

APPENDIX A - Performance Audit Program, Risk Assessment and Detailed Findings

AUDIT GUIDELINES - RATINGS

The following ratings within the Audit Program have been assigned based on Audit Guidelines provided by the Economic Regulation Authority:

- * Consequence
- * Likelihood
- * Inherent risk
- * Adequacy ratings for existing controls
- * Assessment of audit priority

Notes

- (i) The inherent risk rating is determined based on EY's assessment (rating) of the likelihood and consequence of non-compliance with the relevant obligation.
- (ii) The audit priority rating is determined based on the combined rating for inherent risk and control adequacy.

CONSEQUENCE RATINGS

Rating	Level	Examples on Non-Compliance			
		Supply Quality	Supply Reliability	Consumer Protection	Breaches of legislation or other licence conditions.
1	Minor	Minor public health or safety issues. Breach of quality standards minor - minimal impact on customers.	System failure or connection delays affecting only a few customers. Some inconvenience to customers.	Customer complaints procedures not followed in a few instances. Nil or minor costs incurred by customers.	Licence conditions not fully complied with but issues have been promptly resolved.
2	Moderate	Event is restricted in both area and time eg. supply of service to one street is affected for up to one day. Some remedial action is required.	Event is restricted in both area and time eg supply of service to one street is affected for up to one day. Some remedial is required.	Lapse in customer service standards is clearly noticeable but manageable. Some additional cost may be incurred by some customers	Clear evidence of one or more breaches of legislation or other licence conditions and/or sustained period of breaches.
3	Major	Significant system failure. Life-threatening injuries or widespread health risks. Extensive remedial action required.	Significant system failure. Extensive remedial action required.		

LIKELIHOOD RATINGS

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 once every three years
C. Unlikely	Non-compliance is expected to occur once every 10 years or longer

INHERENT RISK RATINGS

Likelihood	Consequence		
	1. Minor	2. Moderate	3. Major
A. Likely	Medium	High	High
B. Probable	Low	Medium	High
C. Unlikely	Low	Medium	High

Description of inherent risk ratings

Level	Description
High	Likely to cause major damage, disruption or breach of licence obligations
Medium	Unlikely to cause major damage but may threaten the efficiency and effectiveness of service
Low	Unlikely to occur and consequences are relatively minor

ADEQUACY RATINGS FOR EXISTING CONTROLS

Level	Description
3	Strong controls that are sufficient for the identified risks
2	Moderate controls that cover significant risks; improvement possible
1	Weak controls are weak or non-existent and have minimal impact on the risks

ASSESSMENT OF AUDIT PRIORITY

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

APPENDIX A - Performance Audit Program, Risk Assessment and Detailed Findings

Electricity Transmission Licence (ETL 2)

