



# Karara Power

## Audit and Review Report

Karara Power

6 October 2022



→ **The Power of Commitment**

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# Executive Summary

## Background

The Economic Regulation Authority (ERA) is Western Australia's independent economic regulator that is responsible for administering the licensing schemes for gas, electricity and water services. The licencing regime is intended to ensure that Western Australian consumers and businesses operate in a fair, competitive and efficient environment.

Karara Power Limited Pty Ltd (KPL or the licensee), a subsidiary of Karara Mining Limited (KML), has been granted an electricity transmission licence (ETL6) on 27 October 2010. The latest version of ETL6 was updated on 1 July 2018 and is valid until 26 October 2040. This license was issued by the ERA under section 19 of the Electricity Industry Act 2004 and enable the licensee to transmit electricity.

## Asset overview

KPL's ETL6 version 6 defines the scope of the electricity transmission network functions and assets as follows:

- KPL own the 106 km 330 kV single circuit transmission line from Western Power's Three Springs Terminal (TST) to the Karara (KRA) switchyard.
- Western Power (WP) services another customer i.e. Golden Grove, located approximately 50 km north east of the Karara mine site, with a single circuit 132 kV transmission line. WP and KML currently have a 'Wheeling Agreement' in place under which KPL provisions for WP to share transmission tower infrastructure for approximately 50 km along the line easement<sup>1</sup>. See Figure 1.

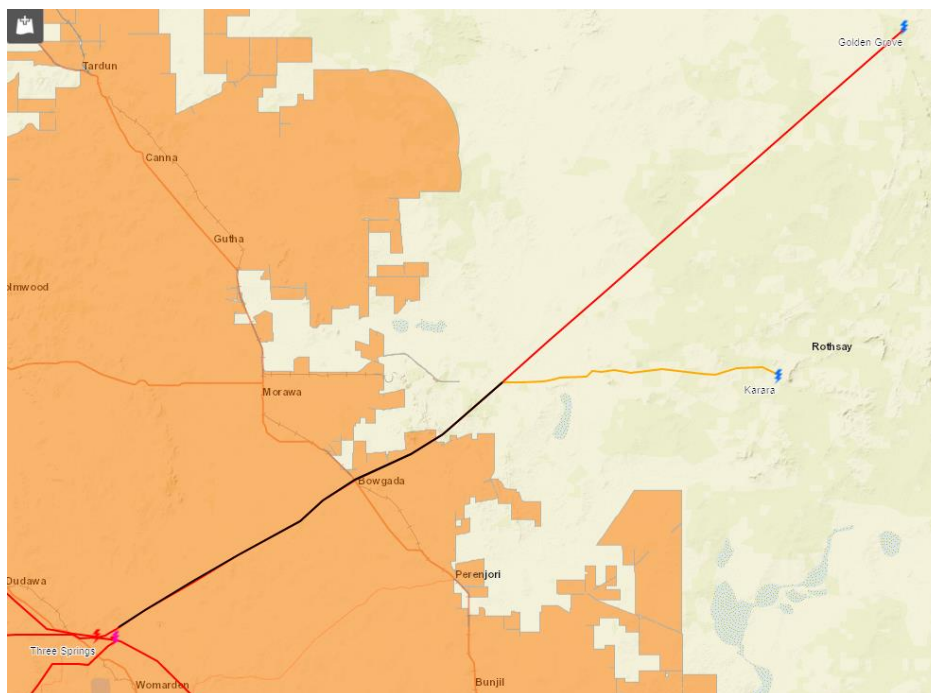


Figure 1 106km Transmission Route Between Three Strings and Golden Grove

- As per the 'Wheeling Agreement', the operation of the line is WP's responsibility. Also, the protection, control and SCADA equipment associated with the line is owned and operated by WP.
- Substation assets at TST, KTP and KRA are excluded from the scope of ETL6 licence.

<sup>1</sup> <https://www.westernpower.com.au/industry/calculators-tools/network-capacity-mapping-tool/>

## Audit and review objectives

This is KPL's fourth audit and review respectively of the following:

- Control and compliance against its ETL6 licence obligations; and
- Effectiveness of its Asset Management System.

This report outlines the findings of the audit and review conducted by GHD to assess KPL's performance against the above objectives. The audit and review covered the period from 1 July 2020 to 30 June 2022.

### Licence Audit: Control Assessment – Findings and recommendations

Out of the applicable 25 obligations, 21 obligations were assessed for controls. All obligations were found to have adequate controls.

Control assessment for the remaining 4 obligations were 'not performed' (N/P) or 'not applicable' (N/A) as they were either not applicable to KPL (e.g. tariff meter) or some prescribed event did not occur during the audit period (e.g. change of address).

### Licence Audit: Compliance Assessment – Findings and recommendations

Out of the 25 obligations, 13 obligations were assessed for compliance. All obligations were found to be compliant.

Compliance assessment for the remaining 12 obligations were either 'not rated' (N/R) or 'not applicable' (N/A) as they were either not applicable to KPL (e.g. tariff meter) or some prescribed event did not occur during the audit period (e.g. change of address).

No non-compliances were identified, and all controls are deemed adequate during the review period. As such, no recommendation is proposed for the control and compliance finding in this licence performance audit. A summary of the overall assessment is tabulated below:

		Compliance rating							
		1	2	3	4	N/R	N/A	Total	
Controls rating	A	13					8		21
	B								
	C								
	D								
	N/P						1		1
	N/A							3	3
	Total		13				9	3	25

## **Asset Management System Review – Findings and recommendations**

All observations and findings are collated in Table 11 of this report. Key observations during the review period are listed below:

- KPL have demonstrated an effective Asset Management System with up to date and clearly defined documentation.
- There are very limited operational requirements for the transmission line which does not necessitate extensive documentation. However, the current Asset Management System performs effectively with adequate controls and policies to maintain the asset.
- KPL's Asset Management System procedures for asset disposal are found to be less detailed. However, this is found to be consistent with the present stage in the asset's life cycle. KPL's asset management planning includes development of disposal plans when the asset is close to the end of its operational life.

## **Asset Management System Review – Overall effectiveness**

On completion of this review, the auditor's conclusion is that KPL's Asset Management System is operating effectively. The auditor has not proposed any recommendations; only minor optimisation opportunities were identified.

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# 1. Introduction

## 1.1 Background

The Economic Regulation Authority (ERA) is Western Australia's independent economic regulator that is responsible for administering the licensing schemes for gas, electricity and water services. This ensures Western Australian consumers and businesses operate in a fair, competitive and efficient environment.

KPL has an electricity transmission licence (ETL6). This licence was issued by ERA under section 19 of the Electricity Industry Act 2004 and enables the licensee to transmit electricity.

## 1.2 Overview of Karara

KPL, is a subsidiary of Karara Mining Limited (KML), which operates an iron ore mine (Karara mine site) and associated infrastructure in the mid-west region of Western Australia. The operation was designed for a production capacity of 30 Mtpa and a 30-year mine life. The current production is approximately 8Mtpa. Karara has a 106km 330kV transmission line running from Western Power's Three Springs Terminal to the Karara mine site.

## 1.3 Purpose and Limitation of this Report

### 1.3.1 Purpose

Licensees are required to licence performance audit (audit) and Asset Management System review (review) contacted by an ERA approved auditor.

The purpose of the performance audit was to assess the effectiveness of measures taken by the licensee to meet the conditions and legislative obligations referred to in the licence. The scope of the audit report includes assessing the adequacy and effectiveness of performance against the requirements of the licensee. This is conducted by considering:

- Process compliance.
- Outcome compliance.
- Output compliance.
- Integrity of reporting.
- Compliance with individual license conditions.

The Asset Management System review covers:

- a description of the audit or review objectives and the methodology used to conduct the review.
- the period over which the review has been performed.
- details of the licensee's representatives participating in the review.
- details of key documents and other information sources examined by the auditor during the course of the audit.
- any other information the auditor considers relevant to the audit or review scope of work.



## 1.3.2 Limitations

This report has been prepared by GHD for Karara Power and may only be used and relied on by Karara Power for the purpose agreed between GHD and Karara Power as set out in section 1.3.1 of this report.

GHD otherwise disclaims responsibility to any person other than Karara Power arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

GHD has prepared this report on the basis of information provided by Karara Power and others who provided information to GHD (including Government authorities)], which GHD has not independently verified or checked beyond the agreed scope of work. GHD does not accept liability in connection with such unverified information, including errors and omissions in the report which were caused by errors or omissions in that information.

## 2. Objective, Scope and Methodology

### 2.1 Objectives

The objective of this Audit and Review is to:

- Provide the ERA an independent assessment of KPL’s compliance with all of the relevant obligations under the licences
- Provide to the ERA an independent assessment of the effectiveness of KPL’s Asset Management System in relation to (ETL6).

Provide recommendations to address identified non-compliances.

### 2.2 Scope of Works

This audit and review involve an assessment of the following key areas using a risk-based approach (similar to ISO31000:2009):

- Process compliance: Effectiveness of systems and procedures
- Outcome compliance: Effectiveness of actual performance against license standards
- Output compliance: Effectiveness of records to indicate procedures are maintained
- Integrity of reporting: assessment of the completeness and accuracy of compliance and performance documentation

The scope of this audit and review involves:

- Assess performance against licence conditions for ETL6
- Assess performance against each Asset Management System effectiveness criteria

#### 2.2.1 Performance Audit Excluded Conditions

Some of the license obligations have been excluded from the audit because they are not applicable to KPL. These excluded obligations listed in

Table 1.

*Table 1 Licence Obligation Exclusions*

Obligation Type	Obligation(s) No.	Comment
Type 1 reporting obligations for all licence types	127-128 234-238 257-258	Obligations do not apply to Transmission Licensee’s
Electricity Industry Customer Transfer Code – Licence conditions and obligations	1 – 71	Customer Transfer Code does not apply as Licensee is not a retailer
Electricity Industry (Customer Contracts) Regulations – Licence conditions and obligations	72-77A	Obligations do not apply to Transmission Licensee’s
Electricity Industry (Customer Contracts) Regulations – Licence conditions and obligations	78-100	Obligations do not apply to Transmission Licensee’s
Electricity Industry Act – Licence conditions and obligations	108-113	Obligations do not apply to Transmission Licensee’s
Electricity licences – Licence conditions and obligations	114-118 120 127-128	Obligations do not apply to Transmission Licensee’s 120: The obligation has been excluded because the ERA has not prescribed any individual performance standards.

Obligation Type	Obligation(s) No.	Comment
Code of Conduct – Licence conditions and obligations	129-316	Karara has no residential customers
Electricity Industry Metering Code – Licence conditions and obligations	317-370 373-450 453-454	Karara is not a network operator
Electricity Industry (Network Quality and Reliability of Supply) Code –Licence conditions and obligations	462-485	Obligations do not apply to Transmission Licensee’s Karara does not supply to any customers
Electricity licenses - Licensee specific conditions and obligations	486 – 501	The target licensee for these obligations do not include Karara.

## 2.2.2 Asset Management System Review

The review of KPL’s Asset Management System (AMS) covers the following asset management components:

1. Asset planning
2. Asset creation and acquisition
3. Asset Disposal
4. Environmental analysis
5. Asset operations
6. Asset maintenance
7. Asset management information system
8. Risk management
9. Contingency planning
10. Financial planning
11. Capital expenditure planning
12. Review of AMS

## 2.3 Methodology and Approach

GHD's approach involved working closely with KPL to identify actions and documents as soon as possible before the audit report was finalised. GHD's process and approach included:

- An initial discussion via teleconference with KPL to:
  - Identify the key processes and roles to be discussed
  - Review license conditions to be excluded
  - Discuss the audit plan
- Preparation of the draft audit plan for comment by the licensee. The audit plan listed the license obligations to be examined.
- Submission of the draft Audit Plan to the ERA for approval
- A start-up meeting and follow meetings via in person and teleconference with business staff responsible for the audit area and assets. The call involved:
  - Demonstration of key systems
  - Identifying documents to be sampled to confirm procedures and assess compliance with AMS criteria and license obligations
  - Review of procedures
- Site visit to audit location on 25 July to review asset and locations and conduct face-face discussion with business staff.
- Preparation of a draft audit report for KPL's review and comment
- Preparation of a final report for submission to the ERA

### 2.3.1 Deviations From the Audit Plan

There are no deviations from the performance audit or AMS review plan described in the Audit Plan submitted to the ERA.

