

Alcoa of Australia Limited

Electricity Generation Licence (EGL14)
2022 Performance Audit

Final report

October 2022



ASSURANCE
ADVISORY
GROUP

Level 11, 251 Adelaide Terrace
PERTH WA 6000

26 October 2022

Nick Eaton
Energy Director - Australia
Alcoa of Australia Limited
181-205 Davy Street
BOORAGOON WA

Dear Nick

Electricity Generation Licence (EGL14) – 2022 Performance Audit report

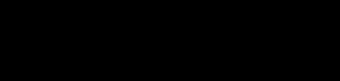
We have completed the Electricity Generation Licence Performance Audit report for Alcoa of Australia Limited for the period 1 July 2017 to 30 June 2022 and are pleased to submit our report to you.

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

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

Yours sincerely

Assurance Advisory Group



Stephen Linden

Director

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1. Independent assurance practitioner's report

Modified Opinion

We have undertaken a reasonable assurance engagement on Alcoa of Australia Limited's (**Alcoa**) compliance, in all material respects, with the conditions of its Electricity Generation Licence (EGL 14) (the **Licence**) and relevant legislative obligations for the period 1 July 2017 to 30 June 2022. Our evaluation was made against the licence obligations listed in the relevant versions of the Economic Regulation Authority's (the **ERA**) Electricity Compliance Reporting Manual (the **Reporting Manual**) and in accordance with the ERA's March 2019 Audit and Review Guidelines: Electricity and Gas Licences (the **Guidelines**).

In our opinion, based on the procedures we have performed and the evidence we have obtained, except for the effects of the matter described in the Basis for modified opinion paragraph below, Alcoa has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 1 July 2017 to 30 June 2022.

Basis for modified opinion

During the period 1 July 2017 to 30 June 2022, Alcoa did not comply with the following licence obligation, which related to an administrative matter and is rated as having a minor effect on customers or third parties (per the Guidelines):

Reporting Manual number and Licence obligation		Description
124	Licence condition 4.5.1 <i>A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.</i>	Alcoa did not submit its 2020/2021 annual compliance report to the ERA by the due date of 31 August 2021.

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

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

Alcoa's responsibility for compliance with the conditions of the Licence

Alcoa is responsible for:

- Compliance with the Licence as evaluated against the conditions within the Licence, for the period 1 July 2017 to 30 June 2022
- Identifying risks that threaten the conditions within the Licence identified above being met
- Identifying suitable compliance requirements as specified by the ERA
- Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance.

Our independence and quality control

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

Our responsibilities

Our responsibility is to express an opinion on Alcoa's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period 1 July 2017 to 30 June 2022. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Alcoa has complied, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 1 July 2017 to 30 June 2022.

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

Our procedures included:

- Utilising the Audit Guidelines and the February 2022 Reporting Manual as a guide for development of a risk assessment and document review to assess controls
- Development of an Audit Plan for approval by the ERA and an associated work program, set out in Appendix A
- Interviews with and representations from relevant Alcoa representatives to gain an understanding of process controls
- Review of documents and walkthrough of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations
- Sample testing where relevant.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected. A reasonable assurance engagement relating to the period from 1 July 2017 to 30 June 2022 does not provide assurance on whether compliance with the Licence will continue in the future.

Restricted use

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

Assurance Advisory Group

Stephen Linden
Director

26 October 2022

2. Executive Summary

2.1 Introduction and Background

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Alcoa of Australia Limited (**Alcoa**) an Electricity Generation Licence (EGL14) (the **Licence**).

The Licence relates to Alcoa's operation of electricity generation works at its Kwinana, Pinjarra and Wagerup facilities. These works are managed by Alcoa's WA powerhouse operations within the WA Operations business unit. When the licence was first granted to Alcoa, it was anticipated Alcoa's net inflow and outflow would net to nil. Alcoa is now a net importer of electricity owing to increased consumption, predominately related to refinery and mining activity at its Pinjarra facility.

Section 13 of the Act requires Alcoa to provide to the ERA a performance audit (the **audit**) conducted by an independent expert acceptable to the ERA within 24 months after the commencement date, and every 24 months thereafter, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 1 July 2017 to 30 June 2022 (**audit period**).

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

2.2 Observations on Alcoa's control environment

In considering Alcoa's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed the following in relation to Alcoa's control environment:

- Alcoa has implemented and maintained an appropriate compliance framework, including the use of a compliance register
- Alcoa has employed and retained experienced personnel who demonstrate a sound understanding of the requirements of its Licence
- Alcoa utilises effective records management practices

We also observed that through its contractual arrangements with Western Power, Alcoa has limited obligations in relation to the relevant requirements of the Metering Code.

