   |   |     |                   | 2 |   |   |     |
| 120                                                                        | Licence condition 5.2.4                                 | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 121                                                                        | Licence condition 5.3.2                                 | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 122                                                                        | Licence condition 5.1.5                                 | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 123                                                                        | Licence condition 4.4.1                                 | Priority 4     |                 |   | C |   |     |                   | 2 |   |   |     |
| 124                                                                        | Licence condition 4.5.1                                 | Priority 3     |                 |   | C |   |     |                   | 2 |   |   |     |
| 125                                                                        | Licence condition 3.8.1, 3.8.2                          | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 126                                                                        | Licence condition 3.7.1                                 | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 14 Electricity Industry Metering Code – Licence Conditions and Obligations |                                                         |                |                 |   |   |   |     |                   |   |   |   |     |
| 324                                                                        | Clause 3.3B                                             | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 339                                                                        | Clause 3.11(3)                                          | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 371                                                                        | Clause 4.4(1)                                           | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 372                                                                        | Clause 4.5(1)                                           | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 373                                                                        | Clause 4.5(2)                                           | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 388                                                                        | Clause 5.4(2)                                           | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |

| No  | Obligation reference | Audit Priority | Controls rating |   |   |   |     | Compliance rating |   |   |   |     |
|-----|----------------------|----------------|-----------------|---|---|---|-----|-------------------|---|---|---|-----|
|     |                      |                | A               | B | C | D | N/P | 1                 | 2 | 3 | 4 | N/R |
| 401 | Clause 5.16          | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 402 | Clause 5.17(1)       | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 405 | Clause 5.18          | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 406 | Clause 5.19(1)       | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 407 | Clause 5.19(2)       | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 408 | Clause 5.19(3)       | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 410 | Clause 5.19(6)       | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 416 | Clause 5.21(5)       | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 417 | Clause 5.21(6)       | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 435 | Clause 5.27          | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 448 | Clause 6.1(2)        | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 451 | Clause 7.2(1)        | Priority 5     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 453 | Clause 7.2(4)        | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 454 | Clause 7.2(5)        | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 455 | Clause 7.5           | Priority 4     |                 |   |   |   | N/P | 1                 |   |   |   |     |
| 456 | Clause 7.6(1)        | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 457 | Clause 8.1(1)        | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 458 | Clause 8.1(2)        | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 459 | Clause 8.1(3)        | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 460 | Clause 8.1(4)        | Priority 4     |                 |   |   |   | N/P |                   |   |   |   | N/R |
| 461 | Clause 8.3(2)        | Priority 5     |                 |   |   |   | N/P |                   |   |   |   | N/R |

## 4. Detailed findings, recommendations and action plans

This section has been structured in subsections for the relevant Codes and Regulations against which we assessed MSF's compliance. The sections are:

- 4.1: Electricity Industry Act – Licence Conditions and Obligations
- 4.2 Electricity Licences – Licence Conditions and Obligations
- 4.3 Electricity Industry Metering Code – Licence Conditions and Obligations.

Each section contains:

- **Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of MSF's compliance with the applicable obligations
- **Findings** – the auditor's understanding of the process and any issues that have been identified during the audit
- **Recommendations (if any)** – for improvement or enhancement of the process or control (note that no recommendations are made for this audit).

The compliance and control adequacy ratings have been summarised below for each sub-section.

| Controls adequacy rating                      |          |          |   |           |           | Compliance rating |          |   |   |           |           |
|-----------------------------------------------|----------|----------|---|-----------|-----------|-------------------|----------|---|---|-----------|-----------|
| A                                             | B        | C        | D | NP        | Total     | 1                 | 2        | 3 | 4 | NR        | Total     |
| <b>4.1 Electricity Industry Act</b>           |          |          |   |           |           |                   |          |   |   |           |           |
|                                               | 1        | 2        |   | 4         | <b>7</b>  | 3                 | 2        |   |   | 2         | <b>7</b>  |
| <b>4.2 Electricity Licences</b>               |          |          |   |           |           |                   |          |   |   |           |           |
|                                               | 1        | 2        |   | 5         | <b>8</b>  | 2                 | 3        |   |   | 3         | <b>8</b>  |
| <b>4.3 Electricity Industry Metering Code</b> |          |          |   |           |           |                   |          |   |   |           |           |
|                                               |          |          |   | 27        | <b>27</b> | 4                 |          |   |   | 23        | <b>27</b> |
|                                               | <b>2</b> | <b>4</b> |   | <b>36</b> | <b>42</b> | <b>9</b>          | <b>5</b> |   |   | <b>28</b> | <b>42</b> |