## **3. Audit Details**

### **3.1 Previous Audit**

As a result of the previous audit conducted in 2020 assessing KPL's performance between 1 July 2016 and 30 June 2020 finding a number of non-compliances, the ERA issued a notice for areas of special focus.

This notice states that all applicable licence obligations are assigned an audit priority of at least "3" to ensure the 2022 audit assesses KPL's performance against both control and compliance.

It also states that all applicable AMS effectiveness criteria are assigned an audit priority of at least "1" to ensure the 2022 review assesses KPL's AMS effectiveness. A schedule of the status of all recommendations from the previous audit following the licence audit and review is shown in Table 2.

### **3.2 Time Period Covered by the Audit/Review**

The audit and review cover the period from 1 July 2020 to 30 June 2022.

### **3.3 Time Period of the Audit/Review Process**

The audit/review commenced in July 2022 with the preparation of the draft Audit Plan taking place in June 2022. Interviews with KPL were conducted on the following dates:

- 11 July– Asset Management review via in person meeting
- 14 July – Transmission License Performance Audit via teleconference call on Microsoft Teams
- 25 July – Site visit to Karara Mine Site

**Table 2** Status of recommendations addressing non-compliances from the previous audit

<b>Resolved during audit/review period</b>				
<b>Reference</b>	<b>Non-compliance/Deficiency</b> Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	<b>Auditor's recommendation</b>	<b>Date resolved</b>	<b>Further action required</b>
1/2020	D3 (101) Transmission Licence, condition 5.3.1  The Licensee has provided the ERA with a performance audit conducted by an independent expert acceptable to the ERA. However, the current audit and a review of the previous audit period findings clearly highlight significant inconsistencies.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No
2/2020	D3 (102) Transmission Licence, condition 5.1.1  The license has not formally established an asset management system and an asset management plan has not been developed or implemented.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No
3/2020	D3 (103) Transmission Licence, condition 5.1.4  The licensee has not notified the ERA of the asset management system and any substantial changes, for example, change in maintenance platform from Ellipse to SAP.	A2/2020 – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.  A1/2020 – Implement R1-9 of the Review Recommendations	6 Feb 2022	No
4/2020	D3 (104) Transmission Licence, condition 5.1.2 & 5.1.3  The Licensee has provided the ERA with an asset management review conducted by an independent expert acceptable to the ERA. However, the current audit and a review of the previous audit period findings clearly highlight significant inconsistencies.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
5/2020	D3 (105) Transmission Licence, condition 4.2.1  The Licensee has paid standing data fees outside of payment terms repeatedly during the audit period.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No
6/2020	D3 (106) Transmission Licence, condition 4.1.1  The Licensee has not identified risks or implemented mitigation strategies for reasonably foreseeable events associated with the Transmission Line. A Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 noted a number of recommendations these have not been actioned (Note: This document was provided to the Audit Team 28/10/20)	A1/2020 – Implement R1-9 of the Review Recommendations  A3/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.  A4/2020 -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation of operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary	4 Feb 2022	No
7/2020	CNR (107) Transmission Licence, condition 4.1.1  The Licensee has not been able to provide the Audit Team with documentation to verify payment of costs of taking an interest or easement over land on which the transmission line is located.	A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No
8/2020	C2 (121) Transmission Licence, condition 5.3.2  The Licensee has not been able to provide the Audit Team with documentation in a timely manner due to lack of understanding of the licence obligations.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
9/2020	C2 (122) Transmission Licence, condition 5.1.5  The Licensee has not been able to provide the Audit Team with documentation in a timely manner due to lack of understanding of the asset management system requirements.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	4 Feb 2022	No
10/2020	C3 (123) Transmission Licence, condition 5.3.2  The Licensee has failed to notify the ERA of significant changes in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations	A1/2020 – Implement R1-9 of the Review Recommendations  A2/2020 – Notify the details of the Asset Management System to the ERA and establish a compliance process/change management process to ensure future compliance is achieved.  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved	6 Feb 2022	No
11/2020	C2 (124) Transmission Licence, condition 5.3.2  The Licensee has failed to meet the reporting requirements of the ERA in connection with its functions under the Electricity Industry Act. Compliance Reports were routinely submitted after due dates and inaccurately reflected compliance.	A1/2020 – Implement R1-9 of the Review Recommendations  A6/2020 – Review legislative and contractual documentation and establish a compliance process and corrective action plan to ensure all obligations are understood and compliance is achieved.	4 Feb 2022	No
12/2020	D4 (1.1) Asset management plan covers the processes in this table  The asset planning process was inadequate with respect to the Transmission Line. There was no formal AMS established. There was no documented Asset Management Plan	R1/2020 – Formalise and implement an AMS for the transmission line.  R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.  R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	6 Feb 2022	No



Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		<p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p>R10/2020 - Review and document contingency plans and consider risks</p> <p>R11/2020 -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p>		

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		<p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p> <p>R13/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</p> <p>R14/2020 - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</p> <p>R15/2020 – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.</p> <p>R16/2020 - Monitor line losses and MVA<sub>r</sub> performance.</p> <p>R19/2020 – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</p>		
13/2020	<p>C4 (1.2) Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning</p> <p>There have been no significant planning processes undertaken during the audit period and no new works were planned in relation to the Transmission Line.</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p> <p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		<p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p>R10/2020 - Review and document contingency plans and consider risks</p> <p>R15/2020 – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee</p>		
14/2020	<p>D3 (1.3) Service levels are defined in the Asset Management Plan</p> <p>There was no AMP developed, as such service levels have not been defined.</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		<p>R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.</p> <p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>		
15/2020	<p>C3 (1.5) Lifecycle costs of owning and operating assets are assessed</p> <p>No life cycle costing or policy was presented apart from depreciation in the Financials Asset Register.</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>	6 Feb 2022	No
16/2020	<p>CNR (1.7) Costs are justified and cost drivers identified</p> <p>The Licensee has not established clear processes to ensure costs were justified and cost drivers were identified with respect to the Transmission Line</p>	<p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		<p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p>R10/2020 - Review and document contingency plans and consider risks</p> <p>R11/2020 -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p>		
17/2020	<p>D4 (1.8) Likelihood and consequences of asset failure are predicted</p> <p>Likelihood and consequences of asset failure have not been evaluated. Asset failure consequences and response have not been documented and no policy was presented.</p>	<p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p>R10/2020 - Review and document contingency plans and consider risks</p> <p>R11/2020 - Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary</p> <p>R19/2020 – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
18/2020	<p>DNR (1.9) Asset management plan is regularly reviewed and updated</p> <p>An Asset Management Plan could not be located during the audit period and Management were unaware of any such document. Even though records reflect a review, due to absence of an AMP it was unlikely that any reviews have been made</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance is achieved</p> <p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</p> <p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>	6 Feb 2022	No
19/2020	<p>C3 (2.5) Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood</p> <p>No formalized systems established for legal obligations in relation to the Transmission Line.</p>	<p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p> <p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>	4 Feb 2022	No
20/2020	<p>D4 (3.1) Under-utilised and under-performing assets are identified as part of a regular systematic review process</p>	<p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
	There was no systemic review process established for under-utilised and under performing assets. Defect reports as a result of monitoring have not been acted upon or reviewed.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R17/2020 – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.		
21/2020	DNR (3.3) The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken  Critical examination of assets has not occurred. Corrective action has not been undertaken for defect reports.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R11/2020 -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary	29 Jun 2022	No
22/2020	DNR (3.3) Disposal alternatives are evaluated  There was no AMP and no evaluation process demonstrated for disposal alternatives to be evaluated during the audit period.	R17/2020 – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.	6 Feb 2022	No
23/2020	DNR (3.4) There is a replacement strategy for assets  There no replacement strategy for assets established during the audit period. It was understood that replacement of assets was unlikely, however, asset replacement at a subcomponent level was feasible.	R17/2020 – Incorporate asset disposal plan in the AMP, ensure process established for disposal/replacement alternatives and review organisational procedures for asset disposal. Include costs for disposal or refurbishment in the life cycle spreadsheet.	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
24/2020	<p>D4 (4.1) Opportunities and threats in the asset management system environment are assessed</p> <p>Opportunities and threats in the asset management system environment were not assessed in detailed or a formalized manner with regard to the Transmission Line.</p>	<p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.</p> <p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>	6 Feb 2022	No
25/2020	<p>B3 (4.2) Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved</p> <p>It was noted the SCADA overloaded and limited capability with reduction of data points requiring a review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</p>	<p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p> <p>R13/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.</p> <p>R14/2020 - Review upgrading SCADA system or a simpler dedicated Transmission line data acquisition system.</p>	31 Jan 2021	No
26/2020	<p>C3 (4.3) Compliance with statutory and regulatory requirements</p> <p>Compliance with statutory and regulatory requirements was not well demonstrated.</p>	<p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.</p> <p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.</p>	4 Feb 2022	No



Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation		
27/2020	<p>C3 (4.4) Service standard (customer service levels etc) are measured and achieved.</p> <p>It was noted that some service standards were not achieved in relation to contractual documentation text</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.</p>	6 Feb 2022	No
28/2020	<p>C3 (5.1) Operational policies and procedures are documented and linked to service levels required Text</p> <p>Operational policies and procedures were not well documented and linked to service levels required. The majority of document supplied was deficient and/or could not be provided. Several contractual and regulatory obligations were not evident in the policies and procedures and compliance has not been achieved.</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p>	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability		
29/2020	<p>C3 (5.2) Risk management is applied to prioritise operations tasks</p> <p>Risk management has not been applied to prioritise operational tasks. The transmission line was not included in any of the risk analysis sighted.</p>	<p>R4/2020 - Undertake and record a risk assessment of the transmission line.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk.</p> <p>R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability</p> <p>R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.</p>	6 Feb 2022	No
30/2020	<p>C4 (5.3) Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition</p> <p>Assets were documented in an asset register but it does not include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. The information contained in the asset register was for towers (no sub components have been included) and contains financial information only.</p>	R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	29 Jun 2022	No
31/2020	<p>C2 (5.4) Accounting data is documented for assets</p> <p>Accounting was documented for assets, however, it was based at a broad level i.e. towers and not detailed sub components</p>	R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	29 Jun 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
32/2020	<p>C4 (5.5) Operational costs are measured and monitored</p> <p>No operational costs associated with the transmission line were detailed. These were incorporated into operational costs of the mine and not specifically attributed to the transmission line</p>	<p>R15/2020 – Identify, record and document operational and maintenance costing and detail how they are monitored by Licensee.</p> <p>R16/2020 - Monitor line losses and MVAr performance.</p>	31 Jan 2021	No
33/2020	<p>D4 (5.6) Staff resources are adequate and staff receive training commensurate with their responsibilities</p> <p>Staffing levels were said to be inadequate and further training was required.</p>	R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance.	2 Sept 2021	No
34/2020	<p>D3 (6.1) Maintenance policies and procedures are documented and linked to service levels required</p> <p>There were no maintenance policies and procedures documented or linked to services levels required in regard to the Transmission Line. The HV line was operated by Western Power.</p>	<p>R1/2020 – Formalise and implement an AMS for the transmission line.</p> <p>R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.</p> <p>R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys</p> <p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p>	6 Feb 2022	No
35/2020	<p>D4 (6.2) Regular inspections are undertaken of asset performance and condition</p> <p>There were no regular inspections scheduled in SAP. During the audit period one acoustic and one vegetation survey were undertaken.</p>	<p>R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance.</p> <p>R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting</p>	4 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
		evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R11/2020 -Consider carrying out a second acoustic emissions test to establish the extent of any deterioration and address any significant defects. The limitation to operations is understood as such instead of organising an outage for inspection/repair of known defects this approach could allow clearer definition of scope for a planned line outage should it be deemed necessary		
36/2020	C3 (6.3) Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule  There were no maintenance plans associated with the Transmission Line contained within SAP.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.	31 Jan 2021	No
37/2020	B3 (6.4) Failures are analysed and operational/maintenance plans adjusted where necessary  Failures appear to have been reviewed but have not been documented.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R13/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.	29 Jun 2021	No
38/2020	C3 (6.5) Risk management is applied to prioritise maintenance tasks  Risk management has not been applied to the Transmission Line asset.	R4/2020 - Undertake and record a risk assessment of the transmission line.  R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys	6 Feb 2022	No
39/2020	C3 (6.6) Maintenance costs are measured and monitored	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting	31 Jan 2021	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
	Maintenance costs were not measured and monitored and the transmission line was not itemised any financial budgets. Budgets costs incorporated in Maintenance budget for the mine.	evidence and maintenance costs are detailed. Critical entries should be subject to third party review.		
40/2020	C3 (7.1) Adequate system documentation for users and IT operators  The system adequacy of policies and procedures covering the general control and security of the computer systems used to provide management information on compliance with service standards / licence obligations was not well defined.	R7/2020 – Ensure employees are adequately trained to understand the requirements of Electricity Transmission Licence and associated contractual documentation. Consideration could be given incorporating a review of their job descriptions and performance to ensure compliance was achieved.  R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.	2 Sept 2021	No
41/2020	B3 (7.2) Input controls include suitable verification and validation of data entered into the system  WPC operate the line and control it. Most data collation was automated, often by third parties, WPC, AMSC, MetroPower with cross checking in place. SAP levels of access for different data require review. KML controls on portal documentation has several levels of approval.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.	31 Jan 2021	No
42/2020	B3 (7.6) Computations for licensee performance reporting are accurate  The SCADA system, shared with the mine, was overloaded and number of points had to be reduced to obtain acceptable speed. Only limited line data was collated.	R13/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.	31 Jan 2021	No
43/2020	D4 (7.7) Management reports appear adequate for the licensee to monitor licence obligations	R6/2020 – Develop and maintain a Compliance Register for the Electricity Transmission Licence and contractual requirements and allocate appropriate responsibilities for compliance	4 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
	No management reports pertaining to the Licensee monitoring licence obligations were available.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R13/2020 – Implement INX or other appropriate system to record non-standard performances and report to management to ensure compliance and performance of the transmission line.		
44/2020	C3 (8.1) Risk management policies and procedures exist and are applied to minimise internal and external risks  There were risk management policies and procedures that exist for the organisation but they have not been applied to minimise internal and external risks with regards to the Transmission Line. No risk management has been undertaken for the Transmission Line	R4/2020 - Undertake and record a risk assessment of the transmission line.  R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys  R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability.  R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation	6 Feb 2022	No
45/2020	D4 (8.2) Risks are documented in a risk register and treatment plans are implemented and monitored  Risks were not documented in a risk register and treatment plans were not established, implemented and monitored. Risk management was adhoc and relies on the tacit knowledge of employees. The risk management documentation was not co-ordinated	R4/2020 - Undertake and record a risk assessment of the transmission line.  R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.  R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.	6 Feb 2022	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
46/2020	D4 (8.3) Probability and consequences of asset failure are regularly assessed  Failure of transmission line was not considered.	R4/2020 - Undertake and record a risk assessment of the transmission line.  R5/2020 - Develop a risk based treatment plan to address issues identified to ensure ongoing compliance and/or accept residual risk. Operational controls should be evident in the AMS and detailed in the AMP i.e. acoustic and vegetation surveys.  R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.	6 Feb 2022	No
47/2020	C4 (9.1) Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks  There contingency plan was incomplete and testing procedures appear inadequate.	R10/2020 - Review and document contingency plans and consider risks  R19/2020 – Review Karara Mining 330kV Powerline Contingency Desktop Audit 20/4/17 and implement recommendations or critically review and document findings and management action	17 Jan 2022	No
48/2020	D4 (10.1) The financial plan states the financial objectives and identifies strategies and actions to achieve those  There was no documented financial plan that specifically states objectives and identifies strategies and actions to achieve the objectives.	R18/2020 – Monitor the Company and Consolidated Entity's financial performance to ensure that it is a going concern	28 Jun 2021	No
49/2020	DNR (10.5) The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services  The financial costs associated with the operations and maintenance, administration of the Transmission Line were incorporated into the mine operational budget. They were noted to be relatively low cost expenditures in the Licensees' operations.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.	31 Jan 2021	No

Resolved during audit/review period				
Reference	Non-compliance/Deficiency Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	Auditor's recommendation	Date resolved	Further action required
50/2020	DNR (11.1) There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates  There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast.	R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.	6 Feb 2022	No
51/2020	DNR (11.2) The capital expenditure plan provides reasons for capital expenditure and timing of expenditure  There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast.	R1/2020 – Formalise and implement an AMS for the transmission line.  R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.  R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	6 Feb 2022	No
52/2020	DNR (11.3) The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan  There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Monitoring of the projection of asset life and mine life should be incorporated in the AMS.	R1/2020 – Formalise and implement an AMS for the transmission line.  R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.  R3/2020 - Review the Asset Register to include asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	6 Feb 2022	No
53/2020	DNR (11.4) There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented  There was no capital expenditure plan developed for the Transmission Line. No significant capital works during or forecast. Capital expenditure processes have been established by the licensee for mine operation and would applied if required.	R1/2020 – Formalise and implement an AMS for the transmission line.  R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements  R8/2020 – Review and implement a Document Management System incorporating existing policies, procedures and supporting documentation for currency and applicability	6 Feb 2022	No



<b>Resolved during audit/review period</b>				
<b>Reference</b>	<b>Non-compliance/Deficiency</b> Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	<b>Auditor's recommendation</b>	<b>Date resolved</b>	<b>Further action required</b>
54/2020	D4 (12.1) A review process is in place to ensure the asset management plan and the asset management system described in it remain current  No AMP developed as such the records of the review were misleading, ineffectual and may indicate likely misstatement.	R1/2020 – Formalise and implement an AMS for the transmission line.  R2/2020 - Develop and implement an AMP for the Transmission Line compliant to regulatory and contractual requirements.  R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.	6 Feb 2022	No
55/2020	D4 (12.2) Independent reviews (e.g. internal audit) are performed of the asset management system  Text Process for Independent reviews (e.g. internal audit) of the asset management system were not established. No AMS formally established and implemented to conduct review against.	R9/2020 - Utilise SAP for planning of inspection and maintenance work, such as acoustic surveys, vegetation surveys, corona, etc and compliance requirements. Ensure records are verifiable with supporting evidence and maintenance costs are detailed. Critical entries should be subject to third party review.  R12/2020 - Establish internal audit processes to monitor risks and ensure compliance with Electricity Transmission Licence requirements and other contractual documentation.	31 Jan 2021	No
<b>Unresolved at end of current review period</b>				
<b>Reference</b>	<b>Non-compliance/Deficiency</b> Rating / Obligation no or effectiveness criteria and description / Details of noncompliance, inadequacy of controls or deficiencies	<b>Auditor's recommendation</b>	<b>Date resolved</b>	<b>Further action required</b>
-	-	-	-	-

### 3.4 Details of the Licensee Representatives Participating in the Audit/Review

Details of representatives from SWA are tabulated below.

Table 3 Details of Licensee

Personnel	Organisation
Principle Engineer Asset Management	KML
Manager of Asset Management System	KML
Electrical Engineering Superintendent	KML

### 3.5 Details of Key Documents and Other Information Sources

A list of documents reviewed in the audit and AMS review is listed in Appendix A.

### 3.6 Details of Auditors Participating in the Audit/Review

The audit and review team comprised three (3) staff members from GHD.

Details of their roles in the audit/review process are summarised in Table 4.

Table 4 Details of Audit and Review Team Members from GHD

Name	Role	Summary of Task	Hours Utilised (hrs)
Henry Le	Auditor/Reviewer	<ul style="list-style-type: none"> <li>Audit preparation</li> <li>Audit</li> <li>AMS Review</li> <li>Preparation of report</li> </ul>	120
Marcel Oosthuizen	Lead AMS Reviewer	<ul style="list-style-type: none"> <li>Audit preparation</li> <li>AMS Review</li> <li>Project management</li> </ul>	50
Anuraag Malla	Lead License Auditor	<ul style="list-style-type: none"> <li>Audit preparation</li> <li>Performance audit</li> </ul>	50

## 4. Performance Summary

Findings of the performance audit are summarised in a table with an adequacy of control and a compliance rating.

### 4.1 Assessment Rating Scales

In accordance with the Audit Guidelines, an assessment of KPL's performance was completed using a control and compliance rating scale for the audit of the licence obligations, as summarised in Table 5.

*Table 5 Audit Compliance and Control Rating Scales*

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls - no improvement needed	1	Compliant
B	Generally adequate controls - improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
N/P	Not performed – A controls rating was not required	N/R	Not rated – not applicable during the audit period

Similarly, the review of the asset management effectiveness was completed using the rating scales outlined in Table 6 and Table 7.

*Table 6 Asset Management Process and Policy Definition Rating*

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> <li>Processes and policies are documented.</li> <li>Processes and policies adequately document the required performance of the assets.</li> <li>Processes and policies are subject to regular reviews and updated where necessary.</li> <li>The asset management information system(s) are adequate in relation to the assets being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>Processes and policies require improvement.</li> <li>Processes and policies do not adequately document the required performance of the assets.</li> <li>Reviews of processes and policies are not conducted regularly enough.</li> <li>The asset management information system(s) requires minor improvements (taking into consideration the assets being managed).</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>Processes and policies are incomplete or require substantial improvement.</li> <li>Processes and policies do not document the required performance of the assets.</li> <li>Processes and policies are considerably out of date.</li> <li>The asset management information system(s) requires substantial improvements (taking into consideration the assets being managed).</li> </ul>
D	Inadequate	<ul style="list-style-type: none"> <li>Processes and policies are not documented.</li> <li>The asset management information system(s) is not fit for purpose (taking into consideration the assets being managed).</li> </ul>

Table 7 Performance Rating Scale (Reviews)

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>The performance of the process meets or exceeds the required levels of performance.</li> <li>Process effectiveness is regularly assessed, and corrective action taken where necessary.</li> </ul>
2	Improvement required	<ul style="list-style-type: none"> <li>The performance of the process requires some improvement to meet the required level.</li> <li>Process effectiveness reviews are not performed regularly enough.</li> <li>Recommended process improvements are not implemented.</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>The performance of the process requires substantial improvement to meet the required level.</li> <li>Process effectiveness reviews are performed irregularly, or not at all.</li> <li>Recommended process improvements are not implemented</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>Process is not performed, or the performance is so poor the process is considered to be ineffective.</li> </ul>

## 4.2 Licence Audit Ratings Summary

In accordance with the Audit Guidelines, an assessment of KPL’s control and compliance performance against its ETL6 licence obligations, that existed during 1 July 2020 to 30 June 2022 was undertaken. The following Table 8 list the number of licence obligations that were given each combination of control and compliance ratings. This table also allows KPL’s and the ERA to confirm that we have rated all relevant licence obligations and provides a simple summary of the KPL’s performance during the audit period.

Table 8 Licence Conditions compliance and control audit ratings summary table

		Compliance rating						Total
		1	2	3	4	N/R	N/A	
Controls rating	A	13				8		21
	B							
	C							
	D							
	N/P					1		1
	N/A						3	3
	Total		13				9	3

We also assessed the progress or completeness or closure status of all previously noted recommendations (A1, A2, A3, A4, A5, A6 and A7) from the 2020 licence audit.

We did not assess KPL’s control procedures and control environment for 1 licence obligation and have accordingly labelled it as ‘not performed’ or N/P as some prescribed event did not occur during the audit period (for e.g. change of address).

Similarly, we did not assess KPL’s compliance to 9 licence obligations and were ‘not rated’ or N/R as some prescribed event did not occur during the audit period (for e.g. change of address). Not applicable, or N/A was given to 3 license obligations as they were not applicable to KPL (e.g. tariff meter).