2.3 Findings

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

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

Table 1: Control adequacy and compliance rating scale

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

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

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

		Compliance rating					Total
		1	2	3	4	N/R	
Controls rating	A		1			1	2
	B						-
	C						-
	D						-
	N/P	12				22	34
	Total	12	1	-	-	23	36

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

Audit Priority	Controls rating					Total
	A	B	C	D	N/P	
Priority 1						-
Priority 2	1					1
Priority 3	1					1
Priority 4					26	26
Priority 5					8	8
Total	2	-	-	-	34	36

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

Audit Priority	Compliance rating					Total
	1	2	3	4	N/R	
Priority 1						-
Priority 2		1				1
Priority 3					1	1
Priority 4	10				16	26
Priority 5	2				6	8
Total	12	1	-	-	23	36

Note that, in accordance with the Audit Guidelines:

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

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

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

2.4 Alcoa’s response to previous audit recommendations

There were no non-compliances or action plans unresolved at the end of the last audit period. Although Alcoa had previously not complied with obligation 454, it resolved the matter during the last audit period by assigning responsibility for updating contact details.

2.5 Current audit non-compliances, recommendations and action plans

A. Resolved during current audit period

Licence obligation ref no. / Recommendation ref from previous audit	Non-compliance / Controls improvement (Rating / Licence obligation / Details of non-compliance or inadequacy of controls)	Date resolved & action taken by the licensee	Auditor’s comments
124	<p>A2</p> <p><i>Licence condition 4.5.1</i></p> <p>Alcoa submitted its 2020/2021 annual compliance report to the ERA on 2 September 2021, after the due date of 31 August, and following a reminder from the ERA. This non-compliance was attributed to an oversight in the reporting process.</p>	<p>Resolved: October 2021</p> <p>Alcoa has reviewed its compliance process and updated its Energy Calendar to ensure reminders are in place for submitting annual compliance reports, standing charge data and any other information required by the ERA.</p>	No further action required

Unresolved at end of current audit period

Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)	Auditor's recommendation	Action taken
Not applicable - there are no unresolved non-compliances for this audit period.			

2.6 Scope and objectives

We have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, Alcoa has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated July 2022) during the period 1 July 2017 to 30 June 2022.

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

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

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

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

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

2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period July to August 2022:

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

3. Summary of Ratings

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

The remainder of this report provides:

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

Table 5: Compliance Ratings

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

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

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

4. Detailed findings, recommendations and action plans

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

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

Each section contains:

- **Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of Alcoa's compliance with the applicable obligations
- **Findings** – the auditor's understanding of the process and any issues that have been identified during the audit
- **Recommendations (if any)** – for improvement or enhancement of the process or control.

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

Controls adequacy rating						Compliance rating					
A	B	C	D	NP	Total	1	2	3	4	NR	Total
4.1 Electricity Industry Act											
				7	7	5				2	7
4.2 Electricity Licences											
1				7	8	4	1			3	8
4.3 Electricity Industry Metering Code											
1				20	21	3				18	21
2	-	-	-	34	36	12	1	-	-	23	36

4.1 Electricity Industry Act – Licence Conditions and Obligations

No	Obligation under Condition	Findings
101	<p><i>Electricity Industry Act Section 13(1)</i> 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.</p>	<p>Deloitte prepared the 2017 Performance Audit report in December 2017 in accordance with the Audit Guidelines and the ERA's requirements.</p> <p>With the ERA's approval, Assurance Advisory Group (AAG) was appointed to undertake Alcoa's Performance Audit for the period 1 July 2017 to 30 June 2022.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: 1</p>	
102	<p><i>Electricity Industry Act Section 14(1)(a)</i> A licensee must provide for an asset management system.</p>	<p>Through discussion with the Senior Powerhouse Mechanical Engineer, examination of Alcoa's Powerhouse Asset Strategies for each of the Pinjarra, Wagerup and Kwinana sites, and consideration of Alcoa's asset management system in operation during the audit period, we determined that Alcoa had provided for a functioning asset management system.</p> <p>The EGL14 2022 Asset Management System Review report provides further detail on the effectiveness of Alcoa's asset management system during the period 1 July 2017 to 30 June 2022.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: 1</p>	
103	<p><i>Electricity Industry Act Section 14(1)(b)</i> A licensee must notify details of the asset management system and any substantial changes to it to the ERA.</p>	<p>The Senior Electrical Engineer, Powerhouse confirmed that there had been no substantial changes to the asset management system during the audit period.</p> <p>Therefore, this obligation was not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
104	<p><i>Electricity Industry Act Section 14(1)(c)</i> 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.</p>	<p>Deloitte prepared the 2017 Asset Management System Review Report in December 2017 in accordance with the Audit Guidelines and the ERA's requirements.</p> <p>With the ERA's approval, Assurance Advisory Group (AAG) was appointed to undertake Alcoa's Asset Management System Review for the period 1 July 2017 to 30 June 2022.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: 1</p>	
105	<p><i>Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</i> A licensee must pay the prescribed licence fees to the ERA within one month after the day of grant or renewal of its licence and within one month after each anniversary of that day over the term of the licence according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i>.</p>	<p>We sighted evidence (payment overviews) that Alcoa paid the annual licence fee by the due date (within one month of the anniversary date, 26 June) in 2018, 2019, 2020 and 2021.</p> <p>We sighted evidence (invoices and payment overviews) that quarterly standing charges were paid within 30 days of issue of a notice of assessment by the due dates for Q3 2019-20, Q4 2020-21 and Q3 2021-22.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: 1</p>	