#### 4.1 Electricity Industry Act – Licence Conditions and Obligations

| No  | Obligation under Condition                                                                                                                                                                                                                         |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 101 | 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.<br><i>Electricity Industry Act Section 13(1)</i>                                            |                      |                        | With the ERA's approval, Assurance Advisory Group (AAG) was appointed to undertake MSF's first Performance Audit for the period 19 December 2017 to 30 April 2021. Accordingly, MSF did not have any obligation to conduct a performance audit prior to 30 April 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     | Priority 4                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 102 | A licensee must provide for an asset management system.<br><i>Electricity Industry Act Section 14(1)(a)</i>                                                                                                                                        |                      |                        | Through discussion with the Operations and Maintenance Manager and Lead Technician, and consideration of MSF's asset management system in operation during the period to 30 April 2021, we determined that MSF had provided for an asset management system from the time of the facility's commissioning in April 2020.<br><br>The EGL28 2021 Asset Management System Review report provides further detail on the effectiveness of MSF's asset management system during the period to 30 April 2021.                                                                                                                                                                                                                                                                                                                                                                                                                           |
|     | Priority 5                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 103 | A licensee must notify details of the asset management system and any substantial changes to it to the ERA.<br><i>Electricity Industry Act Section 14(1)(b)</i>                                                                                    |                      |                        | At the commencement of this audit, MSF had not notified details of its AMS to the ERA as required by Electricity Industry Act Section 14 (1)(b) and therefore was non-compliant with this obligation.<br><br>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised this obligation until the time of this audit and did not have a mechanism in place to ensure it recognised and dealt with licence compliance obligations in a proactive manner.<br><br>The Operations and Maintenance Manager notified details of MSF's asset management system to the ERA on 5 July 2021.<br><br><b>Recommendation 1/2021</b><br><i>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i> |
|     | Priority 4                                                                                                                                                                                                                                         | Controls rating: C   | Compliance rating: 2   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 104 | 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.<br><i>Electricity Industry Act Section 14(1)(c)</i> |                      |                        | With the ERA's approval, AAG was appointed to undertake MSF's first Asset Management System Review for the period 19 December 2017 to 30 April 2021. Accordingly, MSF did not have any obligation to provide the ERA with a report on the effectiveness of its asset management system prior to 30 April 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|     | Priority 5                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                     |                      |                      | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 105 | <p>A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i>.</p> <p><i>Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</i></p>             |                      |                      | <p>MSF did not pay its Annual Licence Charge due on 18 January 2019 (i.e. one month after the anniversary of the grant of the licence) by the due date.</p> <p>We sighted evidence of the Annual Licence Charge paid before the due date of 18 January 2021.</p> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised the specific obligation to ensure licence fees are paid within one month of the licence anniversary, instead MSF relied on its accounts payable processes following receipt of an invoice from the ERA.</p> <p><b>Recommendation 1/2021</b></p> <p><i>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p>                                                                                                                                                                                                                                      |
|     | Priority 4                                                                                                                                                                                                                                                                                     | Controls rating: C   | Compliance rating: 2 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 106 | <p>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.</p> <p><i>Electricity Industry Act Section 31(3)</i></p> |                      |                      | <p>Through discussion with the Operations and Maintenance Manager, MSF and consideration of the contingency planning and business continuity processes established by MSF to accommodate the MFC facility, we observed that:</p> <ul style="list-style-type: none"> <li>A key objective of the MSF operations is to maintain the facility's availability and to maximise the supply of electricity. This objective provides the direct incentive to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity</li> <li>MSF has appropriate maintenance, emergency response and contingency planning systems and procedures in place to reasonably provide for and manage unplanned events, including emergencies or equipment failures.</li> </ul> <p>We observed that the nature of MSF's operations presents a lone worker risk, which may impact on the duration of an interruption in the event of a serious incident involving the Lead Technician. We raised this matter with MSF staff as a potential improvement opportunity for minimising that lone worker risk.</p> |
|     | Priority 4                                                                                                                                                                                                                                                                                     | Controls rating: B   | Compliance rating: 1 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 107 | <p>A licensee must pay the costs of taking an interest in land or an easement over land.</p> <p><i>Electricity Industry Act Section 41(6)</i></p>                                                                                                                                              |                      |                      | <p>Through discussion with the Operations and Maintenance Manager, MSF and examination of supporting documentation, we determined that MSF:</p> <ul style="list-style-type: none"> <li>Entered into a lease agreement with the landowner for the use of the site for the purposes of generating solar power</li> <li>Appropriately paid the associated lease fees.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|     | Priority 4                                                                                                                                                                                                                                                                                     | Controls rating: N/P | Compliance rating: 1 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## 4.2 Electricity Licences – Licence Conditions and Obligations

| No  | Obligation under Condition                                                                                                                                                                                                          |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 119 | 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.<br><i>Licence condition 4.3.1</i> |                      |                        | MSF prepares special purpose financial statements. We sighted Financial Reports and Financial Statements for the period ending 20 December 2018, the year ending 30 June 2019 and the six months ending 31 December 2020.<br><br>Our examination of these special purpose financial statements concluded that the financial statements do not include sufficient information to demonstrate compliance with the Australian Accounting Standards Board Standards (the <b>Standards</b> ). In particular, Note 1 <i>Basis of preparation</i> to the Financial Statements state that the financial statements “...do not comply with any Australian Accounting Standards unless otherwise stated”, for which no exceptions are stated. We note that the Directors’ Declaration for the year ended 30 June 2020 includes a statement that the financial statements and notes are in accordance with the Corporation’s Act 2001 and “comply with Accounting Standards, which, as stated in basis of preparation Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards”.<br><br>Clarification is required on how MSFs financial statements are to be modified to demonstrate compliance with the requirement of Licence condition 4.3.1. for accounting records to be maintained in accordance with the Standards.<br><br><b>Recommendation 2/2021</b><br><i>MSF reconsider its approach for preparing financial statements that comply with the requirement to maintain accounting records in accordance with the Standards.</i> |
|     | Priority 4                                                                                                                                                                                                                          | Controls rating: B   | Compliance rating: 2   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 120 | A licensee must comply with any individual performance standards prescribed by the ERA.<br><i>Licence condition 5.2.4</i>                                                                                                           |                      |                        | The Operations and Maintenance Manager, MSF confirmed that, for the period 19 December 2017 to 30 April 2021, MSF was not prescribed individual performance standards by the ERA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|     | Priority 4                                                                                                                                                                                                                          | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 121 | A licensee must comply, and require its auditor to comply, with the ERA’s standard audit guidelines for a performance audit.<br><i>Licence condition 5.3.2</i>                                                                      |                      |                        | <b>Obligations 121 and 122</b><br><br>With the ERA’s approval, AAG was appointed to undertake MSF’s first performance audit and asset management system review for the period 19 December 2017 to 30 April 2021. Accordingly, MSF did not have any obligation to conduct a performance audit or asset management system review prior to 30 April 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|     | Priority 4                                                                                                                                                                                                                          | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 122 | 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.<br><i>Licence condition 5.1.5</i>                 |                      |                        | Note that for the 2021 performance audit and asset management system review, the audit and review plans approved by the ERA on 22 March 2021 commit MSF and AAG (auditor and expert) to complying with the prescribed audit and review guidelines and reporting manual issued by the ERA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|     | Priority 4                                                                                                                                                                                                                          | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                           | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                      |  |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--|
| 123 | <p>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.</p> <p><i>Licence condition 4.4.1</i></p> | <p>Licence condition 4.4.1 requires MSF to report to the ERA within prescribed timeframes any of the following:</p> <ul style="list-style-type: none"> <li>(a) If MSF was under external administration</li> <li>(b) Any change in MSF's corporate, financial or technical circumstances in which the Licence was granted, and if that change materially affected MSF's ability to meet its obligations</li> <li>(c) Any change in the Licensee's name, ABN or address (within 10 business days of the change occurring).</li> </ul> <p>The Operations and Maintenance Manager, MSF confirmed that during the audit period that MSF owned the facility, MSF has not:</p> <ul style="list-style-type: none"> <li>• Been under external administration</li> <li>• Undergone any significant change in its corporate, financial or technical circumstances upon which the licence was granted which may affect its ability to meet its obligations (including any change to its nameplate capacity). We note that the change in ownership during the audit period did not affect MSF's ability to meet its obligations</li> </ul> <p>Due to the change in ownership to Risen Energy (Australia) Pty Ltd, MSF's address and contact details changed in December 2018. However the ERA was not notified of the change until February 2019, which did not meet the 10-business day requirement.</p> <p><b>Recommendation 1/2021</b></p> <p><i>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p> |                      |  |
|     | Priority 4                                                                                                                                                                                                                                                                                           | Controls rating: C                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Compliance rating: 2 |  |