Ref.	Licence Clause	Electricity Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T01	4.1	The licensee must pay the applicable fees in accordance with the Regulations.	Unlikely	Minor	Low	Regulatory and Pricing Engineer	A responsible person has been assigned to monitor fees due for payment.	Select a sample of applicable fees over the audit period and check for evidence that the fees have been paid in a timely manner.	Moderate	5	3	Based on discussions with the Regulatory and Pricing Engineer, we confirmed that Western Power is required to pay the annual Electricity Transmission Licence fee within 1 month after the day of grant. The transmission licence was renewed on 30 March 2007 and the fee paid on 23 May 2007. Findings: Western Power does not comply with this licence obligation as the licence fee was paid outside the required timeframe specified by the licence obligation. Recommendation: Western Power should introduce an automatic reminder to notify that the obligated annual fee payment is to be made within one month from the licence grant/renewal date.
T02	5.1	Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation including: - Electricity Industry Customer Transfer Code 2004; - Electricity Industry Metering Code 2005; - Electricity Industry Network Quality and Reliability of Supply Code 2005; and - Code of Conduct for the Supply of Electricity to Small Use Customers 2004.	Likely	Major	High	Manager Compliance	- Existence of a regulatory framework within the organisation to monitor change and compliance in legislation. - Compliance register with all obligations included. - Policies and procedures manual with key clauses of legislation included in it. - Developed training program. - Complaints process has been established to record and monitor actions to address complaints.	(1) Select a sample of 4/0 key obligations from the Compliance Reporting Manual and check that they have been included in the online register of Western Power. (2) Examine the policies and procedures manual to determine whether key clauses of legislation have been included in the policies and procedures. (3) Select a sample of process owners and enquire whether policies have been communicated to personnel. Obtain evidence to prove that policies have been communicated to personnel in relation to managing compliance obligations for each Act, Code or regulation. E.g. Minutes or meetings from policy discussion, attendance records training, notes. (4) Interview key personnel to confirm that they understand the requirements for compliance with the various legislations. Obtain evidence to show that personnel have agreed to be responsible and take ownership for defined obligations. (5) Obtain a sample of training attendance records to assess that personnel attended training sessions held in relation to compliance with Acts, Codes or other regulation. (6) Check that each branch has a responsible person for managing compliance, particularly for the Customer Services and System Management branches. (7) Obtain sample of audits performed over the scope period as proof of audits being conducted.	Moderate	2	5	(1) The existence of an online register containing all obligations was sighted. A sample of 5/0 key obligations from the Compliance Reporting Manual was selected for testing. These were agreed to Western Power's online register. (2) We noted that key clauses from applicable legislation have been included within Western Power's policies and procedures, however no references were made reference to the legislation itself except for the Code of Conduct for the Supply of Electricity to Small Use Customers 2004. Through discussion with the Manager Compliance, we noted that a presentation on the launch of the online training register has been delivered to branch managers in February 2008. This training has been scheduled to be presented to all remaining staff in each branch. We noted that some presenters have already been conducted as at the date of our visit. In relation to compliance with policies, meetings with responsible branch managers have been held. Branch Managers will subsequently inform the Manager Compliance on dates for future training requirements. A schedule has been developed that records employee training requirements and its respective training. (3) and (4) Through discussion with Manager Compliance and process owners, we noted that a responsible person has been assigned for the compliance obligations specified under the Transmission Licence. (5) Training schedule was obtained. There are no training attendances, as Western Power is currently waiting on Branch Managers to report back to Manager Compliance on training needs in late April/May. Manager Compliance has set a KPI to deliver training needs by 30 June 2008. (6) Meetings with all branch managers have been conducted regarding compliance training that is to take place. Manager Compliance has kept a training schedule which is populated when Branch Managers identify their training needs and time. (7) Obtained the In dependent Audit for Network Quality and Reliability of Supply Performance Reporting. In relation to customer service, complaints are handled on a high level, where a monthly report contains the number of complaints. Manager Compliance has indicated that a change towards knowing the content of each complaint is in the process.