No	Obligation under Condition	Findings	
106	<p><i>Electricity Industry Act Section 31(3)</i> A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.</p>	<p>Through discussion with the Senior Powerhouse Mechanical Engineer and Senior Electrical Engineer, Powerhouse; and consideration of Alcoa’s documented policies and procedures, we determined that Alcoa has a mature incident management system designed to minimise the extent of disruptions to assets on Alcoa premises (which have occurred during the audit period as part of the general asset operating process).</p> <p>Alcoa has also maintained business continuity planning documentation (e.g. black and brown start) to aid the recovery of systems, processes and assets in the event of a particular outage. These procedures are reviewed on a frequent basis to determine currency and applicability.</p>	
	Priority 5	Controls rating: N/P	Compliance rating: 1
107	<p><i>Electricity Industry Act Section 41(6)</i> A licensee must pay the costs of taking an interest in land or an easement over land.</p>	<p>The Senior Electrical Engineer, Powerhouse confirmed that Alcoa has not acquired an interest in land or an easement over land for the purpose of the Licence during the audit period. Therefore, this obligation was not relevant to Alcoa’s activities during the audit period.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: N/R

4.2 Electricity Licences – Licence Conditions and Obligations

No	Obligation under Condition	Findings	
119	<p><i>Licence condition 4.3.1</i></p> <p>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.</p>	<p>Through our examination of the audited financial statements of Alcoa of Australia Limited for the financial years ending 30 June 2018, 2019, 2020 and 2021, we determined that Alcoa's financial statements were prepared in accordance with the requirements of the Australian Accounting Standards, the <i>Corporations Regulations 2001</i> and other mandatory professional reporting requirements. Those financial statements were audited by PricewaterhouseCoopers. The Energy Coordinator confirmed that for the financial period 1 July 2021 to 30 June 2022, there were no significant accounting transactions and/or items thought to jeopardise Alcoa's ongoing compliance with Australian Accounting Standards.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: 1
120	<p><i>Licence condition 5.2.4</i></p> <p>A licensee must comply with any individual performance standards prescribed by the ERA.</p>	<p>The Energy Coordinator confirmed that for the period 1 July 2017 to 30 June 2022 Alcoa was not prescribed any individual performance standards by the ERA. Therefore, this obligation was not relevant to Alcoa's activities during the audit period.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: N/R
121	<p><i>Licence condition 5.3.2</i></p> <p>A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit</p>	<p><i>Obligations 121 and 122</i></p> <p>Through examination of the 2017 Performance Audit and Asset Management System Review reports, we determined that the audit and review were conducted in accordance with the prescribed Reporting Guidelines (the April 2014 Audit Guidelines: Electricity and Gas Licences) and Reporting Manuals issued by the ERA.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: 1
122	<p><i>Licence condition 5.1.5</i></p> <p>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.</p>	<p>Note that for the 2022 performance audit and asset management system review, the audit and review plans approved by the ERA in July 2022 commit Alcoa and AAG (auditor and expert) to comply with the prescribed audit and review guidelines and reporting manual issued by the ERA.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: 1
123	<p><i>Licence condition 4.4.1</i></p> <p>In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.</p>	<p>Licence condition 4.4.1 requires Alcoa to report to the ERA within prescribed timeframes any of the following:</p> <ul style="list-style-type: none"> (a) If Alcoa was under external administration (b) Any change in Alcoa's corporate, financial, or technical circumstances in which the Licence was granted, and if that change materially affected Alcoa's ability to meet its obligations (c) Any change in the Licensee's name, ABN or address (within 10 business days of the change occurring). <p>The Energy Coordinator confirmed that during the audit period, Alcoa had:</p> <ul style="list-style-type: none"> • Not been under external administration • Not undergone any significant change in its corporate, financial or technical circumstances which would affect its ability to meet its obligations • Not changed its name, ABN or address. 	
	Priority 4	Controls rating: N/P	Compliance rating: N/R