| No  | Obligation under Condition                                                                                                                                                                                              | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 124 | <p>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.</p> <p><i>Licence condition 4.5.1</i></p> | <p>The Operations and Maintenance Manager, MSF confirmed that, other than Annual Compliance Reports, the ERA did not request any other information from MFS in connection with its functions under the Electricity Industry Act.</p> <p>We observed that:</p> <ul style="list-style-type: none"> <li>In accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MSF did not submit the 2019/20 compliance report by the due date of 31 August 2020. We did not sight evidence of submission of prior years' compliance reports, however note that MSF had not commenced any works during the period to 30 June 2019</li> <li>Due to electricity generation not commencing prior to 1 July 2020, MSF has not yet had an obligation to submit data to enable the ERA to calculate standing charges.</li> </ul> <p>Through discussion with the Operations and Maintenance Manager, we determined that MSF has not implemented an effective mechanism in place to ensure it recognises and deals with licence compliance obligations in a proactive manner.</p> <p><b>Recommendation 1/2021</b></p> <p><i>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p> |  |
|     | <p>Priority 3</p> <p>Controls rating: C</p> <p>Compliance rating: 2</p>                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
| 125 | <p>A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.</p> <p><i>Licence conditions 3.8.1 and 3.8.2</i></p>                                                     | <p>The Operations and Maintenance Manager, MSF confirmed that Merredin Solar Farm was not requested to publish any information by the ERA.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |
|     | <p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
| 126 | <p>All notices must be in writing, unless otherwise specified.</p> <p><i>Licence condition 3.7.1</i></p>                                                                                                                | <p>Through discussion with the Operations and Maintenance Manager, MSF and examination of relevant communications, we determined that:</p> <ul style="list-style-type: none"> <li>Throughout the audit period, MSF maintained processes and practices to formally respond to all notices in writing, unless the ERA specified otherwise</li> <li>MSF has an established document management system that maintains records within its corporate network for all formal communications with the ERA.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
|     | <p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: 1</p>                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |

