



Notice

21 November 2024

Western Power 2024 asset management system review

The Economic Regulation Authority has published the [2024 asset management system review report](#) and the [post-review implementation plan](#) for the Electricity Networks Corporation's (trading as Western Power) electricity distribution licence EDL1 and electricity transmission licence ETL2.

Western Power is a statutory State-owned corporation that builds, operates and maintains the distribution and transmission network in the South West Interconnected System.

Under its licences, Western Power must have an asset management system that sets out the measures for the proper maintenance of its assets and the operation and construction of those assets. Periodically, an independent auditor is required to review the effectiveness of the asset management system.

The ERA's decision

The ERA considers that Western Power has an effective asset management system and has decided to maintain the review period at 48 months. The next review will cover the period 1 July 2024 to 30 June 2028, with the report due to be provided by 30 September 2028.

Areas of special focus

The ERA has established 58 asset management effectiveness criteria to assess the effectiveness of licensees' asset management systems.¹ The ERA may direct the auditor to assign a higher review priority to specific criteria, known as areas of special focus. A higher review priority means the auditor must do a more detailed assessment of the licensee's processes and procedures.

The ERA nominated 12 criteria for special focus in the 2024 review. The 12 areas were in asset planning, asset creation and acquisition, environmental analysis, asset maintenance, risk management and review of the asset management system.

Review findings

The assessment of the 58 effectiveness criteria found one asset management deficiency, which was in Western Power's approach to conducting internal reviews (audits) of the processes and procedures in its asset management system.

The auditor found it unclear if Western Power's internal audit plan covers the entire asset management system, as only select elements appear to be internally audited. Western Power needs

¹ The 58 criteria are prescribed in the ERA's [2019 Audit and Review Guidelines: Electricity and Gas Licences](#).

to update its internal audit plan to demonstrate how the internal audit is providing appropriate review of the entire asset management system.

The auditor made one recommendation to address the deficiency. Western Power's post-review implementation plan states that the recommendation will be completed by September 2026.

The ERA's assessment of the review findings

The ERA considers that Western Power had an effective asset management system during the review period. The deficiency in internal auditing did not affect the services provided to customers. Overall, the 2024 review showed an improvement since the 2020 review.

The ERA will seek updates from Western Power on its progress with implementing its post-review implementation plan.

Further information

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