## 4.3 AMS Review Effectiveness Summary

The AMS review assessed the effectiveness in delivering the services required under the operating license.

The review was conducted using the asset management adequacy and performance ratings as described in Table 6 and Table 7. A summary of outcomes of the review is provided in Table 9.

Table 9 AMS Review Results Summary

AMS Component	Adequacy Rating	AMS Performance Rating
<b>1. Asset Planning</b>	<b>A</b>	<b>1</b>
Asset management plan covers the processes in this table	A	1
Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	A	1
Service levels are defined in the asset management plan	A	1
Non-asset options (e.g. demand management) are considered	-	-
Lifecycle costs of owning and operating assets are assessed	A	1
Funding options are evaluated	-	-
Costs are justified and cost drivers identified	A	1
Likelihood and consequences of asset failure are predicted	A	1
Asset management plan is regularly reviewed and updated	A	1
<b>2. Asset creation and acquisition</b>	<b>A</b>	<b>1</b>
Full project evaluations are undertaken for new assets, including comparative assessment of non-asset options	-	-
Evaluations include all life-cycle costs	-	-
Projects reflect sound engineering and business decisions	-	-
Commissioning tests are documented and completed	-	-
Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood	A	1
<b>3. Asset Disposal</b>	<b>A</b>	<b>1</b>
Under-utilised and under-performing assets are identified as part of a regular systematic review process	A	1
The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	A	1
Disposal alternatives are evaluated	A	1
There is a replacement strategy for assets	A	1
<b>4. Environmental Analysis</b>	<b>A</b>	<b>1</b>
Opportunities and threats in the Asset Management System environment are assessed	A	1
Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved	A	1
Compliance with statutory and regulatory requirements	A	1
Service standard (customer service levels etc) are measured and achieved.	A	1

AMS Component	Adequacy Rating	AMS Performance Rating
<b>5. Asset operations</b>	<b>A</b>	<b>1</b>
Operational policies and procedures are documented and linked to service levels required	A	1
Risk management is applied to prioritise operations tasks	A	1
Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	A	1
Accounting data is documented for assets	A	1
Operational costs are measured and monitored	A	1
Staff resources are adequate and staff receive training commensurate with their responsibilities	A	1
<b>6. Asset maintenance</b>	<b>A</b>	<b>1</b>
Maintenance policies and procedures are documented and linked to service levels required	A	1
Regular inspections are undertaken of asset performance and condition	A	1
Maintenance plans (emergency, corrective, and preventative) are documented and completed on schedule	A	1
Failures are analysed and operational/maintenance plans adjusted where necessary	A	1
Risk management is applied to prioritise maintenance tasks	A	1
Maintenance costs are measured and monitored	A	1
<b>7. Asset management information system</b>	<b>A</b>	<b>1</b>
Adequate system documentation for users and IT operators	A	1
Input controls include suitable verification and validation of data entered into the system	A	1
Security access controls appear adequate, such as passwords	A	1
Physical security access controls appear adequate	A	1
Data backup procedures appear adequate, and backups are tested	A	1
Computations for licensee performance reporting are accurate	A	1
Management reports appear adequate for the licensee to monitor licence obligations	A	1
Adequate measures to protect asset management data from unauthorised access	A	1
<b>8. Risk management</b>	<b>A</b>	<b>1</b>
Risk management policies and procedures exist and are applied to minimise internal and external risks	A	1
Risks are documented in a risk register and treatment plans are implemented and monitored	A	1
Probability and consequences of asset failure are regularly assessed	A	1
<b>9. Contingency planning</b>	<b>A</b>	<b>1</b>
Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	A	1

AMS Component	Adequacy Rating	AMS Performance Rating
<b>10. Financial planning</b>	<b>A</b>	<b>1</b>
The financial plan states the financial objectives and identifies strategies and actions to achieve those	A	1
The financial plan identifies the source of funds for capital expenditure and recurrent costs	A	1
The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	A	1
The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period	A	1
The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	A	1
Large variances in actual/budget income and expenses are identified and corrective action taken where necessary	A	1
<b>11. Capital expenditure planning</b>	<b>A</b>	<b>1</b>
There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates	A	1
The capital expenditure plan provides reasons for capital expenditure and timing of expenditure	A	1
The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	A	1
There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented	A	1
<b>12. Review of AMS</b>	<b>A</b>	<b>1</b>
A review process is in place to ensure the asset management plan and the Asset Management System described in it remain current	A	1
Independent reviews (e.g. internal audit) are performed of the Asset Management System	A	1

## 5. Observations and Recommendations

### 5.1 Licence Conditions Compliance and Control Audit

The following Table 10 summarises the audit findings of KPL's performance against its ETL6 licence obligations during the audit period. This table does not provide the observation commentary against the control rating and compliance rating for the sake of brevity in the body of the report. Our assessment observation is detailed in Appendix B.

Table 10 Licence condition compliance and control audit – summary finding table

No	Obligation under Licence condition	Description	N/A	Control rating					Compliance rating					
				A	B	C	D	N/P	1	2	3	4	N/R	
101	Electricity Industry Act, 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.		✓					✓					
102	Electricity Industry Act, section 14(1)(a)	A licensee must provide for an Asset Management System.		✓					✓					
103	Electricity Industry Act, section 14(1)(b)	A licensee must notify details of the Asset Management System and any substantial changes to it to the ERA.		✓					✓					
104	Electricity Industry Act, 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.		✓					✓					
105	Economic Regulation Authority (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014.		✓					✓					
106	Electricity Industry Act, section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.		✓					✓					
107	Electricity Industry Act, section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.		✓					✓					
119	Distribution Licence, condition 4.3.1 Generation Licence, condition 4.3.1 Integrated Regional Licence, condition 4.3.1 Retail Licence, condition 4.3.1 Transmission 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.		✓					✓					
121	Distribution Licence, condition 5.3.2 Generation 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.		✓					✓					



No	Obligation under Licence condition	Description	N/A	Control rating					Compliance rating					
				A	B	C	D	N/P	1	2	3	4	N/R	
	Integrated Regional Licence, condition 5.3.2 Retail Licence, condition 5.3.2 Transmission Licence, condition 5.3.2													
122	Distribution Licence, condition 5.1.5 Generation Licence, condition 5.1.5 Integrated Regional Licence, condition 5.1.5 Transmission 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.		✓						✓				
123	Distribution Licence, condition 4.4.1 Generation Licence, condition 4.4.1 Integrated Regional Licence, condition 4.4.1 Retail Licence, condition 4.4.1 Transmission 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.		✓										✓
124	Distribution Licence, condition 4.5.1 Generation Licence, condition 4.5.1 Integrated Regional Licence, condition 4.5.1 Retail Licence, condition 4.5.1 Transmission 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.		✓						✓				
125	Distribution Licence, condition 3.8.1 and 3.8.2 Generation Licence, condition 3.8.1 and 3.8.2 Integrated Regional Licence, condition 3.8.1 and 3.8.2 Retail Licence, condition 3.8.1 and 3.8.2 Transmission 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.		✓										✓
126	Distribution Licence, condition 3.7.1 Generation Licence, condition 3.7.1 Integrated Regional Licence, condition 3.7.1 Retail Licence, condition 3.7.1	All notices must be in writing, unless otherwise specified.		✓						✓				

No	Obligation under Licence condition	Description	N/A	Control rating					Compliance rating					
				A	B	C	D	N/P	1	2	3	4	N/R	
	Transmission Licence, condition 3.7.1													
371	Electricity Industry Metering Code, 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.	✓											
372	Electricity Industry Metering Code, clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	✓											
451	Electricity Industry Metering Code, clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.		✓						✓				
452	Electricity Industry Metering Code, clause 7.2(2)	A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect.		✓										✓
455	Electricity Industry Metering Code, 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.	✓											
456	Electricity Industry Metering Code, clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.		✓										✓
457	Electricity Industry Metering Code, 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.		✓										✓
458	Electricity Industry Metering Code, clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.		✓										✓
459	Electricity Industry Metering Code, 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.		✓										✓
460	Electricity Industry Metering Code, clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.		✓										✓
461	Electricity Industry Metering Code, clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).						✓						✓

## 5.2 Asset Management System Review

The AMS review conducted is in Table 11. As per the ERA guidelines, recommendations are only given to performance ratings of 3 and 4 or process and policy ratings of C and D.