### 4.3 Electricity Industry Metering Code – Licence Conditions and Obligations.

| No  | Obligation under Condition                                                                                                                                                                                                                                                                                                                                                  |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 324 | 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.<br><i>Electricity Metering Code Clause 3.3B</i> |                      |                        | <p>We observed that:</p> <ul style="list-style-type: none"><li>All meters installed by Western Power at the MSF facility are subject to bi-directional electricity flows</li><li>During the period to 30 April 2021, no additional metering installations had become subject to bi-directional electricity flows.</li></ul> <p>Therefore, this obligation was not relevant to MSF's activities during the audit period.</p> <p><i>Obligations 339 to 373</i></p> <p>We observed that Western Power is responsible for installing and operating all meters located at the substation on MSF premises, and for maintaining the metering database and metering registry. MSF has no visibility of:</p> <ul style="list-style-type: none"><li>The function and operation of those meters</li><li>Energy data held in the meters or in the metering database</li><li>Standing data in the metering registry.</li></ul> <p>Therefore, these obligations were not relevant to MSF's activities during the audit period.</p> |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 339 | A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.<br><i>Electricity Metering Code Clause 3.11(3)</i>                                                                                                                                                                     |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 371 | 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.<br><i>Electricity Metering Code Clause 4.4(1)</i>                                                                         |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 372 | A Code participant must not knowingly permit the registry to be materially inaccurate.<br><i>Electricity Metering Code Clause 4.5(1)</i>                                                                                                                                                                                                                                    |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 373 | 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.<br><i>Electricity Metering Code Clause 4.5(2)</i>                  |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 388 | 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).<br><i>Electricity Metering Code Clause 5.4(2)</i>                                                                                                                                                        |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                  | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                                                                                                                            |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 401 | If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.<br><i>Electricity Metering Code Clause 5.16</i>                                                                                                                           |                      |                        | <i>Obligations 401, 402, 405 to 408 and 410</i><br>We observed that during the period to 30 April 2021: <ul style="list-style-type: none"><li>Western Power was solely responsible for the management of standing data within the metering registry and/or metering database, including information relating to connection points such as address, and site and customer attributes</li><li>MSF did not maintain any standing data or energy data in relation to the connection points and meters captured under the Metering Code</li><li>MSF did not have any visibility of or influence over the data contained in the registry or metering database</li><li>Western Power did not make any request of MSF to provide information collected from MSF’s customers.</li></ul> Therefore, these obligations were not relevant to MSF’s activities during the audit period. |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 402 | A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user’s customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.<br><i>Electricity Metering Code Clause 5.17(1)</i>                    |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 405 | If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.<br><i>Electricity Metering Code Clause 5.18</i>                                                                                      |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 406 | A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator.<br><i>Electricity Metering Code Clause 5.19(1)</i> |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 407 | A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated.<br><i>Electricity Metering Code Clause 5.19(2)</i>                                                                                                                                                        |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 408 | Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.<br><i>Electricity Metering Code Clause 5.19(3)</i>                                                                                                                                     |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                                            | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                         |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 410 | The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.<br><i>Electricity Metering Code Clause 5.19(6)</i> |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|     | Priority 5                                                                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 416 | 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.<br><i>Electricity Metering Code Clause 5.21(5)</i>   |                      |                        | <i>Obligations 416 and 417</i><br><br>The Operations and Maintenance Manager, MSF confirmed that during the audit period, MSF did not request a test or audit of the items at clause 5.21(1) of the Metering Code (i.e. relating to the accuracy of the metering installation, the energy data from the metering installation and the standing data for the metering installation).<br><br>Therefore, these obligations were not relevant to MSF’s activities during the audit period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 4                                                                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 417 | A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.<br><i>Electricity Metering Code Clause 5.21(6)</i>                                                                                                               |                      |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|     | Priority 4                                                                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 435 | Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.<br><i>Electricity Metering Code Clause 5.27</i>         |                      |                        | We observed that during the audit period, Western Power did not make any request of MSF to provide customer attribute information.<br><br>Therefore, this obligation was not relevant to MSF’s activities during the audit period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | Priority 4                                                                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 448 | A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.<br><i>Electricity Metering Code Clause 6.1(2)</i>                                                                                                 |                      |                        | Section 6.1(2) of the Metering Code requires MSF (as a user with an electricity transfer access contract with Western Power) to comply with the network operator’s Metrology procedure, Communication rules, Mandatory Link Criteria or Service Level Agreements (SLA) (if any).<br><br>As MSF does not have a specific SLA in place with Western Power, the Metering Code model SLA provides the most relevant reference for the provision of metering services. . In addition, MSF has entered into a Network Operating Protocol with Western Power, which details the supply configuration and ownership of the electrical infrastructure, including metering installations.<br><br>We did not observe any evidence to indicate non-compliance with the requirements of Western Power’s Metrology procedure, Communication rules or Mandatory Link Criteria. We observed that MSF is aware of the relevant requirements prescribed within the above documents. |
|     | Priority 4                                                                                                                                                                                                                                                                                         | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                                                                                                        |                      |                        | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 451 | 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.<br><i>Electricity Metering Code Clause 7.2(1)</i>                                                              |                      |                        | <p>Through discussion with the Operations and Maintenance Manager , MSF and consideration of MSF and Risen Energy's business practices we determined that:</p> <ul style="list-style-type: none"> <li>MSF maintains postal, electronic, facsimile and voice communication channels commensurate with the expectations of a business</li> <li>MSF's Network Operating Protocol with Western Power forms the basis for of the operating arrangements between MSF and Western Power, including a telephone number for voice communication in connection with metering arrangements.</li> </ul> |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 453 | 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.<br><i>Electricity Metering Code Clause 7.2(4)</i>                                                                                                                       |                      |                        | We observed that through the process of drafting and approving the Network Operating Protocol between MSF and Western Power, MSF had satisfied the requirement of notifying Western Power of its contact details within 3 business days of Western Power's formal request.                                                                                                                                                                                                                                                                                                                  |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 454 | 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.<br><i>Electricity Metering Code Clause 7.2(5)</i>                                                                                                           |                      |                        | <p>We observed that since the Network Operating Protocol was established, there had been no change to MFS's contact details.</p> <p>Therefore, this obligation was not relevant to MSF's activities during the audit period.</p>                                                                                                                                                                                                                                                                                                                                                            |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 455 | 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.<br><i>Electricity Metering Code Clause 7.5</i> |                      |                        | As a result of the nature of MSF's operations, there is no instance where MSF would be aware of any confidential information in connection with the Metering Code, which must not be disclosed.                                                                                                                                                                                                                                                                                                                                                                                             |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: 1   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 456 | A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.<br><i>Electricity Metering Code Clause 7.6(1)</i>                                                                                                                                                                                             |                      |                        | <p>We observed that, during the audit period, MSF was not required to disclose confidential information under a provision of the Metering Code.</p> <p>Therefore, this obligation was not relevant to MSF's activities during the audit period.</p>                                                                                                                                                                                                                                                                                                                                         |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 457 | 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.<br><i>Electricity Metering Code Clause 8.1(1)</i>                         |                      |                        | <p><i>Obligations 457 to 461</i></p> <p>For the purposes of the Metering Code 'disputes' refers to metering disputes between MSF as a Code Participant, a retailer, another generator, the network operator (Western Power), a user or the AEMO.</p> <p>The Operations and Maintenance Manager, MSF confirmed that MSF had not entered into a metering disputes with Western Power or any other Code Participant.</p>                                                                                                                                                                       |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                                        | Controls rating: N/P | Compliance rating: N/R |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| No  | Obligation under Condition                                                                                                                                                                                                                                                                                                                                     |                      |                        | Findings                                                                                    |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|---------------------------------------------------------------------------------------------|
| 458 | 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.<br><i>Electricity Metering Code Clause 8.1(2)</i>       |                      |                        | Therefore, these obligations were not relevant to MSF’s activities during the audit period. |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                     | Controls rating: N/P | Compliance rating: N/R |                                                                                             |
| 459 | 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.<br><i>Electricity Metering Code Clause 8.1(3)</i> |                      |                        |                                                                                             |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                     | Controls rating: N/P | Compliance rating: N/R |                                                                                             |
| 460 | 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.<br><i>Electricity Metering Code Clause 8.1(4)</i>                                                                                |                      |                        |                                                                                             |
|     | Priority 4                                                                                                                                                                                                                                                                                                                                                     | Controls rating: N/P | Compliance rating: N/R |                                                                                             |
| 461 | The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).<br><i>Electricity Metering Code Clause 8.3(2)</i>                                                                                                                                                                |                      |                        |                                                                                             |
|     | Priority 5                                                                                                                                                                                                                                                                                                                                                     | Controls rating: N/P | Compliance rating: N/R |                                                                                             |

