

Ord Hydro Pty Ltd

Post Audit/Review Implementation Plan – January 2023

These plans are prepared in response to the audit report produced by Geographe Environmental Services (GES) Pty Ltd in January 2023.

Licence Conditions – Compliance Audit Post-Audit Implementation Plan (“PAIP”)

B Unresolved during the current audit period					
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditors’ Recommendation	Action proposed to be taken by licensee	Responsible person	Target Completion Date
	Controls and Compliance Rating				
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
02/2022	<ul style="list-style-type: none"> ▪ 124 ▪ B2 ▪ EIRL, 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. ▪ The 2018 and 2019 Annual Compliance Reports and the 2020 and 2021 Standing Charges data were submitted outside the required timeframes. The Licensee updated the Breach Register in October 2022, however, for the duration of the audit period there were inconsistencies between the licensee’s breach register and the annual compliance reports (Refer Appendix for details). Additionally, it was determined during the audit that the compliance reports were consistent with the details in the AMPs and LCM compliance data. It was noted that the Licensee had established a process for review of its non-compliances (i.e. Obligations Register, however, it was not specific enough to facilitate compliance and as such was not effective. 	<p>A more robust process for tracking and responding to non-compliance is required. Reviewing the documentation It has been difficult to determine whether the Ord was in non-compliance or not during the period due to incorrect information being recorded (such as stating exemptions to the requirements were provided), and actions claimed to have been taken have not been documented and communicated with the ERA to close the non-compliances. The Licensee should review the policies and procedures for compliance with EIRL4 and detail contained in the obligations register to ensure it assists in meeting compliance with Ord Hydro’s legislative obligations, for example specifically those specified within the 2021-2022 Obligation Register. Additionally, training requirements should be reviewed to ensure understanding and awareness of the legislative requirements relating to EIRL4.</p> <p>Revise the CRIS/Obligations to ensure:</p> <ul style="list-style-type: none"> ➢ the Obligations are referenced accurately against the current Electricity Compliance Reporting Manual (i.e. there is a process established for updating obligations) ➢ include Reportable Field (i.e. obligation type (NR, 1 or 2) as only type 1 and 2 are reportable) ➢ include field for reportable agency/governing body ➢ include compliance criteria field in CRIS to allow internal audit process to be established and create a time dependent audit schedule (i.e. prior to the submission of the Annual Compliance Report 31 August annually to ensure information reported is correct). 	<p>A comprehensive review of Ord Hydro’s obligations is currently being undertaken. During this review, Ord Hydro will:</p> <ol style="list-style-type: none"> a) Review its obligations relating to the Ord Hydro asset for completeness and accuracy, including the matters mentioned in the auditors’ recommendation b) Update the obligations accordingly in CRIS/Obligations Register c) Establish a risk-based internal audit/review schedule for its annual compliance reporting process 	Manager Compliance and Risk Management	1 July 2023
03/2022	<ul style="list-style-type: none"> ▪ 319 ▪ B2 ▪ Electricity Industry Metering Code CI 3.1 ▪ A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and comply with any applicable specifications or guidelines, including any transitional arrangements, specified by the National Measurement Institute under the National Measurement Act. 	<p>Metrology Procedure – With consideration of the possibility of new customers in the future and given the non-compliance relating to calibration, Ord Hydro should develop Metrology Procedures to incorporate the requirements of the Metering Code where applicable and the PPAs. There was an absence of operation and maintenance documentation relating to metering installations and development of specific procedures or the inclusion of the requirements in the AMP or related AMS documentation is required.</p> <p>Governance - The Licensee has established various corporate control procedures (i.e. PHA) to mitigate the risk of ineffective asset management</p>	<p>Metrology Procedure - Ord Hydro considers that the metrology obligations under its existing Power Purchase Agreements (PPAs) apply to Ord Hydro’s obligations under its EIRL4 (Electricity Integrated Regional Licence) as a generator rather than as a transmission network service provider. While the PPAs indirectly impose a requirement to comply with the Metering Code these apply to Ord Hydro in its capacity as a generator. Subsequently, Ord Hydro’s view is that the requirements to establish a Metrology Procedure, Model Service Level Agreement and Mandatory Link Criteria do not apply.</p>	Production Manager	1 September 2023