No	Obligation under Condition	Findings			
124	<p><i>Licence condition 4.5.1</i></p> <p>A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.</p>	<p>We observed that:</p> <ul style="list-style-type: none"> • In accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, Alcoa submitted its 2018/19, 2019/20 reports by 31 August • The 2020/21 annual compliance report was submitted after the due date (on 2 September 2021), following a reminder from the ERA: <ul style="list-style-type: none"> ○ This non-compliance was attributed to an oversight in the reporting process ○ Alcoa has since reviewed its compliance process and updated its Energy Calendar to ensure reminders are in place for submitting annual compliance reports, standing charge data and any other information required by the ERA. <i>No further improvement to controls is recommended</i> ○ It is expected this non-compliance will be reported in the 2021/22 annual compliance report • In accordance with its obligation to submit standing charges to the ERA by 30 September each year, we sighted evidence (ERA acknowledgements) that Alcoa had submitted its Standing Charge Data by the due date for each of 2019, 2020 and 2021. <p>The Energy Coordinator confirmed that, the ERA did not request any other information from Alcoa in connection with its functions under the Electricity Industry Act.</p>			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; background-color: #FFC0CB; text-align: center;">Priority 2</td> <td style="width: 33%; background-color: #C8E6C9; text-align: center;">Controls rating: A</td> <td style="width: 33%; background-color: #FFF9C4; text-align: center;">Compliance rating: 2</td> </tr> </table>	Priority 2	Controls rating: A	Compliance rating: 2	
Priority 2	Controls rating: A	Compliance rating: 2			
125	<p><i>Licence condition 3.8.1 and 3.8.2</i></p> <p>A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.</p>	<p>The Energy Coordinator confirmed that Alcoa was not required to publish any information by the ERA during the audit period.</p> <p>Therefore, this obligation was not relevant to Alcoa’s activities during the audit period.</p>			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; background-color: #FFF9C4; text-align: center;">Priority 4</td> <td style="width: 33%; background-color: #E0E0E0; text-align: center;">Controls rating: N/P</td> <td style="width: 33%; background-color: #E0E0E0; text-align: center;">Compliance rating: N/R</td> </tr> </table>	Priority 4	Controls rating: N/P	Compliance rating: N/R	
Priority 4	Controls rating: N/P	Compliance rating: N/R			
126	<p><i>Licence condition 3.7.1</i></p> <p>All notices must be in writing, unless otherwise specified.</p>	<p>Through discussions with the Energy Coordinator and examination of relevant communications, we determined that Alcoa’s regulatory records management is contained within its established document management system that maintains records within its corporate network. Records of formal communications with the ERA are maintained in a secure folder with restricted access.</p> <p>The Energy Coordinator confirmed that all notices to the ERA were given in writing and sent via email with attachments as required.</p>			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; background-color: #FFF9C4; text-align: center;">Priority 4</td> <td style="width: 33%; background-color: #E0E0E0; text-align: center;">Controls rating: N/P</td> <td style="width: 33%; background-color: #C8E6C9; text-align: center;">Compliance rating: 1</td> </tr> </table>	Priority 4	Controls rating: N/P	Compliance rating: 1	
Priority 4	Controls rating: N/P	Compliance rating: 1			

4.3 Electricity Industry Metering Code – Licence Conditions and Obligations

No	Obligation under Condition	Findings
324	<p><i>Electricity Metering Code Clause 3.3B</i></p> <p>If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in bi-directional flows, the user must notify the network operator within 2 business days.</p>	<p>The Senior Electrical Engineer, Powerhouse confirmed that Alcoa did not install or become aware of any meters that became bi-directional during the audit period. Western Power was responsible for installing, owning and operating meters located at all three powerhouses. Therefore, this obligation was not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
339	<p><i>Electricity Metering Code Clause 3.11(3)</i></p> <p>A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.</p>	<p><i>Obligations 339 and 371</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed that Alcoa plays no active role in managing meters, energy data or the metering database. Western Power is responsible for the installation and operation of tariff meters. Therefore, these obligations were not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
371	<p><i>Electricity Metering Code Clause 4.4(1)</i></p> <p>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.</p>	<p><i>Obligations 372 and 373</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, Western Power was solely responsible for the management of standing data within the metering registry and/or metering database, and Alcoa played no active role in managing standing data or the metering registry. Therefore, these obligations were not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 5</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
372	<p><i>Electricity Metering Code Clause 4.5(1)</i></p> <p>A Code participant must not knowingly permit the registry to be materially inaccurate.</p>	<p><i>Obligations 372 and 373</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, Western Power was solely responsible for the management of standing data within the metering registry and/or metering database, and Alcoa played no active role in managing standing data or the metering registry. Therefore, these obligations were not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 5</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
373	<p><i>Electricity Metering Code Clause 4.5(2)</i></p> <p>Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed</p>	<p><i>Obligations 372 and 373</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed during the audit period 1 July 2017 to 30 June 2022, Western Power had not made a request for Alcoa's assistance for meter reading. Therefore, this obligation was not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	
388	<p><i>Electricity Metering Code Clause 5.4(2)</i></p> <p>A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1)</p>	<p><i>Obligations 372 and 373</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed during the audit period 1 July 2017 to 30 June 2022, Western Power had not made a request for Alcoa's assistance for meter reading. Therefore, this obligation was not relevant to Alcoa's activities during the audit period.</p>
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>	

