

Post Audit and Review Implementation Plan – 2022 Performance Audit – Southern Cross Energy Partnership

Ref#	Licence Obligation	Auditor's recommendation	Action Proposed to be taken by the Licensee	Responsible Person(s)	Target Completion Date
1/2022	<p>Metering Installations NP2 <i>Obligation 326</i> <i>A network operator must ensure that there is a metering installation at every connection point on its network that is not a Type 7 connection point. Unless it is a Type 7 metering installation, the metering installation must meet the functionality requirements prescribed.</i></p> <p>The Commercial Manager advised that SCE South has meters installed only at its gas turbines and the Western Power (Boulder) connection point. SCE has installed Type 2, 0.5 class CT and VT meters.</p> <p>Energy Point of Sale (POS) per the contract are not metered. However, individual loads on SCE's network are derived in the PLC control system. The difference between what's generated and the net of what goes to Western Power goes to SCE's customer.</p> <p>The metering arrangements remain as they were reported at the last audit, except in the South, a new POS has been established for offtake for the Cassini mine. A new, compliant meter was installed at this new POS that complies with the requirements of the Metering Code.</p> <p>Clause 10.5 of the Power Purchase Agreement (PPA) sets out that SCE and BPH Billiton Nickel West acknowledge that the agreement constitutes a Service Level Agreement (as defined in the Metering Code) and agree that the metering installations are adequate to meet the needs of the agreement.</p> <p>SCE has not complied with 3.5(1) as SCE does not have a metering installation at every connection point. SCE has reported</p>	<p>SCE to continue to report to the ERA, the absence of meters at all connection points as a minor non-compliance with the Metering Code. There is no impact on the customer.</p>	<p>SCE accept the recommendation and will report the non-compliance through SCE's annual compliance report.</p>	<p>Kristian Myhre</p>	<p>31 August 2023</p>

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	<p>this obligation as non-compliant due to the 'absence' of metering, which may not be covered by the exemption applicable to 'existing' metering.</p>				
<p>2/2022</p>	<p>Metrology Procedure NP2</p> <p><i>Obligation 422 - A network operator must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures set out in Appendix 2 and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures set out in Appendix 3.</i></p> <p>Although SCE validates its energy data, it considers that the methodologies it uses do not fully comply with the prescribed validation rules and procedures set out in Appendix 2 and the prescribed substitution and estimation rules and procedures set out in Appendix 3.</p> <p>Installation of SCE's metering pre-dates the requirements of the Code apart from one new meter which is compliant.</p> <p><i>Obligation 425 - If a network operator detects a loss of energy data or incorrect energy data from a metering installation, it must notify each affected Code participant of the loss or error within 24 hours after detection.</i></p> <p>SCE is non-compliant in relation to clause 6.1(1)(c) as SCE does not have a metrology procedure.</p> <p><i>Obligation 426 - Substitution or estimation of energy data is required when energy data is missing, unavailable or corrupted, including in the circumstances described in this subclause.</i></p> <p>Although SCE substitutes and estimates energy data when required, it considers</p>	<p>SCE to continue to report to the ERA, the non-compliance with obligations 422, 425, 426, 434 and 447 due to the absence of a metrology procedure to demonstrate compliance with the Metering Code. There is no impact on the customer</p>	<p>SCE accept the recommendation and will report the non-compliance through SCE's annual compliance report.</p>	<p>Kristian Myhre</p>	<p>31 August 2023</p>