## 5. Status of recommendations addressing non-compliances from the previous audit

| Reference<br>(no./year)                       | Non-compliance / Controls improvement                                                                                        | Auditor’s recommendation or action planned | Further action required (Yes/No/Not Applicable)                                                   |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                               | Rating / Licence obligation reference number and licence obligation /<br>Details of noncompliance or inadequacy of controls) |                                            | Details of further action required (including<br>current recommendation reference, if applicable) |
| A. Resolved during current audit period       |                                                                                                                              |                                            |                                                                                                   |
| B. Unresolved at end of current audit period  |                                                                                                                              |                                            |                                                                                                   |
| Not applicable – there was no previous audit. |                                                                                                                              |                                            |                                                                                                   |

## Appendix A - Audit Plan



### **Merredin Solar Farm Nominee Pty Ltd**

Electricity Generation Licence (EGL28)

2021 Performance Audit

Audit Plan

14 May 2021

# Table of Contents

|                                       |    |
|---------------------------------------|----|
| Introduction.....                     | 3  |
| Approach.....                         | 6  |
| Resources and team.....               | 10 |
| Appendix 1 - Risk assessment key..... | 11 |
| Appendix 2 - Risk assessment.....     | 12 |

# Introduction

## Overview

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Merredin Solar Farm Nominee Pty Ltd (Merredin Solar Farm) an Electricity Generation Licence (EGL 28) (the **Licence**).

Section 13 of the Act requires Merredin Solar Farm to provide to the ERA a performance audit (the audit) conducted by an independent expert acceptable to the ERA within 24 months after the commencement date, and every 24 months thereafter, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 19 December 2017 to 30 April 2021 (audit period).

The Licence relates to Merredin Solar Farm operating the 132MWdc solar farm approximately 260 kms east of Perth and delivering electricity into the South West Interconnected System (SWIS) via the Western Power Merredin Terminal Substation at 220kV.

The audit will be conducted in accordance with the ERA's March 2019 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**). In accordance with the Audit Guidelines this document represents the Audit Plan (the **Plan**) that is to be agreed upon by AAG and Merredin Solar Farm and presented to the ERA for approval.

## Objective

A performance audit is defined as an examination of the measures taken by Merredin Solar Farm to meet the performance criteria specified in its Licence. The purpose of the audit is to assess the effectiveness of measures taken by Merredin Solar Farm to meet the conditions of its Licence.

The audit will specifically consider the following:

- *Process compliance* - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls
- *Outcome compliance* - the actual performance against standards prescribed in the Licence throughout the audit period
- *Output compliance* - the existence of the output from systems and procedures throughout the audit period (specifically, proper records which provide assurance that procedures are consistently followed and controls are maintained)
- *Integrity of performance* - the completeness and accuracy of the compliance and performance reports provided to the ERA
- *Compliance with any individual licence conditions* – the actual performance against the requirements imposed on Merredin Solar Farm by the ERA or specific matters raised by the ERA.

## Scope

The ERA provides guidance on those aspects of the Licence and Merredin Solar Farm's performance criteria, which it expects to be reported upon and included in the scope of the performance audit in its *Electricity Compliance Reporting Manual* (**Reporting Manual**).

The audit approach applies the singular audit priority assessment approach to identify all applicable licence obligations. Each of the compliance requirements identified in the Reporting Manual have been evaluated for applicability to Merredin Solar Farm's operations and used as the basis for determining the performance criteria to be considered for the audit. All applicable compliance requirements are listed at **Appendix 2**.

The audit period is 19 December 2017 to 30 April 2021. This is Merredin Solar Farm's first performance audit. Since the granting of the licence the Reporting Manual has undergone two revisions to reflect changes in electricity licensees' obligations. The revised versions of the Reporting Manual were issued in

July 2018 and June 2020.

As there were no significant changes to generation licence obligations throughout the period subject to audit (several changes to Metering Code obligations were matters of wording clarification), this audit will use the current June 2020 version of the Reporting Manual as the primary audit reference.

**Table 1** below outlines the compliance requirements that apply to Merredin Solar Farm's electricity generation operations during the period subject to audit. Where necessary, further explanation is provided to describe the obligation application.

Note that due to Merredin Solar Farm's current operating arrangements, a number of those obligations are not likely to be triggered during the period subject to audit. In such instances, the obligation remains applicable to the scope of this audit, with the audit report to identify and describe instances where an obligation cannot be assessed and rated. The assessment is made against the current (June 2020) Reporting Manual.

**Table 1 – Application of legislative elements to Merredin Solar Farm's electricity generation operations**

| Legislative element                | Application to MSF's electricity operations                                                                                 |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Electricity Industry Act 2004      | 7 of the 11 Electricity Industry Act obligations are applicable to Merredin Solar Farm's electricity generation operations. |
| Electricity Licences               | 8 of the 15 Electricity Licence obligations are applicable to Merredin Solar Farm's electricity generation operations.      |
| Electricity Industry Metering Code | 27 of the 47 Metering Code obligations are applicable to Merredin Solar Farm's electricity generation operations.           |

#### **Merredin Solar Farm's responsibility for compliance with the conditions of the Licence**

Merredin Solar Farm is responsible for:

- Compliance with the Licence
- Identifying risks that threaten the conditions within the Licence being met
- Identifying suitable compliance requirements as specified by the ERA
- Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance
- Implementing corrective actions for instances of non-compliance.

### **AAG's responsibility**

Our responsibility is to express an opinion on Merredin Solar Farm's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 19 December 2017 to 30 April 2021. We will conduct our engagement in accordance with the Audit Guidelines and the Standard on Assurance Engagements ASAE 3100 Compliance Engagements (**ASAE 3100**) issued by the Auditing and Assurance Standards Board.

ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Merredin Solar Farm has complied, in all material respects, with the licence obligations as evaluated against its Licence Conditions. This assurance engagement will involve performing procedures to obtain evidence about the compliance activity and controls implemented to meet the conditions within the Licence. The procedures selected depend on our judgement, including the identification and assessment of risks of material noncompliance with the relevant licence conditions.

### **Limitations of use**

Our report will be produced solely for the information and internal use of Merredin Solar Farm and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner or for any purpose, on our report.

We understand that a copy of our report will be provided to the ERA for the purpose of meeting Merredin Solar Farm's reporting requirements of section 13 of the Act. We agree that a copy of our report may be provided to the ERA for its information in connection with this purpose, however we accept no responsibility to the ERA or to anyone who is provided with or obtains a copy of our reports.

### **Inherent limitations**

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

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

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

An assurance engagement relating to the period from 19 December 2017 to 30 April 2021 will not provide assurance on whether compliance with the Licence will continue in the future.

### **Independence**

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

## Approach

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

### Risk assessment

The audit will focus on identifying or assessing those activities and management control systems to be examined and the matters subject to audit. Therefore, the purpose of conducting the risk assessment as a preliminary phase enables the auditor to focus on pertinent/high risk areas of Merredin Solar Farm's licence obligations. The risk assessment considers any changes to Merredin Solar Farm's systems and processes and any matters of significance raised by the ERA and/or Merredin Solar Farm. The levels of risk and materiality of the process determine the level of audit required, i.e. the greater the materiality and the higher the risk, the more audit effort to be applied.

The first step of the risk assessment is the rating of the potential consequences of Merredin Solar Farm not complying with its licence obligations, in the absence of mitigating controls.

As the Reporting Manual is prescriptive in its criteria for classifying the consequences of non-compliance (refer to Appendix 1-1) the risk assessment applies the Reporting Manual's classifications for each obligation subject to audit.

Once the consequence has been determined, the likelihood of Merredin Solar Farm not complying with its obligations is assessed using the likelihood rating listed at Table 17 of the Audit Guidelines (refer to Appendix 1-2). The assessment of likelihood is based on the expected frequency of Merredin Solar Farm's non-compliance with the relevant licence obligation over a period of time.

Table 2 below (sourced from the Audit Guidelines) outlines the combination of consequence and likelihood ratings to determine the level of inherent risk associated with each individual obligation.

**Table 2: Inherent risk rating**

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

Once the level of inherent risk has been determined, the adequacy of existing controls is assessed in order to determine the level of control risk. Controls are assessed and prioritised as weak, moderate or strong dependant on their suitability to mitigate the risks identified. The control adequacy ratings used by this risk assessment are aligned to the ratings specified in the Audit Guidelines (refer to Appendix 1-3). Once inherent risks and control risks are established, the audit priority can then be determined using the matrix specified in the Audit Guidelines (refer to Table 3 below). Essentially, the higher the level of risk the more substantive testing is required.

**Table 3: Assessment of Audit Priority**

|               | Preliminary adequacy of existing controls |                  |        |
|---------------|-------------------------------------------|------------------|--------|
| Inherent Risk | Weak                                      | Moderate         | Strong |
| High          | Audit priority 1                          | Audit Priority 2 |        |
| Medium        | Audit priority 3                          | Audit Priority 4 |        |
| Low           | Audit Priority 5                          |                  |        |

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

**Table 4: Audit Priority Table**

| Priority rating  | Audit requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Priority 1 | <ul style="list-style-type: none"> <li>• Via interview and walkthrough, understand relevant processes and controls</li> <li>• Examine relevant documents, including compliance registers and reports</li> <li>• Obtain evidence of policies, procedures and controls being in place and working effectively</li> <li>• Extensive substantive testing of activities and/or transactions</li> <li>• Follow-up and if necessary, re-test matters previously reported.</li> </ul> |
| Audit Priority 2 | <ul style="list-style-type: none"> <li>• Via interview and walkthrough, understand relevant processes and controls</li> <li>• Examine relevant documents, including compliance registers and reports</li> <li>• Obtain evidence of policies, procedures and controls being in place and working effectively</li> <li>• Moderate substantive testing of activities and/or transactions</li> <li>• Follow-up and if necessary, re-test matters previously reported.</li> </ul>  |
| Audit Priority 3 | <ul style="list-style-type: none"> <li>• Via interview and walkthrough, understand relevant processes and controls</li> <li>• Examine relevant documents, including compliance registers and reports</li> <li>• Limited controls testing (moderate sample size) to assess whether policies, procedures and controls are in place and working effectively</li> <li>• Follow-up of matters previously reported.</li> </ul>                                                      |
| Audit Priority 4 | <ul style="list-style-type: none"> <li>• Confirmation of existing controls via observation and walk through testing</li> <li>• Follow-up of matters previously reported.</li> </ul>                                                                                                                                                                                                                                                                                           |
| Audit Priority 5 | <ul style="list-style-type: none"> <li>• Confirmation of existing controls via observation, discussions with key staff and/or reliance on key references (“desktop review”).</li> </ul>                                                                                                                                                                                                                                                                                       |

The risk assessment has been discussed with Merredin Solar Farm representatives to gain their input as to the appropriateness and factual accuracy of risk and control ratings and associated explanations. The key sources considered in reaching our preliminary assessment of the risk and control ratings were based on:

- Review of annual compliance reports lodged by Merredin Solar Farm
- Our understanding of Merredin Solar Farm’s regulatory environment
- Any other factors that may influence the level or strength of controls
- Consideration of relevant circumstances and activity that trigger specific compliance obligations.

At this stage, the risk assessment can only be a preliminary assessment based on reading of documentation and interviews by the auditors. It is possible that the ratings and risk assessment comments may be revised as we conduct our work and new evidence comes to light. The performance audit risk assessment is attached at Appendix 2.

### **System analysis / walkthrough**

The systems analysis required will be determined utilising the audit priority scale outlined above. Once the priority level has been defined, the testing component will take place by way of interviewing key operational and administrative staff who will outline information that displays compliance with the Licence requirements.