No	Obligation under Condition	Findings	
401	<p><i>Electricity Metering Code Clause 5.16</i></p> <p>If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.</p>	<p><i>Obligations 401 and 405</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, Western Power was solely responsible for the management of energy data and standing data within the metering registry and/or metering database, and Alcoa played no active role in managing that data.</p> <p>Therefore, these obligations were not relevant to Alcoa’s activities during the audit period.</p>	
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>		
405	<p><i>Electricity Metering Code Clause 5.18</i></p> <p>If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.</p>		
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>		
416	<p><i>Electricity Metering Code Clause 5.21(5)</i></p> <p>A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.</p>	<p><i>Obligations 416 and 417</i></p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, Alcoa did not request a test or audit of the items at clause 5.21 (1) of the Metering Code (i.e. relating to the accuracy of the metering installation, the energy data from the metering installation and the standing data for the metering installation).</p> <p>Therefore, these obligations were not relevant to Alcoa’s activities during the audit period.</p>	
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>		
417	<p><i>Electricity Metering Code Clause 5.21(6)</i></p> <p>A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.</p>		
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating: N/R</p>		
448	<p><i>Electricity Metering Code Clause 6.1(2)</i></p> <p>A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.</p>	<p>Section 6.1(2) of the Metering Code requires Alcoa (as a user with an electricity transfer access contract with Western Power) to comply with the network operator’s Metrology procedure, Communication rules, Mandatory Link Criteria or Service Level Agreements (SLA) (if any).</p> <p>Alcoa’s ETAC with Western Power outlines the obligations of both parties in relation to metering equipment and activities. Alcoa’s metering obligations under the ETAC are limited to maintaining relevant communications with Western Power and to provide any required access to its premises. As neither of these contractual requirements relate to a specific metering service obligation, Alcoa does not have any further compliance obligations in relation to clause 6.1(2) of the Metering Code</p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, there have been no breaches of Western Power’s Metrology procedure, Communication rules or Mandatory Link Criteria and we did not observe any evidence to indicate otherwise.</p> <p>We observed that Alcoa is aware of the relevant requirements prescribed within the above documents.</p>	
	<p>Priority 4</p> <p>Controls rating: N/P</p> <p>Compliance rating1</p>		

No	Obligation under Condition	Findings
451	<p><i>Electricity Metering Code Clause 7.2(1)</i></p> <p>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.</p>	<p>Through consideration of Alcoa’s business practices, we determined that during the audit period 1 July 2017 to 30 June 2022:</p> <ul style="list-style-type: none"> Alcoa maintained electronic and voice communications channels, commensurate with the expectations of a major business (note that Alcoa has ceased to use facsimile communications) Schedule 3 of the ETAC lists Alcoa's telephone numbers for each of the powerhouses for voice communication in connection with the Code.
453	<p><i>Electricity Metering Code Clause 7.2(4)</i></p> <p>If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.</p>	<p>We observed that through the process of drafting and approving the ETAC between Alcoa and Western Power, Alcoa had satisfied the requirement of notifying Western Power of its contact details within 3 business days of Western Power’s formal request.</p> <p>The Senior Electrical Engineer, Powerhouse confirmed that during the audit period 1 July 2017 to 30 June 2022, there had been no further request by Western Power for Alcoa’s contact details.</p>
454	<p><i>Electricity Metering Code Clause 7.2(5)</i></p> <p>A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.</p>	<p>The Senior Electrical Engineer, Powerhouse confirmed that Alcoa had not changed its contact details during the audit period 1 July 2017 to 30 June 2022.</p> <p>Therefore, this obligation was not relevant to Alcoa’s activities during the audit period.</p> <p>In relation to the breach reported in the 2017 Performance Audit report, Alcoa had strengthened its arrangements by allocating responsibility to the Energy Projects team for recognising obligations to advise Western Power of any change in contact details. Those arrangements were maintained during the audit period.</p>
455	<p><i>Electricity Metering Code Clause 7.5</i></p> <p>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</p>	<p>Through discussion with the Senior Electrical Engineer, Powerhouse and consideration of Alcoa’s business practices, we determined that</p> <ul style="list-style-type: none"> Alcoa treats metering data as confidential Staff & contractors are bound by general confidentiality agreements in their terms of employment. Alcoa stores confidential commercial information on both its protected Alcoa portal and the WAO Powerhouse portal Alcoa does not hold metering database information or other confidential information provided under or in connection with the Metering Code <p>The Senior Electrical Engineer, Powerhouse confirmed that no confidential information under or in connections with the Metering Code has been disclosed during the audit period.</p> <p>Therefore, these obligations were not relevant to Alcoa’s activities during the audit period.</p>