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T02 (cont.)	5.1	<p>NR obligations sampled</p> <p>A network operator and a retailer must use reasonable endeavours to ensure that its information system on which electronic communications are made is operational 24 hours a day and 7 days a week.</p> <p>A network operator and a retailer must establish a mechanism to generate an automated response message for each electronic communication (other than an automated response message) received at the electronic communication address.</p> <p>The originator of an electronic communication must identify itself in the communication.</p> <p>The originator of an electronic communication must use reasonable endeavours to adopt a consistent data format for information over time, to facilitate any automated processing of the information by the addressee.</p> <p>Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to a draft extension and expansion policy.</p> <p>Electricity Networks Corporation and Regional Power Corporation must comply with a direction given by the Coordinator in relation to an amendment to an extension and expansion policy.</p> <p>Electricity Networks Corporation and Regional Power Corporation must implement arrangements set out in an approved extension and expansion policy.</p> <p>A distributor or transmitter must, so far as reasonably practicable, reduce the effect of any interruption on a customer.</p> <p>A distributor or transmitter must consider whether, in specified circumstances, it should supply electricity by alternative means to a customer who will be affected by a proposed interruption.</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>(B) Select a sample of NR-classified obligations (per the Electricity Compliance Reporting Manual) and perform the following:</p> <p>(a) interview key personnel to confirm that they understand the requirements and minimum performance standards in order to comply with the relevant obligation.</p> <p>(b) Obtain evidence to show that personnel have agreed to take ownership and be responsible for compliance with the applicable obligation.</p> <p>(c) Obtain a population listing for the scope period and select a sample for testing to assess that Western Power's processes have met the minimum performance standards required by each obligation.</p>		5	<p>(B) (a), (b) and (c) Refer to results detailed below in relation to each NR obligation sampled (listed under D02).</p> <p>Based on discussions with the Manager Major Customer (Customer Solutions Branch), we noted that Western Power's Online Web Portal is operational 24 hours a day 7 days a week. The online portal is part of Western Power's Metering Business System (MBS) which remains online at all times and is backed up.</p> <p>If electronic communications fail to send, an automated response alerts Western Power of the failure and Western Power subsequently notifies the retailer/customer that they need to check/update their email address. The procedures governing electronic communications are specified in the Communication Rules and Build Pack.</p> <p>We observed that Western Power's communications system automatically includes the sender's name and email address when electronic communication is sent.</p> <p>Western Power's response to requests, queries, complaints and other electronic communications follow a set format based on standard data fields and templates within their systems (MBS, CUSREMS). We observed this with the assistance of the Major Customer Manager, Customer Solutions Branch and Customer Assistance.</p> <p>Based on discussion with the Open Access Engineer, Western Power's Extension and Expansion Policy (EEP) was replaced by amendments to the Electricity Networks Access code on 29 June 2007 and 29 August 2007. It is now encompassed within Appendix 8 "Detailed provisions regarding capital contributions for certain SWIN augmentations" of the Electricity Network Access Code 2004.</p> <p>Refer to test results documented under T35, T36 and T37.</p> <p>The core role of System Management - Network Operations, apart from the safe operation of the network, is to minimise the magnitude and duration of customer outages as outlined and sighted within the Network Operations role description. Based on discussion with the Operations System Support Manager staff in the control room are able to monitor all faults on a 24 hourly basis and can therefore track the time a fault has been out of the time it is fixed. All Network Operations personnel hold an electrical access permit and can verbally communicate with the control room regarding the status of the job/interruption which is instantaneously updated in the ENWMC database.</p> <p>A back up power station for each area usually supplies the required flow of electricity in the event of an outage.</p> <p>Based on discussions with Customer Assistance and observation, noted that Western Power sends and receives notices electronically through the Metering Business System (online web portal), by mail or facsimile. Telephone numbers are also provided and are available as a contact source.</p> <p>Checked Western Power's website and identified that the following contact details are published and provided:</p> <ul style="list-style-type: none"> - contact numbers, that vary depending on the query, reason or problem; - email address with a link to an online enquiries/feedback form; - postal and street address; and - country service contacts. <p>Findings: Western Power complies with the licence obligations included under T02.</p> <p>Recommendations: None.</p>	