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	<p>that the methodologies it uses do not fully comply with the prescribed substitution and estimation rules and procedures set out in Appendix 3.</p> <p><i>Obligation 434 - "A network operator must ensure the accuracy of estimated energy data in accordance with the methods in its metrology procedure and ensure that any transformation or processing of data preserves its accuracy in accordance with the metrology procedure.</i></p> <p>SCE is non-compliant in relation to clause 6.1(1)(c) as SCE does not have a metrology procedure.</p> <p><i>Obligation 447 - A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed.</i></p> <p>SCE is non-compliant in relation to clause 6.1(1)(c) as SCE does not have a metrology procedure.</p> <p>As noted in the 2018 audit report and as advised by the ERA on 18 December 2014, the ERA accepts that SCE will not take action to address the non-compliances unless replacing the current PPA with a new contract.</p> <p>The PPA was amended on 22 October 2020 and includes compliance with relevant sections of the Metering Code. The PPA does not include a metrology procedure that includes compliance with these obligations, as they are not considered relevant to the service provided to the single customer. SCE does not intend to put in place a Metrology Procedure.</p>				
3/2022	<p>Network Communication Rules NP2</p> <p><i>Obligation 448A - A network operator must, as soon as practicable and in any event no later than 6 months after the date this Code applies to it, submit to the ERA for its</i></p>	<p>SCE to continue to report to the ERA, the non-compliance with obligation 448A and 448C re publishing certain documents to set</p>	<p>SCE accept the recommendation and will report the non-compliance through SCE's annual compliance report.</p>	<p>Kristian Myhre</p>	<p>31 August 2023</p>

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	<p><i>approval the prescribed documents in subclauses 6.2(a)-(d).</i></p> <p><i>Obligation 448C - A network operator must publish its communication rules as soon as practicable, and in any event within 6 months after the date this Code applies to it.</i></p> <p>SCE has not submitted the prescribed documents in sub-clauses 6.2(a)-(d) to the ERA for approval being:</p> <ul style="list-style-type: none"> • proposed model Service Level Agreement • Metrology Procedure • proposed mandatory link criteria under clause 3.6. <p>SCE has a PPA that sets out the Service Level Agreement with its single customer. As there is a single customer and there is no model SLA, Metrology Procedure or mandatory link criteria, the SCE has not submitted or published any documents. This is considered a minor non-compliance with no impact on the customer.</p>	<p>out its network communication rules. There is no impact on the customer.</p>			
4/2022	<p>Environmental Analysis</p> <p><i>Compliance with statutory and regulatory requirements.</i></p> <p>Operational Emissions Thresholds” are defined in the Environmental operating licence.</p> <p>In discussions with the Plant Manager, the reviewer was informed that TransAlta does not measure real-time emissions from the plant operation for assessing and reporting environmental compliance at any of its facilities. This is done through desktop calculations based on monthly gas and diesel fuel usage. The reviewer queried the Plant Manager to justify any fuel quality variations and fuel combustion performance variations that may impact emissions besides fuel usage. Industry practice is to take real-time measurements at least annually by external testing Consideration</p>	<p>TransAlta should review the current methodology for emissions reporting and establish if this method is acceptable to establish compliance with the environmental licensing requirements, including periodic external testing to validate the methodology.</p>	<p>SCE’s existing methods (as reviewed by the auditor) are acceptable to establish compliance with SCE’s environmental licences.</p> <p>SCE do not intend to take any further action as the auditor’s recommendation to perform additional tasks are not required to demonstrate SCE’s compliance with its environmental licences.</p>	No action	No action