	<ul style="list-style-type: none"> The Licensee had not established a Metrology Procedure as required by the Metering Code. A non-compliance was noted in relation to the frequency of calibration of ADM-T1. 	<p>governance in PHA operations. However, these processes could be better communicated to employees, internally monitored and reported at a site level. As such the following recommendations are made:</p> <ul style="list-style-type: none"> Review the training processes for applicable PHA and Ord Hydro Asset Management Procedures (refer examples detailed above and SAMP section 9.5) requirements and ensure employees at a site level are aware of the requirements, for example as reflected in PHA.OPS.07.005 Delegation of Authority – Non Financial section 5.2 Implement a proactive internal audit schedule for EIRL4 obligations to ensure compliance can be determined prior to submission of the Annual Compliance Report (i.e. before 30 June annually) and to improve the integrity of reporting. <p>Review other internal control processes such as Monthly Reports and determined whether they can be improved to report deviations i.e. Include Governance, Risk and Compliance Summary Table on Monthly Report template similar to HSE summary table to communicate compliance with key areas, for example number of Change Management Forms completed.</p>	<p>Furthermore, Ord Hydro considers it would be impracticable to develop a Metrology Procedure to the extent of Horizon Power's (HP) existing procedure. In its place and as a matter of good practice, Ord Hydro proposes to formally develop internal operation and maintenance documentation and procedures relating to maintaining its meters. These procedures and documentation will be developed so as not to be inconsistent with HP's metrology procedure and will be made available to any parties wishing to connect to the network.</p> <p>Governance – Ord Hydro will review the training processes at site level. Refer also to 02/2022.</p>		
04/2022	<ul style="list-style-type: none"> 348 B2 Electricity Industry Metering Code CI 3.13(4) A check metering installation for a metering point must comply with the prescribed requirements. The check metering installations on the Ord Hydro network were not calibrated although the main revenue meters were subject to calibration. 	<p>The Licensee should determine the calibration requirements of the check meters on its Network were required as they were pre 2005 Metering and take action as required to ensure requirements were accurately reflected in operational and maintenance documentation and compliance with the PPAs and Metering Code achieved.</p>	<p>Ord Hydro will undertake a review of the calibration requirements of the check meters and take any action necessary.</p>	Production Manager	1 September 2023
05/2022	<ul style="list-style-type: none"> 369 B2 Electricity Industry Metering Code, CI 4.2(1) A network operator must ensure that its registry complies with the Code and the prescribed clause of the market rules. The Licensee Electrical Meters Summary (i.e. registry) was not compliant with all requirements of the Metering Code. Standing Data items 5, 12, 18 and 19 were omitted from the Metering Database (i.e. refer Standing Data Clause 4.3(1)). 	<p>Determine to what degree the Meter Database is required to comply with the code as pre 2005 and review the Electrical Meters Summary spreadsheet and ensure that the relevant requirements of the metering code are included.</p>	<p>Ord Hydro notes the audit report comments that the comprehensive requirements of the Meter Database may not apply to Ord Hydro as it is not a participant of the WEM. Ord Hydro will undertake a review of the Electrical Meters Summary spreadsheet to confirm that relevant requirements of the metering code are included.</p>	Production Manager	1 July 2023
06/2022	<ul style="list-style-type: none"> 370 B2 Electricity Industry Metering Code, CI 4.3(1) The standing data for a metering point must comprise at least the items specified. Standing Data Items were not contained in the meter registry 5, 7, 12, 18, 19, 21, 22, 23, 24, 25, 26.). 	<p>As per recommendation 05/2022</p>	<p>Refer to 05/2022</p>		Refer to 05/2022
07/2022	<ul style="list-style-type: none"> 447 B2 Electricity Industry Metering Code, CI 6.1(1) A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed. The Licensee has not developed documentation as required by the Metering Code. Appreciation as the nature of the operations was made by the Audit Team, however, an exemption was not provided, and the documentation still remained outstanding. Given non-compliances related to 	<p>Metrology Procedure - As per recommendation 03/2022 for obligation 319.</p> <p>Model Service Level Agreement – It is acknowledged that Ord Hydro will not act as a metering services provider as its network services only two customers. Pacific Hydro has noted that Obligation 448A (i.e. Metering Code Clause 6.2) will remain outstanding until expiry of Power Purchase Agreements. Given ADM has closed and will be ceasing operations in the near future, it is recommended that OH refer to HP Model Service Level Agreement as a benchmark and develop internal procedures that reference the relevant sections. For example, 2.3 Testing and Inspection of Meters</p>	<p>Refer to 03/2022</p>		Refer to 03/2022

calibration and meter registry standing data, the absence of internal operational and maintenance metrology procedures and the failure to comply following the renewal of the HP PPA.