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TRANSFER PROCESS												
T03	5.1 (cont.)	A network operator must treat all retailers which are its associates on an arms-length basis. A network operator must ensure that no retailer which is its associate receives a benefit in respect of the Electricity Industry Customer Transfer Code unless the benefit is either attributable to the arms-length application of the Electricity Industry Customer Transfer Code or the benefit is made available to all other retailers.	Unlikely	Moderate	Medium	Manager Major Customer Solutions Branch	<ul style="list-style-type: none"> Retail account managers and other customer facing staff are coached to treat retailers on arms length basis. Account Management Principles document. 	<ol style="list-style-type: none"> Sign the document Account Management Principles in the Document Management System. assess the controls by examining the training register to identify if any coaching or training have been performed for the account managers with regards to treating retailers on arms length basis. Obtain evidence to assess that all the retailers have been extended similar benefits. 	Strong	4	4	<ol style="list-style-type: none"> Sighted Western Power's Account Management Principles. Top 50 with the assistance of the Manager Major Customer. These principles apply to the top 50 major customers and is available in the Document Management System (DMS). The requirement to treat all retailers on an arms-length basis is communicated to account managers during their induction training and reinforced at relevant external training courses attended, as advised by the Manager Major Customer. A register of external training courses attended by account managers is maintained in a spreadsheet, however there is no register or attendance record in relation to induction training. Through discussion with the Manager Major Customer, we confirmed that Western Power does not have any retailers that are its associates and therefore all retailers have been extended the same benefits. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: Western Power should introduce and maintain a training register in relation to induction training attended and completed by account managers.</p>
T04	5.1 (cont.)	A network operator must not object to a customer transfer request in certain circumstances as set out in clause 4.9 (1) of the Electricity Industry Customer Transfer Code. A network operator that objects to a customer transfer request must give an electronic notice detailing specified information to a retailer within the timeframe specified. A transfer may only occur on the day the contestable customer's meter is actually read. A network operator must within two business days after the transfer date give an electronic notice of the transfer and the transfer date to the incoming retailer, the previous retailer and, if applicable, the independent market operator.	Probable	Moderate	Medium	Manager Major Customer Solutions Branch	<ul style="list-style-type: none"> Policies and procedures relating to customer transfer process. Process to monitor the customer transfers. MBS 	<ol style="list-style-type: none"> Interview key personnel to obtain an understanding of the customer transfer process. Walkthrough the customer transfer process and obtain a copy of key documents in relation to and used as part of the process. Obtain the population of all customer transfers for the audit scope period. Select a sample of 25 customer transfers for testing and check that: <ul style="list-style-type: none"> customer consent was provided prior to the transfer. transfers were made on the day the contestable customer's meters were read; and electronic notice of the transfer and transfer date was provided to the incoming retailer and previous retailer within 2 business days. Select a sample of 25 transfer requests with objections. Check that electronic notices were issued for these requests. 	