



**KWINANA SWIFT POWER STATION**

**POST AUDIT AND REVIEW IMPLEMENTATION PLAN**

**November 2019**

## 1. Background

Western Energy (WE), a wholly owned subsidiary of Perth Energy Holdings, holds Electricity Generation Licence EGL 19 for the Kwinana Swift power station. In November 2019 an Electricity Generation Licence performance audit and Asset Management System review was undertaken for WE by Geographe Environmental Services. This identified a number of Performance Audit deficiencies as outlined in Table 7 of the Audit and Review Report. This Post Audit Implementation Plan (PAIP) describes the steps that WE is taking, and the responsibilities for these, to resolve the deficiencies.

## 2. Performance Audit

Recommendation reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number & licence obligation / Details of noncompliance or inadequacy of controls)	Auditor's recommendation	Action proposed to be taken by the licensee	Responsible person(s)	Target completion date
01/2019 – Ref 105	<p><b>B2</b></p> <p><b>(105) Generation Licence condition – Clause 4.2.1</b></p> <p><b>Licence Obligation:</b></p> <p>The Licensee is required to pay the invoices issued by the Authority for the standing data charges within 30 days of issue of the invoice and Generation Licence fee before the 15 October annually.</p> <p><b>Current Condition:</b></p> <p>There were 3 invoices paid past the required timeframe.</p> <p><b>Cause:</b></p> <p>The reason for the late payments (ERA100415, ERA100523 and ERA101926) were due to scheduling of payment.</p> <p><b>Consequence:</b></p>	<p>The organisation could include the payment of licence fees in the Online WHS or similar Compliance management process established by AGL. Ensuring the invoices are paid prior to the due dates to allow for transfer delays. Communicate the requirement to accounts department to ensure ongoing compliance.</p>	<p>WE will include the payment of licence fees in the Online WHS portal with one reminder for checking if the invoice has been received from the ERA in time and a follow up reminder to pay the invoice in time.</p> <p>In addition, the finance team will be instructed to pay the invoice with sufficient lead time to account for potential transfer delays. The importance of timely payments will be highlighted to the finance team in terms of complying with EGL requirements.</p>	<p>Manager HR, Compliance and Risk</p>	<p>31/01/2020</p>

	The terms of the Standing Data and Annual Licence invoice payments were marginally late by up to 2 days on 3 occasions.				
<b>02/2019 – Ref 124</b>	<p><b>B2</b> <b>(124) Generation Licence condition – Clause 4.5.1</b></p> <p><b>Licence Obligation:</b></p> <p>The Licensee is required to ensure that non-compliances are reported in a Compliance Report which is to be submitted by the 31st August annually.</p> <p><b>Current Condition:</b></p> <p>On 3 occasions the Compliance Report prepared during the audit period did not report a non-compliance in reference to late payment of the licence fee for the 2014-2015, 2015-2016 and 2018-2019 Compliance Reporting years. It is noted that the Compliance Report for the 2018-2019 did report late submission of data to the Authority for the standing data charges.</p> <p><b>Cause:</b></p> <p>The awareness to the requirement to include the late payment of fees as a compliance obligation was not established and there are not processes implemented within the organisation to identify the compliance requirement proactively. ERA Generation Licence Compliance [Procedure. Operations.008] does reference the process for annual compliance report preparation.</p>	A process (such as an internal audit) to ensure compliance requirements have been met and a documented liaison relating to the legislative requirements and content of the Compliance Report prior to submission to the Authority is required. The Tech One system does not include the Compliance Report in the Compliance Activity and this could be optimised to ensure this is an automated process to ensure ongoing compliance. Updating the procedure to reference conducting internal audits prior to the submission of the Compliance Report would also be beneficial.	WE will amend the entry in the current compliance check list to clarify that the payment date of annual licence fees is the 15 <sup>th</sup> of October each year and standing data charges are due to be paid within the required payment terms.	Generation Lead	31/03/2020

	<p><b>Consequence:</b> On 3 occasions during the audit period 2 standing data and 1 annual licence fee invoices were paid outside the required payment terms and this event was not captured in the annual compliance reporting process</p>				
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