

EGL28 2024 Performance Audit – Post Audit Implementation Plan

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	Management Action Plan
1/2024	<p>C2</p> <p><u>Obligation 103 - Electricity Industry Act Section 14(1)(b) CN/R</u></p> <p>MPC had complied with this obligation by notifying the ERA as part of its licence transfer application that MPC was to adopt the previous licensee's asset management system. However from a control adequacy perspective, through enquiry with the Asset Manager, RES Group we found there to be no available reference in MPC's records to demonstrate MPC's awareness of and compliance with this obligation. When MPC next reviews and updates its documented asset management system to reflect its current organisational arrangements (particularly to recognise the roles of the Asset Manager and Asset Owner within the asset management system), MPC should consider whether any change constitutes a substantial change and of so, notify the ERA in accordance with Electricity Industry Act Section 14(1)(b).</p> <p><u>Obligation 105 - Electricity Industry Act Section 17(1) C2</u></p> <p>We observed that in accordance with its obligation to pay its annual licence fee by 18 January each year, MPC did not pay its annual licence fee by the due date in 2023 and 2024. The 2023 payment was made 23 days late and the 2024 payment was made four days late.</p> <p><u>Obligation 123 – Licence condition 4.4.1 CN/R</u></p> <p>We observed that MPC had not implemented an effective mechanism to ensure that it recognises and deals with licence compliance obligations in a proactive manner.</p> <p><u>Obligation 124 – Licence condition 4.5.1 C2</u></p> <p>We observed that in accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MPC did not submit the 2022/2023 compliance report by the due date of 31 August 2023. After receiving an extension to October 2023, the report was submitted on 5 December 2023.</p>	<p>MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</p>	<p>Action</p> <p>MPC will implement a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event.</p> <p>The register will be used as a working tool, with tasks allocated to responsible staff.</p> <p>MPC has implemented a calendar reminder for the Asset Manager to ensure RES accounts payable make the annual license fee by 18 January each year.</p> <p>Responsible person</p> <p>Verry Kristianto, Head of Asset Management, SUN Energy.</p> <p>Due date</p> <p>June 2025</p>

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	Through enquiry with the MPC Asset Manager, we determined that MPC had not explicitly recognised each of its licence compliance obligations and had not established an effective mechanism in place to ensure it recognises and deals with licence compliance obligations in a proactive manner.		

EGL28 2024 Asset Management System Review – Post Review Implementation Plan

Reference (no./year)	Process and policy deficiency / Performance deficiency (Rating / Reference number, Asset management process & effectiveness criterion / Details of deficiency)	Auditor's recommendation	Management Action Plan
1/2024	<p>C2 rating</p> <p><u>1. Asset Planning</u></p> <p><i>1.1. Asset management plan covers the specified processes</i></p> <p>The MSF AMP is the primary document used by MPC to describe its AMS. The AMP focuses primarily on the operations and maintenance of the facility performed by RISEN, including risk management, emergency response and contingency planning activities. Although the AMP was updated and strengthened in response to the results of the 2021 asset management system review, it requires further strengthening to ensure it effectively addresses all key components of the asset management lifecycle presented in the ERA's Review Guidelines, particularly those components that extend beyond the role of the Operations and Maintenance provider to the respective roles of the Asset Manager and Owner.</p> <p>Aspects of the AMP that do not address the asset planning criteria outlined in the ERA's Review Guidelines include:</p> <ul style="list-style-type: none"> • The AMP does not include the Facility's defined service levels, which are detailed in the O&M Agreement and reflected in the regular asset reports prepared by RISEN and RES • The AMP is silent on how it aligns with and/or is influenced by the owner's asset management strategy in relation to the assessment of lifecycle costs of owning and operating assets • The AMP refers to the need for prioritisation in a budget constrained operating environment, however it is silent on how funding considerations are to be made in the event that operational revenue does not cover operational or capital expenditure requirements. 	<p>MPC review and expand its Asset Management Plan to ensure it effectively addresses all key components of the asset management lifecycle presented in the ERA's Review Guidelines, particularly those components that extend beyond the role of the Operations and Maintenance provider to the respective roles of the Asset Manager and Owner.</p>	<p>Action</p> <p>MPC will review and expand its Asset Management Plan to ensure it effectively addresses all key components of the asset management lifecycle presented in the ERA's Review Guidelines, particularly those components that extend beyond the role of the Operations and Maintenance provider to the respective roles of the Asset Manager and Owner.</p> <p>Responsible person</p> <p>Verry Kristianto, Head of Asset Management, SUN Energy.</p> <p>Due date</p> <p>30 June 2025</p>

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Reference (no./year)	Process and policy deficiency / Performance deficiency (Rating / Reference number, Asset management process & effectiveness criterion / Details of deficiency)	Auditor's recommendation	Management Action Plan
2/2024	<p>C2 rating</p> <p><u>1. Asset Planning</u></p> <p><i>1.9 Asset management plan is regularly reviewed and updated</i></p> <p><u>12. Review of Asset Management System</u></p> <p><i>12.1 A review process is in place to ensure the asset management plan and the asset management system described in it remain current</i></p> <p><i>12.2 Independent reviews (e.g. internal audit) are performed of the asset management system</i></p> <p>Although the MSF AMP has been reviewed and updated on occasion and in accordance with RISEN's judgement on the need to update, MPC has not established a mechanism for:</p> <ul style="list-style-type: none"> • Ensuring the MSF AMP and descriptions/documentation of the broader MPC AMS system remain current • Subjecting the AMS to independent review (e.g. internal audit). 	<p>MPC establish a mechanism for ensuring the MSF AMP and descriptions/ documentation of the broader MPC AMS system remain current and for subjecting the AMS to independent review.</p> <p>That mechanism should be clear on the scheduled review dates, who should be involved in performing or providing input to the review and the approval and sign-off requirements.</p>	<p>Action</p> <p>MPC will establish a mechanism for ensuring the MSF AMP and descriptions/ documentation of the broader MPC AMS system remain current and for subjecting the AMS to independent review.</p> <p>That mechanism will be clear on the scheduled review dates, who should be involved in performing or providing input to the review and the approval and sign-off requirements.</p> <p>Responsible person</p> <p>Verry Kristianto, Head of Asset Management, SUN Energy.</p> <p>Due date</p> <p>30 June 2025</p>