Mandatory Link Criteria - The Ord has metering installations at 2 customer locations with an installed communications link to the SCADA. OH does not operate as a regular Network Service Provider with multiple remote customers. The meters are not read remotely. It is recommended the communications established be documented within the metrology procedures

08/2022	<ul style="list-style-type: none"> ▪ 448A ▪ A2 ▪ Electricity Industry Metering Code, CI 6.2 ▪ A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed. ▪ The Licensee had not established the following in accordance with 6.2 of the Metering Code. <ul style="list-style-type: none"> (a) a proposed model service level agreement; and (b) [not used] (c) a proposed metrology procedure; and ▪ (d) proposed mandatory link criteria under clause 3.6. 	As per recommendation 07/2022	Refer to 03/2022	Refer to 03/2022
09/2022	<ul style="list-style-type: none"> ▪ 448C ▪ A2 ▪ Electricity Industry Metering Code, CI 6.19A(1) ▪ 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. ▪ The Licensee had not developed or published communication rules within 6 months of the Code applying to its operations. 	Ord Hydro should formally respond to the technical non-compliance and communicate to the ERA its ongoing position in relation to the requirement for and publishing of communication rules in the PAIP.	Refer to 03/2022	Refer to 03/2022

Asset Management System Review – Post Review Implementation Plan (“PRIP”)

B Unresolved during current review period					
Recommendation Reference (no./year)	Rating	Auditors Recommendation	Action proposed to be taken by licensee	Responsible Person	Target Completion Date
Asset Management Process and Effectiveness Criterion					
Details of Deficiency					
10/2022	<ul style="list-style-type: none"> B3 4.3 Compliance with statutory and regulatory requirements 	Refer recommendation 02/2022.	Refer to 02/2022	Refer to 02/2022	Refer to 02/2022
	<ul style="list-style-type: none"> Investigate any statutory or regulatory breaches and assess corrective action taken Review the adequacy of reporting and monitoring tools 				
11/2022	<ul style="list-style-type: none"> B3 5.3 Assets are documented in an asset register including asset type, location, material, plans of components and an assessment of assets' physical/ structural condition 	<p>There were some deficiencies noted with regards to the Licensee's asset register. Whilst it was recognised the asset register mostly met the requirements the inclusion of all assets and the mechanism to ensure the assets were compliant with statutory requirements was not demonstrated. The familiarity with the asset tree was largely dependent on tacit knowledge of the experience plant managers and operators. In order to improve the quality of data in the asset register, accurately document plant and equipment, the statutory requirements (where applicable) and improve the line of sight for drawings relating assets through to condition through to maintenance (WOs) and to reduce room for error and risks in incorrect reference of equipment, Ord Hydro should review the AMS systems and documentation in relation to the assets. In addition, a physical audit of assets should be undertaken against OEM drawings and asset registers and an internal audit against statutory and contractual obligations.</p>	<p>Ord Hydro will undertake a review of the AMS systems and documentation and conduct a physical audit of assets against OEM drawings and asset registers.</p> <p>Ord Hydro will also review its statutory and contractual obligations as per 02/2022 and determine an appropriate risk-based approach to auditing against these obligations.</p>	<p>Production Manager</p> <p>Manager Compliance and Risk Management</p>	1 September 2023
12/2022	<ul style="list-style-type: none"> B3 9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks 	<p>Schedule and carry-out testing and training of each contingency plan. Update the Powerline Access Contingency Plan to reflect emergency repair processes, for example LCM risk #RAORD181010. Ensure all personnel listed in the Contingency Plans are trained as per requirements and records reflected in the Training register. Reference to Contingency Plans should be made within the AMPs and LCMs.</p>	<p>Ord Hydro considers there may be unacceptable operational risk to carry out live-testing.</p> <p>Ord Hydro will schedule and carry out desktop testing of its contingency plans. Ord Hydro will also review contingency plans to address personnel and training requirements as described in the auditor's recommendation.</p> <p>The Powerline Access Contingency Plan will be updated to reflect emergency repair processes.</p>	Production Manager	1 September 2023
	<ul style="list-style-type: none"> During the review period, Ord Hydro has not tested its contingency plans or maintained evidence of the training required for all relevant staff in relation to the purpose and content of the plans. 				