In performing this analysis/walkthrough, we will consider the following:

- The control environment: Merredin Solar Farm'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 key staff members
- Information systems: The appropriateness of Merredin Solar Farm's information systems to record the information needed to comply with the Licence, the accuracy of data, the security of data and documentation describing the information system
- Control procedures: The presence of systems and procedures to ensure compliance with the Licence, effectiveness of Merredin Solar Farm's internal control structure to detect and correct non-compliance. Specific consideration will be given to significant changes in relevant systems and procedures implemented during the period subject to audit
- Compliance attitude: Action taken by Merredin Solar Farm in response to any previous non-compliances. Consideration will be given to the timing of action taken during the period subject to audit and whether the action has a permanent impact on Merredin Solar Farm's level of compliance
- Outcome compliance: Actual performance against standards prescribed in the Licence throughout the audit period.

Where required, an observation of processes, procedures and operations and review of key documents will occur to assist in the determination of Merredin Solar Farm's compliance with Licence obligations. Key documents, which may be subject to audit, are not specifically disclosed in this plan. A list of documents examined will be included in the audit report.

### **Testing/review**

Using the results of the risk assessment and systems analysis, detailed testing and analysis will be performed to compare those standards maintained by Merredin Solar Farm with the relevant sections and schedules of the Licence.

Control testing is performed for those licence obligations with an audit priority 3 and above (refer to table 4), and where there is relevant activity. This method of testing will involve:

- Understanding the population of transactions
- Selecting a sample of transactions to examine compliance with relevant sections of applicable legislation, codes and regulations
- Comparing the sample selected to expected requirements as mandated by relevant sections of applicable legislation, codes and regulations.

A full work program will be completed to record the specific aspects of our testing and analyses for each licence obligation. This work program will be based on:

- The audit priority determined by the risk assessment applicable to each licence obligation
- The results of the systems analysis performed, as described above
- AAG's sampling methodology, which is in accordance with ASA 530 (Audit Sampling) and takes account of the volume and frequency (e.g. daily, weekly, monthly, annual) of relevant transactions. Sample sizes typically range from 1 to 30, increasing with the volume and frequency of transactions
- The location of personnel and transactions to be tested.

Audit fieldwork will be performed remotely and where appropriate at Merredin Solar Farm's Perth and Merredin premises.

## Reporting

The performance audit report will also be structured to address all of the minimum contents specified in section 5 of the Audit Guidelines.

In accordance with the Audit Guidelines, all aspects of compliance with the Licence will be assessed according to the rating scale based on the work performed. Refer to **Table 5** below for the compliance levels that will be used for the performance audit.

**Table 5: Compliance and control rating scales**

| 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    |
| N/P             | Not performed – A controls rating was not required     | N/R               | Not rated – No activity took place during the audit period    |

Merredin Solar Farm is responsible for providing a separate post audit implementation plan, if required.

## Resources and team

### Key Merredin Solar Farm contacts

The key contacts for this audit are:

- Merredin Solar Farm Operations and Maintenance Manager
- Grid Connection Manager, Risen Energy.

### AAG Staff

AAG staff who will be involved with this assignment are:

- Andrew Baldwin                      Executive Director
- Margaret-Mary Gauci              Consultant
- Stephen Linden                      Director (QA review).

Resumes for key AAG staff are outlined in the proposal accepted by Merredin Solar Farm and subsequently presented to the ERA.

### Timing

The initial risk assessment phase was completed on 28 April 2021, after which the draft audit plan and risk assessment were presented to Merredin Solar Farm for comment prior to submission to the ERA for review and approval.

The remainder of the fieldwork phase is scheduled to be performed over the period May and June 2021, enabling draft and final reports to be submitted to the ERA by the due dates of 30 June 2021 and 31 July 2021 respectively.

AAG time and staff commitment to the completion of the audit is outlined in the proposal accepted by Merredin Solar Farm. In summary, the estimated time allocated to each activity is as follows:

- |                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| • Planning (including risk assessment):                                 | 12 hours  |
| • Fieldwork (including system analysis/walkthrough and testing/review): | 23 hours  |
| • Reporting:                                                            | 13 hours. |

## Appendix 1 - Risk assessment key

### 1-1 Criteria for classification of compliance obligations

Source: Electricity Compliance Reporting Manual June 2020

| Rating (type)       | Classification of Non-Compliance | Criteria for classification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                   | Major                            | Classified on the bases that: <ul style="list-style-type: none"> <li>The consequences of non-compliance would cause major damage, loss or disruption to customers; or</li> <li>The consequences of non-compliance would endanger or threaten to endanger the safety or health of a person.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2                   | Moderate                         | Classified on the basis that the consequences of non-compliance affect the efficiency and effectiveness of the licensee's operations or service provision, but do not cause major damage, loss or disruption to customers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| NR (not reportable) | Minor                            | Classified on the basis that: <ul style="list-style-type: none"> <li>The consequences of non-compliance are relatively minor – i.e. non-compliance will have minimal effect on the licensee's operations or service provision and do not cause damage, loss or disruption to customers;</li> <li>Compliance with the obligation is immeasurable;</li> <li>The non-compliance is required to be reported to the ERA under another instrument, guideline or code;</li> <li>The non-compliance is identified by a party other than the licensee; or</li> <li>The licensee only needs to use its reasonable or best endeavours to achieve compliance, or where the obligation does not otherwise impose a firm obligation on the licensee.</li> </ul> |

### 1-2 Likelihood ratings

Source: Audit Guidelines: Electricity and Gas Licences March 2019

|   | Level    | Criteria                                                                   |
|---|----------|----------------------------------------------------------------------------|
| A | Likely   | Non-compliance is expected to occur at least once or twice a year          |
| B | Probable | Non-compliance is expected to occur every three years                      |
| C | Unlikely | Non-compliance is expected to occur at least once every 10 years or longer |