Table 11 Asset Management Review Observations and Recommendations

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	<b>Asset planning</b> Asset planning strategies focuses on meeting customer needs in the most effective and efficient manner (delivering the right service at the right price).			<b>A</b>	<b>1</b>
1.1	Asset management plan covers the processes in this table	1	The AMP evidences each of the applicable processes with respect the asset planning. See individual effectiveness criteria observations.	A	1
1.2	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	1	KPL's compliance manual defines all key stakeholders. The document also defines roles and responsibilities with respect to compliance with the transmission license.  The compliance manual also defines operational and reliability obligations with stakeholders.	A	1
1.3	Service levels are defined in the asset management plan	1	The service level of the transmission line is defined in the AMP in accordance with the Wheeling Agreement with Western Power (WP).	A	1
1.4	Non-asset options (e.g. demand management) are considered	N/A	N/A There are no alternatives to a transmission line for KPL.	-	-
1.5	Lifecycle costs of owning and operating assets are assessed	1	Life cycle costs are assessed in KPL's Transmission Line Cost Report which projects the cost of operation and maintenance of the asset for the next 10 years from 2021.	A	1
1.6	Funding options are evaluated	N/A	N/A No further funding is required for the asset after commissioning.	-	-
1.7	Costs are justified and cost drivers identified	1	The predominant cost for the asset (transmission line) is the maintenance activities.  The AMP has a section outlining the maintenance plan for the transmission line. This section outlines the strategy used for maintenance of the transmission line, called the "Work Management System" (WMS). The WMS includes budgeting and cost management as part of defining their maintenance planning.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1.8	Likelihood and consequences of asset failure are predicted	1	<p>A risk assessment was evidenced which includes predicted likelihood and consequences as defined in KML's Risk Management Framework which has been evidenced.</p> <p>The risk assessment was performed onsite on 1 Dec 2021 with key staff present including key health and safety and maintenance staff, and management. The Risk Management Framework states an annual review of risk register as of the time of this review; the risk register is up to date as per the Risk Management Framework.</p>	A	1
1.9	Asset management plan is regularly reviewed and updated	1	<p>The current AMP was developed during the review period in response to a Notice of Section 32 of the Electricity Industry Act (2004) issued to KPL by the ERA.</p> <p>The AMP has defined a review period of 2 years. The current revision of the AMP is the first revision and is dated 6 Feb 2022. At the time of the review, the AMP is up to date. KPL uses SAP to track document review dates and is used as a planning tool for management alongside other applications for asset management within the business. SAP also allows KPL to raise and schedule ad hoc reviews and updates of key documents, including the AMP.</p>	A	1
2	<p><b>Asset creation and acquisition</b> Asset creation/acquisition is the provision or improvement of assets</p>			<b>A</b>	<b>1</b>
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset options	N/A	<p>N/A</p> <p>No further assets will be commissioned for the transmission licence. Only spares for the existing asset are to be maintained until end of life</p>	-	-
2.2	Evaluations include all life-cycle costs	N/A	<p>N/A</p> <p>See 2.1</p>	-	-
2.3	Projects reflect sound engineering and business decisions	N/A	<p>N/A</p> <p>See 2.1</p>	-	-
2.4	Commissioning tests are documented and completed	N/A	<p>N/A</p> <p>See 2.1</p>	-	-
2.5	Ongoing legal / environmental / safety obligations of the asset owner are assigned and understood	1	<p>The compliance manual uses a RACI (responsibility, accountability, consulted and informed) matrix to assigning key roles. These roles include legal obligations, which couples environmental obligations contracted in KPL's Lease Agreement, as well as safety and environmental obligations.</p>	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
3	<b>Asset disposal</b> Asset disposal is the consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets.			A	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process	1	<p>The maximum rating of the transmission line is 180 MVA, which is well above the nominal rating of the mine site (75MW). Through a meeting with KPL's AMS Manager and Principal Engineer of Asset Management, KPL has expressed that their current review method is reflective of the current stage in the transmission line's life cycle (early).</p> <p>There is currently and end of life plan, with no replacement strategy contemplated. The current end of life plan for the transmission line is to provide WP the opportunity to purchase the asset from KPL. The line is regularly maintained and inspected in accordance with multiple maintenance planning documents which have been evidenced.</p>	A	1
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken	1	<p>Issues with respect to secondary equipment at either end on Three Springs Terminal or Golden Grove are within the scope and responsibilities of WP as per the Wheeling Agreement between WP and KPL.</p> <p>Investigations can be initiated by KPL for WP for loss of power incidents and interruptions. Furthermore, KML and KPL have implemented a schedule of regular meetings to implement their policy of continual improvement as defined in the AMP. These regular meetings allow for opportunities for improvement and optimisations to be raised based on poor performance or underutilisation. During the review period, it has been evidenced that more efficient maintenance activities have been actioned as an outcome of this policy.</p>	A	1
3.3	Disposal alternatives are evaluated	1	<p>Currently, the Wheeling Agreement between WP and KPL defines an opportunity for WP to purchase the asset (transmission line) from KPL at the end of the asset's life cycle. If this negotiation cannot be resolved, WP and KPL would have to undergo mediation.</p> <p>If disposal is required, KPL has evidenced an asset disposal policy. This policy defines an asset disposal flowchart which must be followed including approvals and supporting documents required. The policy includes a provision for consideration of disposal alternatives. Also evidenced is an asset disposal form which is a key supporting document in the asset disposal procedure.</p>	A	1
3.4	There is a replacement strategy for assets	1	<p>The maintenance plan section in the AMP includes a provision for spare parts requirements on site. Based on the risk assessment conducted, the current strategy with respect to replacement is to maintain spare parts. This section has outlined that no spare towers will be carried on site, however, a strategy is outlined for this scenario. Replacement of the asset itself is not contemplated.</p> <p>The AMP also lists a full spare parts list in an appendix item.</p>	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
4	<b>Environmental analysis</b> Environmental analysis examines the Asset Management System environment and assesses all external factors affecting the Asset Management System.			<b>A</b>	<b>1</b>
4.1	Opportunities and threats in the Asset Management System environment are assessed	1	The risk assessment identifies and assesses threats to the asset, including non-asset specific threats such as non-compliance with the Transmission License.	A	1
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved	1	A SCADA system monitors the line status. This system also maintains a record of incidents. INX is a business wide health and safety-based software which is also used to record and monitor non-compliances with respect to the asset. These systems, alongside KPL's maintenance activities, which are tracked in SAP are used by KPL to ensure that service standards are measured and achieved.	A	1
4.3	Compliance with statutory and regulatory requirements	1	Statutory and regulatory requirements are identified in KPL's Compliance Manual. KPL's ongoing compliance with each requirement is tracked within the manual as it is updated.  The manual states that an annual review is required with additional reviews as required following a major incident, breach of legislation or legislative change.	A	1
4.4	Service standard (customer service levels etc) are measured and achieved.	1	The key service standards are with WP. Each requirement of KPL and KML by WP are listed and assessed in the Compliance Manual. KPL's ongoing compliance to agreements with WPs are tracked within the manual.	A	1
5	<b>Asset operations</b> Asset operations is the day-to-day running of assets (where the asset is used for its intended purpose).			<b>A</b>	<b>1</b>
5.1	Operational policies and procedures are documented and linked to service levels required	1	The AMP has defined KPL's operating philosophy as centred around maintenance of the asset. WP controls operation of the asset, as evidenced in an Operational Philosophy from WP to KPL.  The maintenance plan outlines all activities from KPL with respect to the asset. Service levels requirements for KPL with respect to the asset are defined in the Wheeling Agreement with WP. This agreement is referenced in KML's Maintenance Policy.	A	1
5.2	Risk management is applied to prioritise operations tasks	1	All of KPL and KML's operations associated with the asset are maintenance based. The maintenance plan is an outcome of the risk assessment conducted by KPL.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5.3	Assets are documented in an asset register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition	1	<p>An asset register was evidenced. The register segments the transmission line into its towers. The asset register documents all towers along the transmission route between Three Springs and Golden Grove.</p> <p>The asset register documents both a drawing number descriptor and asset management information system (SAP) descriptor. Also evidenced in the asset register is the asset location, material characteristics, a short description of asset condition and records of surveys conducted. All towers are physically marked with their drawing descriptor and the asset register is used as a reference to link to the SAP descriptor. SAP acts as a live register of maintenance activities and status while the asset register document acts as a record of key surveys, characteristics and condition. The asset register document that was evidenced is manually updated as required.</p>	A	1
5.4	Accounting data is documented for assets	1	<p>Accounting data for the asset is included and recorded in a monthly report for KML and has been evidenced. This report includes a dedicated section for the transmission line and serves to record and track action plans for the asset.</p> <p>All expenditures on a per tower basis is recorded on SAP which is KPL's AMS information system management software. A general ledger account is also used to track accounting data between KPL and WP.</p>	A	1
5.5	Operational costs are measured and monitored	1	Operating costs for the asset are measured, monitored and recorded in a monthly report for KML as described in observation 5.4	A	1
5.6	Staff resources are adequate and staff receive training commensurate with their responsibilities	1	<p>Dedicated training is provided to staff for management of the transmission line, with specialist resources being contracted for key technical maintenance tasks and remedial works if required. KPL has set up a Department of Asset Management System with management and staff allocated to manage the effectiveness of their AMS. The team start up for this department commenced in August 2021 with a workshop to introduce and train staff on their responsibilities.</p> <p>As for operations onsite, KML do use a core group of staff with training specific to electrical engineering applied to transmission assets. The role of internal site staff is project management focussed. KML contracts out technical tasks to those they consider to be "subject matter experts". Procurement of contractors go through KML's typical tender process to ensure suitability of contractors with a focus on scoping and financial parameters. Works on all plant, including the asset are covered within this procedure. If additional guidance is required, KML will seek the guidance of WP to validate works and contracts.</p>	A	1
6	<p><b>Asset maintenance</b></p> <p>Asset maintenance is the upkeep of assets.</p>			A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6.1	Maintenance policies and procedures are documented and linked to service levels required	1	A maintenance policy and plan were evidenced. The agreement with WP defines the service level agreements and this agreement is referenced in KPL's Transmission Line Maintenance Policy. The maintenance plan details references to other related maintenance plans for specific activities and procedures. All detailed maintenance plans are captured on SAP.	A	1
6.2	Regular inspections are undertaken of asset performance and condition	1	Inspections are included in the work management system which covers KPL and KML's maintenance management process business wide. Inspections specific to ensuring asset performance and condition (for example, helicopter inspections and acoustic surveys) are scheduled regularly and detailed within SAP.  Asset condition is then recorded in the asset register which has been evidenced in SAP. SAP has a notification system which allows all staff to raise notifications based on inspection observations. This system allows notifications to be raised by maintenance staff. These notifications can be raised for any reason (emergency, corrective, and preventative). Notifications then go through an approval process from KPL and/or KML management and are then turned into work orders for action. Actions are then monitored and reported on to ensure they get closed out.	A	1
6.3	Maintenance plans (emergency, corrective, and preventative) are documented and completed on schedule	1	See Observation 6.2  Maintenance activities such as acoustics, vegetation and helicopter surveys are also scheduled in SAP. Work orders must have a nominated priority, schedule, and action plan. A sample schedule of work orders from SAP has been evidenced.	A	1
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary	1	KPL's work management system includes a provision to perform a root cause analysis and record corrective actions for issues raised in their maintenance activities. This work management system is described in the AMP. Where trips or outages occur, WP is contacted in the first instance to determine root cause. During the review period, there have been no failures that were to be rectified by KPL onsite.  Where failures or deficiencies are identified, KPL have adjusted their maintenance activities accordingly. KPL also employs their continual improvement policy as part of their regular meeting schedule, which allows for improvement opportunities to be raised based on observations and failures (if applicable). Where internal reviews are not possible, KPL contracted external reviews and actioned the recommended implementation plans.	A	1
6.5	Risk management is applied to prioritise maintenance tasks	1	See observation 5.2	A	1
6.6	Maintenance costs are measured and monitored	1	See observation 5.4	A	1



No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
7	<b>Asset management information system</b> An asset management information system is a combination of processes, data and software supporting the asset management functions.			<b>A</b>	<b>1</b>
7.1	Adequate system documentation for users and IT operators	1	The information system used by KPL is SAP. KPL provides internal SAP training, training documents and guides for notification creation with respect asset management. The SAP guideline document for asset notification created was evidenced.	A	1
7.2	Input controls include suitable verification and validation of data entered into the system	1	All notifications raised on the SAP system by staff are reviewed by KPL management prior to raising work orders. For a work order to be issued through the SAP system, an action plan, priority and schedule must be nominated.	A	1
7.3	Security access controls appear adequate, such as passwords	1	KPL has evidenced a suite of security documents defining security for SAP as their asset management information system.  The policy defines password protection and requirements to ensure adequate security has been evidenced.	A	1
7.4	Physical security access controls appear adequate	1	The transmission line spans 106km through public land and roads. All towers comprising the transmission line have anti climb structures. Towers that are on the KML mine site are under the site physical and staffed security.	A	1
7.5	Data backup procedures appear adequate, and backups are tested	1	KPL has evidenced a backup and restore procedure. Also evidenced is a backup testing register detailing date, location of test, and result (success/fail) of tests by KPL during the review period.	A	1
7.6	Computations for licensee performance reporting are accurate	1	Data in the KPL SCADA system is copied directly from WP's SCADA system. A sample of the information available via SCADA has been evidenced.	A	1
7.7	Management reports appear adequate for the licensee to monitor licence obligations	1	The monthly report for KML includes a section for the transmission line and has been evidenced. This section tracks ongoing actions and compliance issues raised since the previous monthly report pertaining to the asset.  The SCADA system provided key power information that allows for monitoring in line with service standards (aggregate annual outage duration). KML operations also have a means to monitor additional PQM data but is not required as part of any obligations.	A	1
7.8	Adequate measures to protect asset management data from unauthorised access	1	KPL has evidenced a security policy which details acceptable use of company owned IT equipment and services. This is coupled together with KPL's other security-based policies which have been evidenced.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
8	<b>Risk management</b>			<b>A</b>	<b>1</b>
	Risk management involves the identification of risks and their management within an acceptable level of risk.				
8.1	Risk management policies and procedures exist and are applied to minimise internal and external risks	1	See observations 1.8 and 5.2	A	1
8.2	Risks are documented in a risk register and treatment plans are implemented and monitored	1	A risk register from a recent risk assessment was evidenced. Action plans are defined and implemented in KPL's asset maintenance plan. The risk register and the maintenance plan also have an up-to-date review cycle.	A	1
8.3	Probability and consequences of asset failure are regularly assessed	1	The risk register, which includes the assessment of likelihood and consequences of asset failure has an annual review period as per KPL's Risk Management Framework. The current revision of the risk assessment is up to date and is dated 1 Dec 2021.	A	1
9	<b>Contingency planning</b>			<b>A</b>	<b>1</b>
	Contingency plans document the steps to deal with the unexpected failure of an asset.				
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks	1	A contingency plan has been evidenced. This document details the procedure to respond to various modes of unexpected asset failure including by not limited to: weather events such as bushfires and lighting, terminal station failure and security threats. Alongside this contingency plan, KPL has evidenced a suite of other contingency plans including emergency response, incident management and bushfire response plans. Plans have nominated testing schedules for their respective systems.  Also evidenced was KPL's Contingency Test Plan and desktop audit which. This document describes the contingency event being tested and records their findings and recommendations on their contingency plan effectiveness. The revision date of the test plan reviewed is 17 Jan 2022.	A	1
10	<b>Financial planning</b>			<b>A</b>	<b>1</b>
	Financial brings together the financial elements of the service delivery to ensure its financial viability over the long term.				