No	Obligation under Condition	Findings			
456	<p><i>Electricity Metering Code Clause 7.6(1)</i> A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.</p> <table border="1" data-bbox="271 293 1084 341"> <tr> <td data-bbox="271 293 544 341">Priority 4</td> <td data-bbox="544 293 815 341">Controls rating: N/P</td> <td data-bbox="815 293 1084 341">Compliance rating: N/R</td> </tr> </table>	Priority 4	Controls rating: N/P	Compliance rating: N/R	<p>The Senior Electrical Engineer, Powerhouse confirmed that Alcoa was not requested to disclose or permit the disclosure of confidential information (under clause 7.6(1)) during the audit period. Therefore this obligation was not relevant to Alcoa’s activities during the audit period.</p>
Priority 4	Controls rating: N/P	Compliance rating: N/R			
457	<p><i>Electricity Metering Code Clause 8.1(1)</i> 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.</p> <table border="1" data-bbox="271 517 1084 560"> <tr> <td data-bbox="271 517 544 560">Priority 5</td> <td data-bbox="544 517 815 560">Controls rating: N/P</td> <td data-bbox="815 517 1084 560">Compliance rating: N/R</td> </tr> </table>	Priority 5	Controls rating: N/P	Compliance rating: N/R	<p><i>Obligations 457 to 461</i> The Senior Electrical Engineer, Powerhouse confirmed that there were no formal metering disputes between Alcoa and Western Power or any other relevant Code Participants. Therefore, these obligations were not relevant to Alcoa’s activities during the audit period.</p>
Priority 5	Controls rating: N/P	Compliance rating: N/R			
458	<p><i>Electricity Metering Code Clause 8.1(2)</i> 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.</p> <table border="1" data-bbox="271 735 1084 778"> <tr> <td data-bbox="271 735 544 778">Priority 5</td> <td data-bbox="544 735 815 778">Controls rating: N/P</td> <td data-bbox="815 735 1084 778">Compliance rating: N/R</td> </tr> </table>	Priority 5	Controls rating: N/P	Compliance rating: N/R	
Priority 5	Controls rating: N/P	Compliance rating: N/R			
459	<p><i>Electricity Metering Code Clause 8.1(3)</i> 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.</p> <table border="1" data-bbox="271 959 1084 997"> <tr> <td data-bbox="271 959 544 997">Priority 5</td> <td data-bbox="544 959 815 997">Controls rating: N/P</td> <td data-bbox="815 959 1084 997">Compliance rating: N/R</td> </tr> </table>	Priority 5	Controls rating: N/P	Compliance rating: N/R	
Priority 5	Controls rating: N/P	Compliance rating: N/R			
460	<p><i>Electricity Metering Code Clause 8.1(4)</i> 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.</p> <table border="1" data-bbox="271 1144 1084 1187"> <tr> <td data-bbox="271 1144 544 1187">Priority 4</td> <td data-bbox="544 1144 815 1187">Controls rating: N/P</td> <td data-bbox="815 1144 1084 1187">Compliance rating: N/R</td> </tr> </table>	Priority 4	Controls rating: N/P	Compliance rating: N/R	
Priority 4	Controls rating: N/P	Compliance rating: N/R			
461	<p><i>Electricity Metering Code Clause 8.3(2)</i> The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1)</p> <table border="1" data-bbox="271 1315 1084 1358"> <tr> <td data-bbox="271 1315 544 1358">Priority 5</td> <td data-bbox="544 1315 815 1358">Controls rating: N/P</td> <td data-bbox="815 1315 1084 1358">Compliance rating: N/R</td> </tr> </table>	Priority 5	Controls rating: N/P	Compliance rating: N/R	
Priority 5	Controls rating: N/P	Compliance rating: N/R			

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

Reference (no./year)	Non-compliance / Controls improvement Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)	Auditor's recommendation or action planned	Further action required (Yes/No/Not Applicable) Details of further action required (including current recommendation reference, if applicable)
A. Resolved during current audit period			
B. Unresolved at end of current audit period			
Not applicable – there were no recommendations addressing non-compliances or controls improvement from the previous 2017 audit.			

Appendix A – Audit Plan

Alcoa of Australia Limited

Electricity Generation Licence (EGL14)

2022 Performance Audit

Audit Plan

July 2022

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Introduction

Overview

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Alcoa of Australia Limited (**Alcoa**) an Electricity Generation Licence (EGL14) (**EGL 14**) (the **Licence**).

Section 13 of the Act requires Alcoa to provide to the ERA a performance audit (the **audit**), conducted by an independent expert acceptable to the ERA within 24 months after the commencement date, and every 24 months thereafter, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 1 July 2017 to 30 June 2022 (**audit period**).

The Licence relates to Alcoa's operation of electricity generation works at its Kwinana, Pinjarra and Wagerup facilities. These works are managed by Alcoa's WA powerhouse operations within the WA Operations business unit. When the licence was first granted to Alcoa, it was anticipated Alcoa's net inflow and outflow would net to nil. Alcoa is now a net importer of electricity owing to increased consumption, predominately related to refinery and mining activity at its Pinjarra facility.

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

Objective

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

The audit will specifically consider the following:

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

Scope

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

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

The audit period is 1 July 2017 to 30 June 2022. The Reporting Manual has undergone four revisions during the audit period to reflect changes in electricity licensees’ obligations. The revised versions of the Reporting Manual were issued in July 2017, July 2018, June 2020 and February 2022.

The audit will address all relevant obligations contained in each of the July 2017, July 2018, June 2020 and February 2022 versions of the Reporting Manual. As there were no significant changes to generation licence obligations throughout the period subject to audit, this audit will use the current February 2022 version of the Reporting Manual as the primary audit reference.

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

Note that due to Alcoa’s current operating arrangements, a number of those obligations are not likely to be triggered during the period subject to audit. In such instances, the obligation remains applicable to the scope of this audit, with the audit report to identify and describe instances where an obligation cannot be assessed and rated.