Moderate	4	5	<ol style="list-style-type: none"> (1) & (2). Met with the Manager Major Customer and Account Manager (Major Customer Section) to walkthrough and discuss the customer transfer process. The retailer must complete the Customer Transfer Request form through the Western Power Online Portal, which is accessed using the retailer's login ID and password. Obtained the population of all completed customer transfer requests that occurred during the audit scope period and selected a sample of 25 transfers for testing. <p>Based on discussions with the Manager Major Customer, it is the retailer's responsibility to check that the customer has provided verifiable consent. Consequently Western Power accepts a submitted Customer Transfer Form (CTF) as the customer's consent. All 25 customer transfers tested were made on the day the contestable customer's meter was read and notifications were provided to the incoming retailer and previous retailer within 2 business days. No exceptions noted.</p> <p>Small residential customers are classified as non-contestable customers, hence they do not have the option to transfer to a different retailer.</p> <p>(4). A sample of 25 customer transfers with objections were selected for testing. All 25 transfers tested were supported with valid justifications for objection the request and notifications were provided in relation to the objections. No exceptions noted.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T05	5.1 (cont.)	A network operator must within two business days after the transfer date give an electronic notice of the transfer and the transfer date to the incoming retailer, the previous retailer and, if applicable, the IMO.	Probable	Moderate	Medium	Manager Major Customer Solutions Branch	<ul style="list-style-type: none"> Metering staff are aware of these requirements under the CTC. Objections state the reason, data omission, meter incompatibility or inability to process within requested timeframe. <p>In accordance with the CTC, attempts are made to negotiate with retailer where transfer date is not achievable.</p>	<ol style="list-style-type: none"> Enquire with 3 key metering staff regarding their understanding of the requirements under CTC and confirm their understanding with the requirements stipulated in the Code. Obtain a population listing for the audit scope period. Select a sample of 25 customer transfers for testing and assess that: <ul style="list-style-type: none"> customer consent was provided prior to the transfer. transfers were made on the day the contestable customer's meters were read; and electronic notice of the transfer and transfer date was provided to the incoming retailer and previous retailer within 2 business days. Obtain the population of customer transfer requests during the audit period that have been objected to. Select a sample of 25 objected requests and obtain key documents that justify the objection. E.g. Data omitted, meter incompatibility or inability to process within requested timeframe. Obtain evidence to support that negotiations with the retailer were conducted in order to resolve transfer data. 	Moderate	4	5	<ol style="list-style-type: none"> Met with the following Metering personnel and enquired about their understanding of the Customer Transfer Code: <ul style="list-style-type: none"> Metering Services Manager Administrator Data Management, Metering Services Commercial Co-ordinator, Metering Services All 3 personnel confirmed that they are aware of and understand the specified requirements based on compliance training attended and their knowledge and experience. Obtained the population of completed customer transfer requests and selected a sample of 25 for testing. Based on discussions with the Manager Major Customer, it is the retailer's responsibility to check that the customer has provided verifiable consent. Consequently Western Power accepts a submitted Customer Transfer Form (CTF) as the customer's consent. All 25 customer transfers tested were made on the day the contestable customer's meter was read and notifications were provided to the incoming retailer and previous retailer within 2 business days. No exceptions noted. Obtained the list of all objected customer transfer requests for the audit period, from the Account Manager (Major Customer Section). A sample of 25 customer transfers with objections were selected for testing. We sighted evidence of valid justifications and notifications for all 25 transfers tested in relation to the objections. No exceptions noted. Sighted evidence of retailer negotiations through the Western Power Online Portal for each of the 25 transfers sample tested. No exceptions noted. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