### 1-3 Preliminary adequacy ratings for existing controls

Source: Audit Guidelines: Electricity and Gas Licences March 2019

| Level    | Description                                                           |
|----------|-----------------------------------------------------------------------|
| Strong   | Controls mitigate the identified risks to a suitable level            |
| Moderate | Controls only cover significant risks; improvement required           |
| Weak     | Controls are weak or non-existent and do little to mitigate the risks |

## Appendix 2 - Risk assessment

Obligation numbers and references listed below are sourced from the June 2020 Reporting Manual.

| No                                                                      | Obligation reference                     | Obligation description                                                                                                                                                                                                             | Type | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority |
|-------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|------------|----------------------|--------------------|----------------|
| <b>12 Electricity Industry Act - Licence Conditions and Obligations</b> |                                          |                                                                                                                                                                                                                                    |      |             |            |                      |                    |                |
| 101                                                                     | 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.                                                                             | 2    | Moderate    | Unlikely   | Moderate             | Moderate           | Priority 4     |
| 102                                                                     | Section 14(1)(a)                         | A licensee must provide for an asset management system.                                                                                                                                                                            | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |
| 103                                                                     | Section 14(1)(b)                         | A licensee must notify details of the asset management system and any substantial changes to it to the ERA.                                                                                                                        | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 104                                                                     | 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.                                     | 2    | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 105                                                                     | ERA (Licensing Funding) Regulations 2014 | A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> .                                                      | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 106                                                                     | Section 31(3)                            | A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause. | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |
| 107                                                                     | Section 41(6)                            | A licensee must pay the costs of taking an interest in land or an easement over land.                                                                                                                                              | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| <b>13. Electricity Licences – Licence Conditions and Obligations</b>    |                                          |                                                                                                                                                                                                                                    |      |             |            |                      |                    |                |
| 119                                                                     | Licence condition 4.3.1                  | A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.                                  | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 120                                                                     | Licence condition 5.2.4                  | A licensee must comply with any individual performance standards prescribed by the ERA.                                                                                                                                            | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 121                                                                     | Licence condition 5.3.2                  | A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.                                                                                                       | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 122                                                                     | Licence condition 5.1.5                  | 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.                                                  | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |

| No                                                                                | Obligation reference              | Obligation description                                                                                                                                                                                                                                                                                                      | Type | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority |
|-----------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|------------|----------------------|--------------------|----------------|
| 123                                                                               | Licence condition 4.4.1           | 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.                                                                     | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 124                                                                               | Licence condition 4.5.1           | 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.                                                                                                                                                  | 2    | Moderate    | Probable   | Medium               | Weak               | Priority 3     |
| 125                                                                               | Licence condition 3.8.1 and 3.8.2 | A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.                                                                                                                                                                                                                 | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 126                                                                               | Licence condition 3.7.1           | All notices must be in writing, unless otherwise specified.                                                                                                                                                                                                                                                                 | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| <b>14 Electricity Industry Metering Code – Licence Conditions and Obligations</b> |                                   |                                                                                                                                                                                                                                                                                                                             |      |             |            |                      |                    |                |
| 324                                                                               | 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. | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 339                                                                               | Clause 3.11(3)                    | A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.                                                                                                                                                                        | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 371                                                                               | 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.                                                                           | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 372                                                                               | Clause 4.5(1)                     | A Code participant must not knowingly permit the registry to be materially inaccurate.                                                                                                                                                                                                                                      | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 373                                                                               | 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.                    | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 388                                                                               | 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)                                                                                                                                                           | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 401                                                                               | Clause 5.16                       | If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.                                                                                                 | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |

| No  | Obligation reference | Obligation description                                                                                                                                                                                                                                                                                                                             | Type | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority |
|-----|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|------------|----------------------|--------------------|----------------|
| 402 | Clause 5.17(1)       | A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user's customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer.                    | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 405 | Clause 5.18          | If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.                                                                                   | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 406 | Clause 5.19(1)       | A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator. | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |
| 407 | Clause 5.19(2)       | A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated.                                                                                                                                                        | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |
| 408 | Clause 5.19(3)       | Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change.                                                                                                                                     | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 410 | Clause 5.19(6)       | The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user.                                                                                                    | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |
| 416 | 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.                                                                                                      | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 417 | 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.                                                                                                                                                                                                                  | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 435 | Clause 5.27          | Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.                                                                                                         | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 448 | 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.                                                                                                                                                                                                   | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 451 | Clause 7.2(1)        | Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.                                                                                 | NR   | Minor       | Probable   | Low                  | Moderate           | Priority 5     |

| No  | Obligation reference | Obligation description                                                                                                                                                                                                                                                                                                            | Type | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority |
|-----|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|------------|----------------------|--------------------|----------------|
| 453 | 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.                                                                                                                         | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 454 | 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.                                                                                                             | 2    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |
| 455 | 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 | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 456 | 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.                                                                                                                                                                                               | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 457 | 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.                           | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 458 | Clause 8.1(2)        | If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.                            | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 459 | Clause 8.1(3)        | If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.                      | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |
| 460 | Clause 8.1(4)        | If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.                                                                                                     | 2    | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |
| 461 | 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).                                                                                                                                                                                     | NR   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     |

## Appendix B - References

### MSF representatives participating in the audit

- MSF Operations and Maintenance Manager
- MSF Lead Technician
- Finance Officer

### AAG staff participating in the audit

#### Hrs

- |                       |                      |    |
|-----------------------|----------------------|----|
| • Andrew Baldwin      | Executive Director   | 22 |
| • Margaret-Mary Gauci | Consultant           | 26 |
| • Stephen Linden      | Director (QA review) | 1  |

### Key documents and other information sources examined

- 2020 Annual Compliance Report
- Asset Management System Description
- Evidence of payment of licence fees and charges
- Financial Reports and Financial Statements for the period ending 20 December 2018, the year ending 30 June 2019 and the six months ending 31 December 2020
- Lease agreement
- Evidence of lease payments
- Network Operating Protocol (MSF and Western Power)
- MSF Operating Strategy
- Outage Maintenance Plans
- Email correspondence with the ERA, including notice of change in contact details
- Representations from MSF Operations and Maintenance Manager