Table 1 – Application of legislative elements to Alcoa’s electricity generation operations

Legislative element	Application to Alcoa’s electricity operations
Electricity Industry Act 2004	Seven of the 11 Electricity Industry Act obligations are applicable to Alcoa’s electricity generation operations.
Electricity Licences	Eight of the 14 Electricity Licence obligations are applicable to Alcoa’s electricity generation operations.
Electricity Industry Metering Code	21 of the 159 Metering Code obligations are applicable to Alcoa’s electricity generation operations. Note that in February 2022 the ERA amended the Reporting Manual to recognise that obligations 402, 406, 407, 408, 410 and 435 are not applicable to electricity generation licences. For the purpose of this audit, these six obligations are considered to be not applicable for the duration of the audit period.

Alcoa’s responsibility for compliance with the conditions of the Licence

Alcoa is responsible for:

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

AAG's responsibility

Our responsibility is to express an opinion on Alcoa's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 1 July 2017 to 30 June 2022. We will conduct our engagement in accordance with the Audit Guidelines and the Standard on Assurance Engagements ASAE 3100 Compliance Engagements (**ASAE 3100**) issued by the Auditing and Assurance Standards Board.

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

Limitations of use

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

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

Inherent limitations

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

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

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

An assurance engagement relating to the period from 1 July 2017 to 30 June 2022 will not provide assurance on whether compliance with the Licence will continue in the future.

Independence

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

Approach

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

Risk assessment

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

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

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

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

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

Table 2: Inherent risk rating

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

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

Table 3: Assessment of Audit Priority

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

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

Table 4: Audit Priority Table

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

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

- Review of annual compliance reports lodged by Alcoa for each of the years 2018 to 2021
- Our understanding of Alcoa's regulatory environment
- Any other factors that may influence the level or strength of controls
- Consideration of relevant circumstances and activity that trigger specific compliance obligations.

Note that the previous audit did not make any recommendations for improvement or corrective action.

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

System analysis / walkthrough

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

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

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

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

Testing/review

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

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

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

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

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

Review fieldwork will include meetings with staff at Alcoa's Booragoon office, plus a visit to facilities at Kwinana, Wagerup and Pinjarra in relation to metering activities.

Reporting

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

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

Table 5: Compliance and control rating scales

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

Alcoa is responsible for providing a separate post audit implementation plan, if required.

Resources and team

Key Alcoa contacts

The key contacts for this audit are:

- Energy Director – Australia
- Senior Powerhouse Mechanical Engineer
- Energy Coordinator.

AAG Staff

AAG staff who will be involved with this assignment are:

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

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

Timing

The initial risk assessment phase was completed on 12 July 2022, after which the draft audit plan and risk assessment were presented to Alcoa for comment prior to submission to the ERA for review and approval.

The remainder of the fieldwork phase is scheduled to be performed over the period mid-July to early August 2022, enabling draft and final reports to be submitted to the ERA by the due dates of 31 August 2022 and 30 September 2022 respectively.

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

- Planning (including risk assessment): 10.5 hours
- Fieldwork (including system analysis/walkthrough and testing/review): 32 hours
- Reporting: 16.5 hours.

Appendix 1 - Risk assessment key

1-1 Criteria for classification of compliance obligations

Source: Electricity Compliance Reporting Manual February 2022

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

1-2 Likelihood ratings

Source: Audit Guidelines: Electricity and Gas Licences March 2019

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

1-3 Preliminary adequacy ratings for existing controls

Source: Audit Guidelines: Electricity and Gas Licences March 2019

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

Appendix 2 - Risk assessment

Obligation numbers and references listed below are sourced from the February 2022 version of the Reporting Manual.

* Note that in February 2022 the ERA amended the Reporting Manual to recognise that obligations 402, 406, 407, 408, 410 and 435 are not applicable to electricity generation licences. For the purpose of this audit, these six obligations are considered to be not applicable for the duration of the audit period.

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
12 Electricity Industry Act - Licence Conditions and Obligations								
101	Section 13(1)	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months (or any longer period that the ERA allows).	2	Moderate	Unlikely	Medium	Strong	Priority 4
102	Section 14(1)(a)	A licensee must provide for an asset management system.	2	Moderate	Probable	Medium	Strong	Priority 4
103	Section 14(1)(b)	A licensee must notify details of the asset management system and any substantial changes to it to the ERA.	2	Moderate	Probable	Medium	Strong	Priority 4
104	Section 14(1)(c)	A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	2	Moderate	Unlikely	Medium	Strong	Priority 4
105	ERA (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014.	2	Moderate	Probable	Medium	Moderate	Priority 4
106	Section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	NR	Minor	Probable	Low	Strong	Priority 5
107	Section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	2	Moderate	Probable	Medium	Strong	Priority 4
13. Electricity Licences – Licence Conditions and Obligations								
119	Licence condition 4.3.1	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	2	Moderate	Probable	Medium	Strong	Priority 4
120	Licence condition 5.2.4	A licensee must comply with any individual performance standards prescribed by the ERA.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
121	Licence condition 5.3.2	A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.	2	Moderate	Unlikely	Medium	Strong	Priority 4