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T06	5.1 (cont.)	<p>A network operator must publish the following forms as part of their customer transfer process:</p> <ul style="list-style-type: none"> - Request for Standing Data; - Request for Historical Consumption Data; - Customer Transfer Request (CTR) <p>A network operator must use all reasonable endeavours to provide to the retailer the requested data under a valid data request.</p> <p>A network operator must provide the requested data under a valid data request electronically in a format in accordance with the communication rules if they have been approved or otherwise in accordance with the metering code.</p> <p>A network operator must provide the requested data under a valid data request in accordance with a specified timeframe.</p> <p>A network operator must electronically notify the retailer of the most likely exit points to which a data request relates, up to a maximum of 10, if a retailer submits a data request under clause 3.4 and the network operator has not allocated a UMI for the exit point and it is unable to determine a single exit point to which the data request relates.</p> <p>A network operator must, subject to clause 3.7(5) of the Electricity Industry Customer Transfer Code, electronically notify a retailer if its data request is not valid.</p> <p>A network operator must comply with clause 3.7(1) of the Electricity Industry Customer Transfer Code with defined exemptions depending on the number of standing or historical data requests that the retailer submits.</p>	Probable	Moderate	Medium	<p>Manager Major Customer Solutions Branch</p>	<ul style="list-style-type: none"> • MBS - Request for Standing Data Form • Request for Historical Consumption Data Form • Customer Transfer Request (CTR) <p>MBS has been designed to meet this requirement. Automated process.</p>	<p>(1) Confirm if there is responsible person assigned to monitor the forms used for the transfer process are current and appropriate.</p> <p>(2) Check the Western Power website to assess that the following forms are published and available as part of the customer transfer process:</p> <ul style="list-style-type: none"> (a) Request for Standing Data Form; (b) Request for Historical Consumption Data Form; and (c) Customer Transfer Request (CTR) Form. <p>(3) Enquire whether any amendments have been made to the forms listed in step (2) above. If so, assess that the amended forms comply with Annex 1 or 2 of the Electricity Transfer Code where applicable.</p> <p>(4) Obtain a population of all data requests received from retailers during the audit period. Select a sample of 25 for testing and:</p> <ul style="list-style-type: none"> (a) Check that Western Power provided the requested data in line with the following timeframes: <ul style="list-style-type: none"> (i) 2 business days, if up to 5 of that type of data request was submitted by the retailer on the same business day, or was received before 3:00 pm and no later than 1:00 pm, on 3 business days after it received after 3:00 pm after that day; (ii) 4 business days, if 6, 10 or that type of data request was submitted by the retailer on the same business day, or was received before 3:00 pm and no later than 1:00 pm, on 5 business days after it received after 3:00 pm after that day; (iii) 5 business days, if 11, 20 of that type of data request was submitted by the retailer on the same business day, or was received before 3:00 pm and no later than 1:00 pm, on 6 business days after it received after 3:00 pm after that day; (b) Check that Western Power electronically notified the retailer within 1 business day of receiving the request, the most likely exit points to which the data request relates up to a maximum of 10 most likely exit points if it: <ul style="list-style-type: none"> - receives a data request; and - has not allocated a UMI for the contestable customer's exit point; and - is unable to determine a single exit point to which the data request relates. (5) Obtain the population of all invalid data requests received from the retailer during the audit period. Select a sample of 25 for testing and check that an electronic notice of the invalid request was provided to the retailer within: <ul style="list-style-type: none"> - 1 business day after Western Power received the data request; if the data request is one of up to 10 requests submitted by the retailer on the same business day; or - 2 business days after Western Power received the data request; if the data request is one of more than 10 requests submitted by the retailer on the same business day. 	Strong	4	5	<p>(1) The Manager Major Customer is responsible for ensuring that forms used in the customer transfer process is current and appropriate.</p> <p>(2) Sighted the following forms on the Western Power Online Portal:</p> <ul style="list-style-type: none"> - Request for Standing Data Form; - Request for Historical Consumption Data Form; and - Customer Transfer Request (CTR) Form. <p>Retailers can access, complete and submit these electronic forms by logging into the online portal using their login ID and password.</p> <p>(3) No amendments have been made to the forms, listed in step (2) above, during the audit period.</p> <p>(4) (a) and (b). Obtained the population of data requests received from retailers during the audit scope period and selected a sample of 25 for testing. Instant electronic notification is provided to the retailer through MBS if the data request does not have an allocated UMI and a single exit point to which the data request relates cannot be determined. The instant electronic notification is an automated process in MBS, hence it satisfies the 1 business day timeframe specified. For all 25 data requests tested, information was provided within the specified timeframes. No exceptions noted.</p> <p>(5) Obtained the population of invalid data requests received from retailers during the audit scope period and selected a sample of 25 for testing. For all 25 invalid data requests tested, retailers were provided with instant electronic notification of the invalid request through MBS, which is an automated process. No exceptions noted.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