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10.1	The financial plan states the financial objectives and identifies strategies and actions to achieve those	1	Financial planning for the transmission line falls into the financial planning processes used by KML business wide. An annual budget process used by KML business wide has been evidenced. This annual budget includes a line item specific to the asset.  Expenditures specific to the asset are submitted documented and recorded in SAP.	A	1
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs	1	KPL has evidenced KML's internal capital expenditure request process, which details the procedure to be used by KPL to procure a source of funds for capital expenditure and recurrent costs for the asset.  The process requires supplementary forms and guidance information which were also evidenced.	A	1
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets)	1	KPL is a subsidiary of KML. As such, all financial reporting for KPL is covered under KML's financial reporting procedures and processes. The monthly report produced by KML includes a dedicated section for the asset and includes operating statements specific to the asset.	A	1
10.4	The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period	1	Since it has been commissioned, the asset has not been an income generating asset for KPL and this is no intention for this to change. This is reflected in that documentation does not include predictions of income for the next 5 years. It was acknowledged that there is opportunities to generate income via outsourcing the use of the asset to third parties; however, this is taken on notice rather than included in any financial plans or documents.  Current practice is appropriate considering the asset is not an income-generating asset.	A	1
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services	1	A 10-year budget for the asset has been evidenced which includes operating and maintenance costs including costs related to surveys, tests, and independent audits.	A	1
10.6	Large variances in actual/budget income and expenses are identified and corrective action taken where necessary	1	Over the review period, there have been no large variances in actual/budget income and expenses. Only deviations in timing and scheduling of maintenance activities which have had no impact on net budget.  All financial information is reported on a monthly basis in the monthly report with continual tracking performed in SAP.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
11	<b>Capital expenditure planning</b> The capital expenditure plan provides a schedule of new works, rehabilitation and replacement works, together with estimated annual expenditure for these works over the next five or more years.			A	1
11.1	There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates	1	See observation 10.1	A	1
11.2	The capital expenditure plan provides reasons for capital expenditure and timing of expenditure	1	A capital expenditure request form, which is a supplementary document in the capital expenditure process has been evidenced.  This document requires from the requestor a justification for an expenditure as well as timing.	A	1
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan	1	The current review period is considered to be early in the asset life cycle.  A flow chart for asset creation and acquisition is an appendix in the AMP that has been evidenced. This flow chart describes different capital expenditure scenarios with the asset life being a key parameter. At this stage, the current practices described in an interview with KPL staff is consistent with the flow chart evidenced.	A	1
11.4	There is an adequate process to ensure the capital expenditure plan is regularly updated and implemented	1	The capital expenditure policy, which has been evidenced, includes a provision to update the capital expenditure planning process based on variances in maintenance costs.  There have been no changes to budgeted maintenance costs during the review period.	A	1
12	<b>Review of AMS</b> The Asset Management System is regularly reviewed and updated.			A	1
12.1	A review process is in place to ensure the asset management plan and the Asset Management System described in it remain current	1	The SAP software acts as monitor for typical review cycles for each key Asset Management System document. SAP also allows for ad hoc reviews to be conducted as required (for example, arising issues or changes in legislation). All documents reviewed have been up to date as per their nominated review periods.	A	1

No.	AMS Effectiveness Criteria	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
12.2	Independent reviews (e.g. internal audit) are performed of the Asset Management System	1	<p>KPL has developed a compliance manual which has been evidenced. This manual specifies an annual review period and is currently up to date with a revision date of 4 February 2022.</p> <p>In addition, external consultants are also engaged for review as required. An external review conducted during the review by an external contractor has been evidenced.</p>	A	1

## 6. Confirmation of the Audit and Review

I confirm that the audit and review carried for KPL on 11 July – 17 August 2022 and recorded in this report is an accurate presentation of our findings and opinions.

*M Oosthuizen*

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NSW 2065

# **Appendix A**

**Key Documents Reviewed**

File Name	Description	Ver	Revision Date
9. Supply to Karara Mine Load, Operational Philosophy for Contingency Interim and Final Supply Periods_.pdf		3.0	13-Feb-14
11. KML_KPLPL Asset Management Policy_Final_April 2021 APPROVED.pdf			
12. Karara - Strategic Framework Rev 2 - 17 05 21 APPROVED.pdf			
13. Karara - Board Charter Rev 1 - 17 05 21 APPROVED.pdf			
14. 1456-EL-MAN-1001_0 330KV 132KV TRANSMISSION LINE COMPLIANCE MANUAL.pdf		0.0	4-Feb-22
15. Transmission Line Asset Management Plan_Final 6 2 22 Signed.pdf		0.0	6-Feb-22
16. CORP-FI-POL-1004 Financial Reporting and AGAAP Audit process_FINAL.pdf			
17. CORP-FI-POL-1006 Capital Expenditures Guidance.pdf		-	2-Dec-21
18. CORP-FI-POL-1007 Capital Expenditure Request process FINAL.pdf		-	30-Jun-21
19. CORP-FI-FRM-1008_0 KML - Capital Expenditure Request covering Form.pdf		0	2-Dec-21
20. CORP-AD-REP-1001 Karara monthly report template.pdf		-	2-Dec-21
21. CORP-FI-POL-1003 Annual budget process - FINAL.pdf		-	28-Jun-21
22. 2021 Authority Sub-delegation Matrix - Approved 20 December 2021.pdf			
22. Circular Resolution - Authority Matrix 2021 28 07 2021 Executed on 10 08 2021.pdf			
23. CORP-FI-POL-1002 Asset Disposal Policy FINAL.pdf		-	30-Jun-21
24. CORP-FI-FRM-1006_0 Asset Disposal Form FINAL.pdf		-	30-Jun-21
25. 1456-EL-POL-1001_1.pdf	Transmission Line Maintenance Policy	1.0	9-Nov-21
26. CORP-EL-PHL-1001_0.pdf	Transmission Line Maintenance Philosophy	0	2-Sep-21
27. CORP-HS-STD-1049_0 Risk Management NA Signed.pdf	Risk Management Framework	0	31-Aug-21
28. 1456-EL-SPC-1013_D.pdf			
29. CORP-EL-BOD-1001_1 ELECTRICAL DESIGN CRITERIA Pieter Signed.pdf			
31. CORP-GE-PLN-1002_3 DOCUMENT AND MANAGEMENT PLAN (1).pdf		3	3-Dec-21
32. CORP-IT-POL-1002 Acceptable Use Policy_WS.pdf		1	19-Jan-22
33. CORP-IT POL-1011 IT Password Policy_WS.pdf		1	28-Jan-22
34. CORP-IT-PRO-1005 Basic Restore from Backup_WS.pdf		1	3-Feb-22
35. CORP-IT-POL-1001 ITC Knowledge Management Policy_WS.pdf		1	29-Jan-22
36. CORP-IT-POL-1007 Software Policy_WS.pdf		1	19-Jan-22



File Name	Description	Ver	Revision Date
37. CORP-AD-FRM-1050_3 PERSONAL COMPLIANCE VERIFICATION FORM (PCV).docx			
38. CORP-AD-FRM-1046_6 SITE ENTRY REQUEST FORM.pdf			
39. CORP-HS-PLN-1001_4 KARARA HEALTH AND SAFETY MANAGEMENT PLAN.pdf			
40. CORP-EN-POL-1001_7 KARARA ENVIRONMENT POLICY.PDF			
41. CORP-EN-PLN-1020-Karara Mining Limited Environmental Management Plan (2020).pdf			
42. CORP-EN-PLN-1003_0 330KV TRANSMISSION LINE ENVIRONMENTAL MANAGEMENT PLAN_REV 1.PDF			
43. CORP-CH-POL-1004_0 HERITAGE POLICY_39288_1.PDF			
44. CORP-HS-PLN-1003v9 Emergency Response Plan.pdf		9	29-Aug-21
45. CORP-HS-PLN-1004 v3 - Crisis Management Plan.pdf		2	3-Apr-20
46. CORP-HS-PLN-1013_v2 Bushfire Management Plan.pdf		B	3-Jan-17
47. CORP-HS-PLN-1014_v2 Incident Management Plan.pdf		1	27-Mar-20
48. MOU - DFES and Karara Mining.docx			
49. 1456-EL-PLN-1002_0 Karara Mining Transmission Line Contingency Plan signed by PB and WM.pdf		0	17-Jan-22
50. 1456-EL-PLN-1003_0 Karara Mining Transmission Line Contingency Test Plan signed PB and WM.pdf		0	17-Jan-22
51. CORP-PP-POL-1001-1 PROCUREMENT POLICY.pdf			
52. CORP-PP-PRO-1001-1 PROCUREMENT PROCEDURE.pdf			
53. CORP-PP-POL-1002 KML INVENTORY POLICY Rev3 Signed.pdf			
54. CORP-PP-PRO-1002 KML INVENTORY CONTROL PROCEDURE Rev3 Signed.pdf			
55. CORP-HR-POL-1006_1 Code of Conduct Policy.pdf			
56. CORP-HR-POL-1025_0 Performance and Conduct Policy.pdf			
57. CORP-HR-POL-1029 Karara Performance Review Policy.pdf			
58. CORP-TR-PRO-1001_5 TRAINING AND COMPETENCY PROCEDURE.pdf			
59. Final-KARARA-TK and KK-20210506.pdf	Asset register	-	29-Jun-22
60. Site Broad Brush Risk Register(V3).xlsm	Risk assessment	V3	6-Feb-22
61. Power Transmission Line Cost Report - 10 year budget.xlsx		-	25-Jan-22
62. Transmission Line Dec-21.pdf	Monthly report financial sample	-	29-Jun-22
63. Karara Monthly Report December 2021.pdf		-	29-Jun-22
64. 1456-EL-MSI-EL0123.pdf			
64a. 1456-EL-MSI-EL0120.pdf			

File Name	Description	Ver	Revision Date
65. 1456-EL-MSI-EL0121.pdf			
66. 1456-EL-MSI-EL0122.pdf			
71. Karara 330kV Phase 1a Report v01a.pdf	External review report	v01b	21-Jan-22
72. Manager AMS & SAP Project PD.docx			
73. Superintendent Electrical Maintenance PD.docx			
74. Senior Engineer HV PD - Copy.docx			
74. Senior Engineer HV PD.docx			
75. Project Manager AMS SAP, Goals, ERA Audit.rtf			
76. Superintendent Electrical Maintenance, Goals, ERA Audit.rtf			
77. Senior Electrical Engineer HV, Goals, ERA Audit.rtf			
78. ETL06_Gap Analysis_AssetManagementReview_Nov2021_3.docx			
79. FACE OF SAFETY - JOB HAZARD ANALYSIS REPORT - COURSE ATTENDANCE REPORT.pdf			
80. Meeting Attendance-Transmission Line Risk Assessment - Signed.doc		-	1-Dec-21
81. Meeting Attendance-Transmission Line Compliance Manual Review.pdf	AMS team commencement meeting workshop		
82. Attendance register-MOM-0001.doc			
83. Asset Management Objectives Certificate of completion Pieter Bezuidenhout.pdf			
84. Asset Management training.pdf			
85. Develop an AMP training certificate.pdf			
86. ETL06_PRIP_PAIP_05Feb2022.docx			
87. Action Assigned 2020 Post Review Action Plan - ETLO6_Project Timeline_Master Project Plan_05 Feb 2022.xlsx			
Backup testing register.xlsx			
INX Snapshot.PNG			
Karara SAP PM Notification order Creation.pdf		-	10-Jan-22
workOrders.xlsx			
WP response to Karara - Asset management plan.docx			