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
122	Licence condition 5.1.5	A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review.	2	Moderate	Unlikely	Medium	Strong	Priority 4
123	Licence condition 4.4.1	In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.	2	Moderate	Probable	Medium	Strong	Priority 4
124	Licence condition 4.5.1	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.	2	Moderate	Likely	High	Moderate	Priority 2
125	Licence condition 3.8.1 and 3.8.2	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
126	Licence condition 3.7.1	All notices must be in writing, unless otherwise specified.	2	Moderate	Unlikely	Medium	Strong	Priority 4
14 Electricity Industry Metering Code – Licence Conditions and Obligations								
324	Clause 3.3B	If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in bi-directional flows, the user must notify the network operator within 2 business days.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
339	Clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
371	Clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy.	NR	Minor	Unlikely	Low	Moderate	Priority 5
372	Clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	NR	Minor	Unlikely	Low	Moderate	Priority 5
373	Clause 4.5(2)	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
388	Clause 5.4(2)	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1)	2	Moderate	Unlikely	Medium	Moderate	Priority 4
401	Clause 5.16	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
402*	Clause 5.17(1)	A user must provide standing data and validated, and where necessary substituted or estimated, energy data to the user's customer to which that information relates where the user is required by an enactment or an agreement to do so for billing purposes or for the purpose of providing metering services to the customer. No longer generation obligation Jan 2022	2	Not applicable Clause 5.17(1) of the Metering Code does not place an obligation on an electricity generation licensee				
405	Clause 5.18	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
406*	Clause 5.19(1)	A user must, when requested by the network operator acting in accordance with good electricity industry practice, use reasonable endeavours to collect information from customers, if any, that assists the network operator in meeting its obligations described in the Code and elsewhere, and provide that information to the network operator. No longer generation obligation Jan 2022	NR	Not applicable Clause 5.19 of the Metering Code does not place an obligation on an electricity generation licensee				
407*	Clause 5.19(2)	A user must, to the extent that it is able, collect and maintain a record of the prescribed information in relation to the site of each connection point with which the user is associated. No longer generation obligation Jan 2022	NR					
408*	Clause 5.19(3)	Subject to subclauses 5.19(3A) and 5.19(6), the user must, within 1 business day after becoming aware of any change in an attribute described in subclause 5.19(2), notify the network operator of the change. No longer generation obligation Jan 2022	2					
410*	Clause 5.19(6)	The user must use reasonable endeavours to ensure that it does not notify the network operator of a change in an attribute described in subclause 5.19(2) that results from the provision of standing data by the network operator to the user. No longer generation obligation Jan 2022	NR					
416	Clause 5.21(5)	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
417	Clause 5.21(6)	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
435*	Clause 5.27	Upon request from a network operator, the current user for a connection point must provide the network operator with customer attribute information that it reasonably believes are missing or incorrect within the timeframes prescribed.	2	Not applicable - Clause 5.27 of the Metering Code does not place an obligation on an electricity generation licensee				
448	Clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	2	Moderate	Probable	Medium	Moderate	Priority 4

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
451	Clause 7.2(1)	Code participants must use reasonable endeavours to ensure that they can send and receive a notice by post, facsimile and electronic communication and must notify the network operator of a telephone number for voice communication in connection with the Code.	NR	Minor	Probable	Low	Moderate	Priority 5
453	Clause 7.2(4)	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.	2	Moderate	Probable	Medium	Moderate	Priority 4
454	Clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.	2	Moderate	Probable	Medium	Weak	Priority 3
455	Clause 7.5	A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
456	Clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
457	Clause 8.1(1)	If any dispute arises between any Code participants then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Strong	Priority 5
458	Clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Strong	Priority 5
459	Clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Strong	Priority 5
460	Clause 8.1(4)	If the dispute is resolved by representative negotiations, senior management negotiations or CEO negotiations, the disputing parties must prepare a written and signed record of the resolution and adhere to the resolution.	2	Moderate	Unlikely	Medium	Strong	Priority 4
461	Clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	NR	Minor	Unlikely	Low	Strong	Priority 5

Appendix B – References

Alcoa representatives participating in the audit

- Senior Powerhouse Mechanical Engineer
- Senior Electrical Engineer, Powerhouse
- Energy Director - Australia
- Energy Coordinator.

AAG staff participating in the audit

Hrs

- | | | |
|-----------------------|----------------------|----|
| • Andrew Baldwin | Executive Director | 16 |
| • Margaret-Mary Gauci | Senior Consultant | 38 |
| • Stephen Linden | Director (QA review) | 1 |

Key documents and other information sources examined

- 2017/18, 2019/20 and 2020/21 Alcoa Annual Compliance Reports
- Powerhouse Asset Strategy - Wagerup
- Powerhouse Asset Strategy - Pinjarra
- Powerhouse Asset Strategy - Kwinana
- Evidence of payment of licence fees and a sample of quarterly standing charges
- Email correspondence with the ERA, including notifications in relation to audit requirements
- ETAC with Western Power
- Representations from the Senior Electrical Engineer, Powerhouse; Senior Powerhouse Mechanical Engineer and Energy Coordinator
- Alcoa of Australia Financial Statements for financial years ending 30 June 2018, 2019, 2020 and 2021.