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T07	5.1 (cont.)	<p>A network operator must within six months after commencement of the Code submit for approval by the Authority, rules governing the format and protocols in relation to communicating information and data between the network operator and retailer.</p> <p>A network operator and a retailer must comply with approved communication rules.</p> <p>A network operator must notify each Code participant of its initial contact details and of any change to its contact details at least 3 business days before the change takes effect.</p> <p>A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.</p>	Unlikely	Minor	Low	Manager Major Customer Solutions Branch	Communication rules.	<p>(1) Obtain and inspect a copy of Western Power's communication rules to assess that they have been developed, formally documented and communicated to the retailer.</p> <p>(2) Obtain evidence that the communication rules were submitted to the Authority within 6 months of commencement of the Electricity Industry Customer Transfer Code.</p> <p>(3) Enquire whether Western Power notified each retailer of its initial contact details and any amended contact details at least three business days before the change took effect.</p> <p>(4) Interview key personnel to discuss and understand the process of sending out electronic communications. Check that such communications are sent to the correct electronic address.</p>	Strong	5	5	<p>(1) We obtained a copy of Western Power's Electricity Industry Metering Code 2005 Communication Rules to validate that communication rules have been formally developed and documented. These rules incorporate obligations from the Electricity Industry Metering Code and Customer Transfer Code.</p> <p>(2) Obtained a copy of correspondence sent by Western Power to the ERA, and verified that the communication rules were submitted to the ERA within 6 months. Western Power's communication rules encompass the requirements of the Electricity Industry Metering Code and Customer Transfer Code. We confirmed with the ERA that the Communications Rules had been submitted to them within the 6 month deadline.</p> <p>(3) Western Power electronically notified each retailer of its initial contact details. There have been no changes to these contact details, as at the time of audit therefore the 3 day rule was not tested.</p> <p>(4) We noted through discussion that electronic communications are sent by Western Power to the email address provided by the retailer/customer. If such communication fails to send, Western Power notifies the retailer/customer that they need to check and/or update their email address. The procedures to follow in the event that electronic communications do not reach the receiver have been documented in the Build Pack.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
METERING												
T08	5.1 (cont.)	<p>A network operator must ensure that there is a metering installation at every connection point on its network, excluding Type 7 connection points (e.g. Street lights, parking meters, community). All meters must meet the requirements specified in the applicable metering procedure and National Measurement Institute under the National Measurement Act.</p> <p>A network operator must, for each metering installation on its network, on and from the time of its connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed).</p> <p>A network operator may only impose a charge for providing, installing, operating or maintaining a metering installation in accordance with the applicable service level agreement between it and the user.</p> <p>A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.</p> <p>A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed.</p>	Likely	Moderate	High	<p>Metering Services Manager</p> <p>Technical Administrator, Metering Services</p> <p>Metering Strategist</p>	<p>Monitored by:</p> <ul style="list-style-type: none"> Technical Review process with Supplier NATA accreditation for meter testing and evaluation. Revenue Protection Policy Ticket Logment Process Service Connect Scheme Contractor Connect Scheme Performance is measured by monthly performance reporting, daily customer service order reports and dashboard reporting (busbar). <p>Inspection System Plan</p> <ul style="list-style-type: none"> WMAER (metering requirements) Meter Management Plan Technical Specifications (Purchasing Standards) Systems (MBS, IMV80, IMVRS, ELIS) Business Processes Management process and service reporting Service & Contractor Connect Schemes Contract Management 	<p>(1) Obtain a copy of the work procedures established for the metering installation process and determine if they have been communicated to the relevant staff.</p> <p>(2) Walkthrough the metering process and obtain a copy of key documents used/maintained to manage meters. Enquire about charges imposed for providing, installing, operating or maintaining a metering installation.</p> <p>(3) Obtain the listing of charges for the audit scope period and determine if charges are in accordance with the service level agreement that exists.</p> <p>(4) Walkthrough the processes/controls in place that monitor the specifications of metering installations and its compliance with specified requirements. Obtain evidence to assess that meters are compliant with specifications described in the Metering Procedure.</p> <p>(5) Interview key personnel to obtain an understanding of the requirements in relation to model service level agreement. Obtain key documents, policies and/or procedures used as part of the process.</p>	Strong	2	5	<p>(1) Obtained a copy of metering installation procedures and confirmed, with the Metering Services Manager, that it has been communicated to the relevant metering staff through the intranet and training.