# **Appendix B**

## **License Obligation Audit**

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating													
						A	B	C	D	N/P	Control observation					1	2	3	4	N/R	Compliance observation			
101	Electricity Industry Act, 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	3							The requirement and the timing of this audit is included in the Karara Mining corporate SAP system which generates work orders at prescribed scheduled time period. Evidence of SAP generated work order notifying/triggering the business to undertake the ERA audit periodically was sighted during the audit. This periodic ERA audit is registered as 'scheduled maintenance activity' within its SAP system. This ensure that the control is embedded in its business environment, and does not reside informally within selected few staff. In addition, ERA also issues formal letter in the month of February specifying the audit requirement and its timeline triggering this activity in timely fashion. Further, the newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. It list this obligation and presently has assign the responsibility to Asset Manager (Manager Asset Management System & SAP Project). This role is presently filled by Mr Chengcai Luo and interview with him, and the assessment of the supporting elements of the AMS (such SAP, IT tools, HR Departments, Maintenance Department etc.) indicates that this obligation is well understood and practices within the organisation. All the associated outstanding findings and their recommendations (A1) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.													The previous 2020 audit was conducted in July 2020 and hence Karara Mining has commissioned and presently is undergoing this audit within the 24 months time period. The final audit report (and rectification planning) logically follows the auditing activities and lags by few weeks/months. The ERA is involved during this reporting phase. This obligation is deemed compliant.
102	Electricity Industry Act, section 14(1)(a)	A licensee must provide for an Asset Management System.	2	3							Please refer to Karara Mining's business set-up (control environment, procedures, IT systems, people, training etc.) described in the Asset Management System effectiveness review section of the report for further details on the observed controls. The physical operation and maintenance of the transmission line infrastructure at Karara Mining is undertaken by its Maintenance Department (consisting of Electrical and Mechanical teams). Karara Mining also outsource specialised maintenance and inspection activities in the course of managing the lifecycle of its assets. All these activities are embedded or prescribed in its SAP system (as per its Asset Management Plan) and are routinely auto generated to be actioned by the relevant teams/parties. Mr Chengcai Luo (CPEng) the nominated Responsible Officer at Karara Mining oversees this asset management regime (guided by set of policies, procedures, plans and supporting systems). This regime is supported by various internal business functions such as Finance Department that looks after the costs, Legal												In order to test the implementation of its asset management plan, evidence of various maintenance activities generated by Karara Mining SAP system and records of their delivery was requested during the audit. Documentation pertaining to the helicopter survey, acoustic survey and visual inspection (such as SAP work order, vendor purchase order for outsourced activities, inspection templates and scope of work briefs) were sighted. This obligation is deemed compliant.	

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating							
						A	B	C	D	N/P	Control observation	1	2	3	4	N/R	Compliance observation	
											Department that looks after contract, the Human Resource Department that requires/ensure relevant competency/qualification of the workforce and contractors. All the associated outstanding findings and their recommendations (A1) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This obligation is deemed adequately controlled.							
103	Electricity Industry Act, section 14(1)(b)	A licensee must notify details of the Asset Management System and any substantial changes to it to the ERA.	2	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. It list this obligation and presently has assign the responsibility to Asset Manager (Manager Asset Management System & SAP Project). This role is presently filled by Mr Chengcai Luo and interview with him, and the assessment of the supporting elements of the AMS (such SAP, IT tools, HR Departments, Maintenance Department etc.) indicates that this obligation is well understood and practices within the organisation. All the associated outstanding findings and their recommendations (A1, A2) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓						A number of evidences were sighted during the audit demonstrating that Karara Mining notified its AMS details and changes to it to the ERA in timely fashion. While there has been no substantial changes to its AMS in last 2 years (apart from the undertaking of the 2020 post-review and post-audit corrective action plans), Karara Mining has notified the ERA of change in operating circumstances in timely fashion. Evidence of formal notifications (signed by senior management) to the ERA was sighted during the audit for unplanned 330kV transmission line trip, change of responsible officer and ransomware attack in last 2 years. These notifications were consistent with the Karara Mining's Compliance Manual rules and the nominated RACI role descriptions. This obligation is deemed compliant.
104	Electricity Industry Act, 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	3		✓					The requirement and the timing of the effectiveness review of the AMS is included in the Karara Mining corporate SAP system which generates work orders at prescribed scheduled time period. Evidence of SAP generated work order notifying/triggering the business to undertake the ERA effectiveness review periodically was sighted during the audit. This periodic effectiveness review is registered as 'scheduled maintenance activity' within its SAP system. This ensure that the control is embedded in its business environment, and not informally within selected few staff. In addition, ERA also issues formal letter in the month of February specifying the effectiveness review requirement and its timeline triggering this activity in timely fashion. Further, the newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. It list this obligation and presently has assign the responsibility to Asset Manager (Manager Asset Management System & SAP Project). This role is presently filled by Mr Chengcai Luo and interview with him, and the assessment of the supporting elements of the AMS	✓						The previous 2020 AMS effectiveness review was conducted in July 2020 and hence Karara Mining has commissioned and presently is undergoing this effectiveness review within the 24 months time period. The final effectiveness review report (and rectification planning) logically follows the review activities and lags by few weeks/months. The ERA is involved during this reporting phase. This obligation is deemed compliant.

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating							
						A	B	C	D	N/P	Control observation					1	2	3
											(such SAP, IT tools, HR Departments, Maintenance Department etc.) indicates that this obligation is well understood and practices within the organisation. All the associated outstanding findings and their recommendations (A1) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.							
105	Economic Regulation Authority (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014.	2	3		✓					Karara Mining receives invoices from the ERA to its annual licence fees and quarterly standing charges. The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. It list this obligation and presently has assign the responsibility to Financial Controller and Electrical Superintendent. Interview with relevant staff indicates that this financial obligation is well understood and practices within the organisation. All the associated outstanding findings and their recommendations (A1) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately control.	✓						Karara Mining receives invoices from the ERA to its annual licence fees and quarterly standing charges. The Procurement Department then subsequently pay the amount to the ERA. Evidence of such invoices received and register of payments made in last 2 years, with dates and clearing document numbers, were sighted during the audit. This obligation is deemed compliant.

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating											
						A	B	C	D	N/P	Control observation					1	2	3	4	N/R	Compliance observation	
106	Electricity Industry Act, section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	NR	3		✓					Karara Mining maintain a Downtime Register for their core business purpose (which is mining). This register records all mining production downtime details (if any) and their causes every day. The interruption or outage to the electricity transmission supply, if identified as the cause of the mining production downtime is also recorded in this register. Given the supply or import of electricity via its transmission line is an input to its core business purpose, this record keeping of electricity supply interruption or outage (as a cause) is considered acceptable. It was noted during the audit that the transmission line outage is not explicitly expressed and hence in order to retrieve this record, the daily data in the Downtime Register requires filtration and adjustment for such presentation. Both planned and unplanned outages to transmission electricity supply are recorded. Review of outages at 330kV level indicates force majeure (cyclone) and unplanned technical reason (relay malfunction, reactor switching and Western Power connecting nearby wind farm generator). There was no planned outages at 330kV level. There was no outages to electricity transmission supply at 132kV level. Understanding of the business driver (i.e. commercial interest in production volume) during the audit indicates that there is no incentive for Karara Mining to not to take reasonable steps to avoid or minimise the extent, or duration, of electricity supply interruption. It is also noted that the ETL06 only covers the 132kV and 330kV transmission line structure between the Three Springs substation and the Karara Mining substation with the terminating switchyard (with switchgear and protection system) at the Three Spring substation being owned and operated by Western Power, and the terminating switchyard (with switchgear and protection system) at Karara Mining substation being owned by Karara Mining with the protection inter-tripping operated by Western Power. The control environment and control procedures embedded within the organisation is aligned with the intent of this obligation (i.e., take reasonable steps to avoid or minimise mining production volume which is directly dependent on electricity supply). All the associated outstanding findings and their recommendations (A1, A3, A4, A5) from the 2020 licence condition audit have now been addressed and formally closed helping to provide better control environment and control procedures. This obligation is deemed adequately control.	✓										Downtime Register adjusted to present the record of electricity transmission outages for last 2 years was sighted during the audit. Review of the recorded outages indicates outages to only 330kV supply due to force majeure (cyclone) and unplanned technical reason (relay malfunction, reactor switching and Western Power connecting nearby wind farm generator). Further details (joint investigation by Western Power and Karara Mining) on the outage incidents in November 2021 was also sighted during the audit. Outcome of those investigations did not impact the AMS (because it was an isolated issue). It is noted that the record of 330kV supply outages in last 2 years do not relate to the performance of the 330kV transmission line itself, i.e., all those outages were due to events in Western Power (SWIS) or load (Karara Mining) and were not transmission line specific events. Karara Mining has confirmed that there have been no 330kV transmission line outages in last 2 years. The 330kV transmission line runs from the droppers off the first tower at three-springs to the droppers off the last tower at Karara Mining. The tower where the 132kV line splits is also a battery limit. If Western Power protection trips the TL06 transmission line due to a fault in the Western Power network, then it is not a TL06 event. In last 2 years the TL06 transmission line(s) did not cause any outage event. This obligation is deemed compliant.
107	Electricity Industry Act, section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	2	3		✓					The payment for easement acquisition or lease is a once-off process to register the easement at the time of the transmission line capital construction. Karara Mining maintains a register of Transmission Line Easement Deed (compiled as at 27 July 2021). This register was sighted during the audit and was confirmed that it represented an exhaustive and complete list of all title deeds spanning the entire easement route. This register matches all the provided copies of title deed certificates with	✓						All the identified title deed holders or easement owners were paid by Karara Mining for taking an interest in their respective land. Copies of record of certificate of title from Landgate WA as evidence was sighted during the audit showing schedule of interest owners by easement or land lots. This obligation is deemed compliant.				

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating						
						A	B	C	D	N/P	Control observation					1	2
											matching easement no reference on those certificates. This obligation is deemed adequately controlled.						
119	Distribution Licence, condition 4.3.1 Generation Licence, condition 4.3.1 Integrated Regional Licence, condition 4.3.1 Retail Licence, condition 4.3.1 Transmission 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	3		✓					Karara Mining accounting statement follows the Australian Accounting Standards Board Standards. The statement follows calendar year period (as per Chinese commercial rules). Companies like Karara Mining, with split jurisdictions, can generate multiple statement catering to local requirements. ShineWing Australia financial auditor signed off on the latest 2020 CY financial statement. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓					An audited and signed copy of 2020 calendar year (or 2020 CY) Karara Mining's accounting statement was sighted (on screen share) during the audit. An Auditor Report was attested to it as per the Commercial Act. No 58 and this was sighted on the screen. The 2021 CY accounting statement was not ready during the audit period as it was with AnSteel Board for approval. This obligation is deemed compliant.
121	Distribution Licence, condition 5.3.2 Generation Licence, condition 5.3.2 Integrated Regional Licence, condition 5.3.2 Retail Licence, condition 5.3.2 Transmission 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	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. It captures the ERA guideline/manuals requirement and assigns RACI roles to them. Interview with Karara Mining staff and assessment of the supporting business processes (communication with ERA, knowledge of the WA rules and regulation and ERA requirements) indicates that this obligation is well understood and practiced within the organisation. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓					Interview with Karara Mining staff with respect to the auditing process and its requirements (such as Audit Plan, priority setting, compliance manuals etc.) indicates that this obligation is well understood. The undertaking of this audit activity, aligning with the steps of the ERA's guideline requirements, demonstrate compliance to this obligation. Karara Mining staff also noted the lack of regulatory awareness and contextual knowledge by previous Karara Mining staff responsible for upkeeping the requirements of ETL06 in 2020 (previous audit) for poor non-compliance findings.
122	Distribution Licence, condition 5.1.5 Generation Licence, condition 5.1.5 Integrated Regional Licence, condition 5.1.5 Transmission 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	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. It captures the ERA guideline/manuals requirement and assigns RACI roles to them. Interview with Karara Mining staff and assessment of the supporting business processes (communication with ERA, knowledge of the WA rules and regulation and ERA requirements) indicates that this obligation is well understood and practiced within the organisation. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓					Interview with Karara Mining staff with respect to the AMS effectiveness review process and its requirements (such as Review Plan, site visits, compliance manuals etc.) indicates that this obligation is well understood. The undertaking of this effectiveness review activity, aligning with the steps of the ERA's guideline requirements, demonstrate compliance to this obligation. Karara Mining staff also noted the lack of regulatory awareness and contextual knowledge by previous Karara Mining staff responsible for upkeeping the requirements of AMS in 2020 (previous review) for poor non-compliance findings.



Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating							
						A	B	C	D	N/P	Control observation					1	2	3
123	Distribution Licence, condition 4.4.1 Generation Licence, condition 4.4.1 Integrated Regional Licence, condition 4.4.1 Retail Licence, condition 4.4.1 Transmission 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	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. Interview with Karara Mining staff indicates that this obligation is well understood and practiced within the organisation.  During the audit period, Karara Mining was neither under external administration nor was there any significant change in the circumstances that the ETL06 was granted which may affect its ability to meet its obligations. The compliance manual shows that a control assessment was provided for obligation 123.  This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.						✓	Karara Mining was neither under external administration nor was there any significant change in the circumstances that the ETL06 was granted which may affect its ability to meet its obligations in last 2 years. Hence, there has been not notification as such to the ERA.
124	Distribution Licence, condition 4.5.1 Generation Licence, condition 4.5.1 Integrated Regional Licence, condition 4.5.1 Retail Licence, condition 4.5.1 Transmission 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	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. Interview with Karara Mining staff indicates that this obligation is well understood and practiced within the organisation.  Previous compliance reports by Karara Mining have been evidenced and shown to have been submitted on time, standing charges information has also been evidenced as part of Karara Mining's process control systems.  This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓					A number of evidences were sighted during the audit demonstrating that Karara Mining notified ERA with relevant information. Evidence of formal notifications (signed by senior management) to the ERA was sighted during the audit for unplanned 330kV transmission line trip, change of responsible officer and ransomware attack in last 2 years. These notifications were consistent with the Karara Mining's Compliance Manual rules and the nominated RACI role descriptions. Furthermore, required submissions such as standing charges and compliance reporting have been shown to be submitted on time. This obligation is deemed compliant.	
125	Distribution Licence, condition 3.8.1 and 3.8.2 Generation Licence, condition 3.8.1 and 3.8.2 Integrated Regional Licence, condition 3.8.1 and 3.8.2 Retail Licence, condition 3.8.1 and 3.8.2 Transmission 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	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. Interview with Karara Mining staff indicates that this obligation is well understood and practiced within the organisation.  The ERA did not direct Karara Mining to publish any information in last 2 years. The compliance manual shows that a control assessment was provided for obligation 125.  This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.						✓	ERA did not direct Karara Mining to publish any information in last 2 years.

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						A	B	C	D	N/P	Control observation					1	2
126	Distribution Licence, condition 3.7.1 Generation Licence, condition 3.7.1 Integrated Regional Licence, condition 3.7.1 Retail Licence, condition 3.7.1 Transmission Licence, condition 3.7.1	All notices must be in writing, unless otherwise specified.	2	3		✓					The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining identifies the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. Interview with Karara Mining staff indicates that this obligation is well understood and practiced within the organisation. This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.	✓					Evidence of all communication and notices, as applicable in last 2 years and those sighted during the audit, were written and documented. Examples were financial statements, purchase order, maintenance scope of work, site risk register, communication with Western Powers etc. This obligation is deemed compliant.
371	Electricity Industry Metering Code, 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	3	N/A						This obligation is not applicable for Karara Mining as it does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others) nor interact with them with respect to tariff meter. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.						This obligation is not applicable for Karara Mining as it does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others) nor interact with them with respect to tariff meter. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.
372	Electricity Industry Metering Code, clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	NR	3	N/A						This obligation is not applicable for Karara Mining as it does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others) nor interact with them with respect to tariff meter. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.						This obligation is not applicable for Karara Mining as it does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others) nor interact with them with respect to tariff meter. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.

Compliance Manual No	Obligation under Licence condition	Description	Type (1, 2 or 3)	Audit Priority (1=highest, 5=lowest)	Comment	Control rating					Compliance rating											
						A	B	C	D	N/P	Control observation					1	2	3	4	N/R	Compliance observation	
451	Electricity Industry Metering Code, clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	NR	3			✓									✓						Evidence of these notices and communications clearly shows the use of such facilities where code participants have communicated with Karara Mining in last 2 years. Sighted examples include invoice from ERA, payment of those invoices, email exchanges with Western Power staff and instruction to its suppliers. This obligation is deemed compliant.
452	Electricity Industry Metering Code, clause 7.2(2)	A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect.	2	3			✓													✓	No contact details changed in last 2 years.	
455	Electricity Industry Metering Code, 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	2	3	N/A																	Karara Mining does not have access to or handles confidential information of code participants (WEM-AEMO, Western Power or Synergy or consumers or other stakeholders) pertaining to Metering Code. This obligation is not applicable for Karara Mining as it does not have any load data or energy consumption details nor standing data of code participants associated with its transmission line infrastructure. It does not issue any invoice for electricity charges to code participants nor interact with them in this regard. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.

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						A	B	C	D	N/P	Control observation					1	2	3	4
		another purpose contemplated by the Code.																	
456	Electricity Industry Metering Code, clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	2	3	Not applicable in last 2 years	✓					<p>Karara Mining does not have access to or handles confidential information of code participants (WEM-AEMO, Western Power or Synergy or consumers or other stakeholders) pertaining to Metering Code. This obligation is not applicable for Karara Mining as it does not have any load data or energy consumption details nor standing data of code participants associated with its transmission line infrastructure. It does not issue any invoice for electricity charges to code participants nor interact with them in this regard. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.</p> <p>The newly developed Compliance Manual (dated 4 Feb 2022) by Karara Mining does identify the regulatory obligations that it is required to meet in order to operate and maintain its ETL06. This Compliance Manual assign RACI roles (responsibility, accountability, consulted and informed) to its internal position descriptions. Interview with Karara Mining staff indicates that this obligation is well understood and practiced within the organisation. A compliance assessment was provided for obligation 456 in the manual.</p> <p>This denotes the control environment and control procedures are embedded within the organisation. This obligation is deemed adequately controlled.</p>						✓	<p>Karara Mining does not have access to or handles confidential information of code participants (WEM-AEMO, Western Power or Synergy or consumers or other stakeholders) pertaining to Metering Code. This obligation is not applicable for Karara Mining as it does not have any load data or energy consumption details nor standing data of code participants associated with its transmission line infrastructure. It does not issue any invoice for electricity charges to code participants nor interact with them in this regard. Karara Mining has internal meters for their own business and operational purposes that are not connected externally to the energy market or associated with code participants.</p>	
457	Electricity Industry Metering Code, 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	3		✓					<p>Karara Mining does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others). Western Power supplies electricity to Karara Mining (load) through the TST-KTP-KRA 330kV single circuit transmission line. This supply of electricity is governed by contractual agreement with Western Power (a corporation and a code participant) whose Terms and Conditions is required to abide by the WA Metering Code and its dispute resolution prescribed escalation steps and timeline requirements. Karara Mining also has an agreement with Western Power to transfer or 'wheel' electricity to a different Western Power load point through the TST-KTP 132kV single circuit transmission line. It has a Wheeling Agreement with Western Power (a corporation and a code participant) to do this. This agreement constitute its contractual and commercial obligations with Western Power. This was sighted in the audit and the dispute resolution process is described in it in Section 18. The escalation steps and timeline noted in Sections 18.1(b) and 18.2 is inconsistent with the prescribed escalation steps and timeline in Metering Code Clause 8.1(1) for</p>						✓	<p>Karara Mining did not have any dispute with any code participants in last 2 years.</p>	

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						A	B	C	D	N/P	Control observation					1	2	3
											"representative negotiations". While the established control is inconsistent with this obligation in a strict word-by-word literal sense, the control environment and control procedure meets the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by the Wheeling Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled.							
458	Electricity Industry Metering Code, clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	3		✓					Karara Mining does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others). Western Power supplies electricity to Karara Mining (load) through the TST-KTP-KRA 330kV single circuit transmission line. This supply of electricity is governed by contractual agreement with Western Power (a corporation and a code participant) whose Terms and Conditions is required to abide by the WA Metering Code and its dispute resolution prescribed escalation steps and timeline requirements. Karara Mining also has an agreement with Western Power to transfer or 'wheel' electricity to a different Western Power load point through the TST-KTP 132kV single circuit transmission line. It has a Wheeling Agreement with Western Power (a corporation and a code participant) to do this. This agreement constitute its contractual and commercial obligations with Western Power. This was sighted in the audit and the dispute resolution process is described in it in Section 18. While the escalation timeline noted in Section 18.2 is consistent with the prescribed escalation timeline in Metering Code Clause 8.1(2) for "senior management negotiations", the Wheeling Agreement skips the preceding "representative negotiations" step and hence not enough accumulated resolution duration (total business days) are provisioned in the Wheeling Agreement. While the established control is inconsistent with this obligation in a strict word-by-word literal sense, the control environment and control procedure meets the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by						✓	Karara Mining did not have any dispute with any code participants in last 2 years.

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						A	B	C	D	N/P	Control observation					Compliance observation										
						1	2	3	4	N/R																
											the Wheeling Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled.															
459	Electricity Industry Metering Code, 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	3		✓					Karara Mining does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others). Western Power supplies electricity to Karara Mining (load) through the TST-KTP-KRA 330kV single circuit transmission line. This supply of electricity is governed by contractual agreement with Western Power (a corporation and a code participant) whose Terms and Conditions is required to abide by the WA Metering Code and its dispute resolution prescribed escalation steps and timeline requirements. Karara Mining also has an agreement with Western Power to transfer or 'wheel' electricity to a different Western Power load point through the TST-KTP 132kV single circuit transmission line. It has a Wheeling Agreement with Western Power (a corporation and a code participant) to do this. This agreement constitute its contractual and commercial obligations with Western Power. This was sighted in the audit and the dispute resolution process is described in it in Section 18. The escalation steps and accumulated timelines noted in Sections 18.1(b), 18.2 and 18.3 is inconsistent with the prescribed escalation steps and accumulated timeline in Metering Code Clause 8.1(3) until "CEO negotiations". While the established control is inconsistent with this obligation in a strict word-by-word literal sense, the control environment and control procedure meets the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by										✓	Karara Mining did not have any dispute with any code participants in last 2 years.				

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						A	B	C	D	N/P	Control observation					1	2	3
											the Wheeling Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled.							
460	Electricity Industry Metering Code, clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	2	3		✓					Karara Mining does not have any tariff meter installation nor metering database associated with its transmission line infrastructure. It does not issue any energy consumption invoice to code participants (WEM-AEMO, Western Power or Synergy or others). Western Power supplies electricity to Karara Mining (load) through the TST-KTP-KRA 330kV single circuit transmission line. This supply of electricity is governed by contractual agreement with Western Power (a corporation and a code participant) whose Terms and Conditions is required to abide by the WA Metering Code and its dispute resolution prescribed escalation steps and timeline requirements. Karara Mining also has an agreement with Western Power to transfer or 'wheel' electricity to a different Western Power load point through the TST-KTP 132kV single circuit transmission line. It has a Wheeling Agreement with Western Power (a corporation and a code participant) to do this. This agreement constitutes its contractual and commercial obligations with Western Power. This was sighted in the audit and the dispute resolution process is described in it in Section 18. The requirement to resolve disputes in accordance with legislation and contractual requirement is also noted in the transmission line compliance manual also. The documentation and adherence to the resolution as described in the Wheeling Agreement, while is strictly not consistent in word-by-word literal sense, with the prescribed steps in Metering Code Clause 8.1(4) for "representative negotiations", the control environment and control procedure meets the intent of Clause 8 of the Metering Code. Also, no code participant/customer (except Karara Mining themselves) is prejudiced by the Wheeling						✓	Karara Mining did not have any dispute with any code participants in last 2 years.

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						A	B	C	D	N/P	Control observation					1	2	3
											Agreement escalation steps and timeline. Hence this obligation is deemed adequately controlled.							
461	Electricity Industry Metering Code, clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	NR	3	Not applicable in last 2 years					✓	Karara Mining did not have any dispute with any code participants in last 2 years.						✓	Karara Mining did not have any dispute with any code participants in last 2 years.





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