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	<p>should be given to periodic external testing to validate the calculation of emissions based on fuel usage.</p>				
<p>5/2022</p>	<p>Asset Operations (Investigations) <i>Risk management is applied to prioritise operations tasks.</i> SCE uses the corporate TapRoot root cause analysis (RCA) tool to assess asset failures and significant near misses based on risk assessment. The reviewer noted that actions identified for execution in the RCA Investigation Report #62481 associated with CO2 release (dated Feb. 2022 using corporate TapRoot tool) were missed in the respective Synergi report and had not been escalated. The risk is escalated for SCE that is dependent on the operations by FIFO staff, which magnifies the likelihood of communication gaps during staff-to-staff handover.</p>	<p>SCE to reassess the investigation bridging and escalation process from TapRoot root case analysis to the Synergi reporting system, to ensure all investigation reports are recorded and escalated as necessary, in the Synergi system.</p>	<p>SCE have reviewed several other Taproot Investigations and the Investigation Procedure which requires all actions to be managed within Synergi.</p> <p>This appears to be a once-off human error issue. SCE does not propose to take any further action.</p>	<p>No action</p>	<p>No action</p>
<p>6/2022</p>	<p>Asset Operations (Training) <i>Staff resources are adequate and staff receive training commensurate with their responsibilities.</i> SCE's training requirements are very comprehensive. However, at the time of the review, the reviewer noted that the management of compliance training, especially mandatory and required training, needed improvement. There were more than 50 overdue training requirements of staff for the SCES network, dating from September 2021 to September 2022. At SCEN (including Goldfields Power staff), there were approximately 20 overdue training requirements for mainly four staff personnel dating from March 2022.</p>	<p>SCE to review the overdue compliance training of network staff and take corrective action to ensure mandatory and required training is completed in a timely manner.</p>	<p>A review of the mandatory training assignments for the RCC (Regional Control Centre) has identified that "mandatory" training has been incorrectly assigned to the RCC operators. After reviewing this and applying the appropriate mandatory training there are only 4 outstanding training requirements. None of these outstanding training requirements are technical or associated with the ability of the individual to carry out the position's duties and should be categorized as "required" not "mandatory"</p> <p>Action: SCE to review and update the Learning Management System to ensure accuracy</p>	<p>May Sullivan</p>	<p>30 June 2023</p>

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	<p>This indicates that SCE may need to improve their method to identify and categorise the training requirements of their staff and/or if the escalation process of overdue training needs improvement to drive appropriate outcomes.</p>		<p>of “mandatory” and “required” training assignments.</p>		
<p>7/2022</p>	<p>Asset Maintenance <i>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</i></p> <p>There is a weekly maintenance meeting to discuss the maintenance work coming up in the next three weeks. Maintenance staff visit the site every day and conduct inspection rounds. However, SCE does not have a dedicated Maintenance Planner to schedule the work based on the priority of the required maintenance work and available resources.</p> <p>The reviewer also raised concerns around the adequacy of staff resources based on the increasing number of open work orders unchanged for more than 180 days being consistently above target for all sites at SCES and SCEN. Maintenance metrics showing outstanding work of 10 months for Mt. Keith and 14 months for Leinster operations, 16 months for KNS and 6 months for KNO. This could be due to multiple reasons:</p> <ul style="list-style-type: none"> o Understaffing o Lack of a site-based maintenance planner o Poor work order prioritisation o Service levels of assets may require to be reassessed o Targets may be over-aggressive. 	<p>a) TransAlta to review the overdue work orders at SCES and SCEN to reassess priorities and review the adequacy of staffing levels to close out open work orders.</p> <p>b) TransAlta to perform a root cause analysis and implement corrective action to achieve appropriate work order completion outcomes and to take control of the maintenance metrics possibly with a dedicated Maintenance Planner.</p>	<p>For contextualizing the actions, it is worth noting that SCE has a progressive work management process in place (GAS.06.1324) which the auditor reviewed. Key points to note are:</p> <ul style="list-style-type: none"> • GAS.06.1324 provides a process for resource allocation against upcoming planned and unplanned works (work schedule). The final work schedule is approved by the Plant Manager, who has a budget allocation suitable to manage the annually scheduled works • An initial review of the outstanding work orders indicates that “close out” after work completion needs focus to reduce what appears in the backlog. • SCE are of the opinion that the budgeted staffing levels are adequate. However, with Covid-19 and general skill shortages in the resources sector staff recruitment and retention has been problematic. This has contributed to the quantity of backlogged work orders. <p>Actions:</p> <p>a) Review the backlog of work orders and manage as per GAS.06.1324.</p>	<p>a) Peter Murray</p>	<p>a) 31 March 2023</p>

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			b) SCE performing a staffing review and concurrently reviewing retention and attraction strategies with human resources. Resource has been approved for a maintenance planner for 2023.	b) Keith Adams	b) 31 December 2022