</p> <p>(2) Walked through the metering process with the Metering Services Manager and Technical Administrator, Metering Services. All metering specifications have been taken from the Metering Procedure. For new installations, an accredited electrical contractor will install direct connected meters, energise and subsequently commission the site. The approved contractor will complete a meter test form and forward it to the Western Power Connections office. A copy of the following documents were obtained:</p> <ul style="list-style-type: none"> - Metering Manual - Meter Management Plan; and - Inspection System Plan. <p>(3) Western Power does not impose a charge for providing, installing, operating or maintaining a metering installation unless such charges have been included in a signed level agreement with the user. Testing identified that no charges were imposed during the audit scope period.</p> <p>(4) The commissioning process aims to detect and correct any apparent defects or errors because it may reduce the effectiveness and ability of the metering equipment to record data correctly. Walked through the commissioning process with the Administrator Data Management, Metering Services and obtained inspected a copy of the following:</p> <ul style="list-style-type: none"> - National Association of Testing Authorities (NATA) Australia accreditation certificate, which includes technical compliance with ISO/IEC 17025; - Certificate appointing Western Power Corporation as a verifying authority for electricity meters, i.e. Chief in Charge of Standards Laboratory; - Service Connect Scheme; and - Contractor Connect Scheme. <p>All Western Power meters have been built according to the Metering Procedures specifications. Meters are installed by a Western Power electrician or contracted electrician chosen from an email list sent daily by the Office of Energy.</p> <p>(5) Discussed the model service level agreement requirements with the Metering Services Manager and Administrator Data Management, Metering Services. Obtained a copy of Metering Code Model Service Level Agreement for Western Power Corporation which is the agreement Network Operator and Code Participants. This model service level agreement was approved by the ERA on 30 March 2008. Inspected the document and assessed that it contains all the requirements specified under clause 68(1) of the Metering Code 2005.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T09	5.1 (cont.)	For a metering installation used to supply a customer with requirements above 1000 volts that require a VT and whose annual consumption is below 750kWh, the metering installation must meet the relevant accuracy requirements of Type 3 metering installation for active energy only.	Probable	Moderate	Medium	Metering Services Manager Technical Administrator, Metering Services Metering Strategist	Existence of work procedures with regards to metering installation. - Inspector System Plan - WAER (wiring requirements) - Meter Management Plan - Technical Specifications (Purchasing Standards). Monitored by: - Technical Review process with Supplier. - NATA accreditation for meter testing and evaluation. - Revenue Protection Policy - Ticket Lodgement Process - Service Connect Scheme - Contractor Connect Scheme	(1) Obtain a copy of the work procedures established for the metering installation process and determine if they have been communicated to the relevant staff. (2) Walkthrough the metering process and obtain a copy of key documents used/maintained to manage meters. (3) Walkthrough the processes/controls in place that monitor the specifications of metering installations and its compliance with specified requirements. Obtain evidence to support that meters are compliant with specifications described in the Metrology Procedure.	Weak	3	5 (1) Obtained a copy of metering installation procedures and confirmed, with the Metering Services Manager, that it has been communicated to the relevant metering staff through the intranet and training. (2) Walked through the metering process with the Metering Services Manager and Technical Administrator, Metering Services. A copy of the following documents were obtained: - Meter Management Plan; and - Inspector System Plan. (3) Walked through the commissioning process in place that monitors metering installations and check that they comply with specified requirements. A copy of the following documents were obtained/sighted: - National Association of Testing Authorities (NATA) Australia accreditation certificate, which includes technical compliance with ISO/IEC 17025; - Certificate appointing Western Power Corporation as a verifying authority for electricity meters, i.e. Officer in Charge of Standards Laboratory; - Service Connect Scheme; and - Contractor Connect Scheme. Evidence obtained assess that all Western Power meters have been built according to the Metrology Procedures specifications thus complying with the required accuracy requirements. Findings: Western Power complies with this licence obligation. Recommendation: None.	
T10	5.1 (cont.)	A network operator must ensure that a metering installation on its network permits collection of data within the timeframes and to the level of availability specified. If a metering installation is required to include a communications link, the link must (where necessary), include a modem and isolation device approved under the relevant telecommunications regulators, to allow the internal energy data to be downloaded in the manner prescribed. A network operator must make repairs to the metering installation in accordance with the applicable service level agreement (if an outage or malfunction occurs to a metering installation). If compensation is carried out within the meter then the resultant metering system error must be as close as practicable to zero. Meters containing an internal real time clock must maintain time accuracy as prescribed. Time drift must be measured over a period of 1 month. If a device is used as a data logger, the energy data for a metering point on the network must be collected in trading intervals within the metering installation unless it has been agreed between the network operator and the Code participant that energy data may be recorded in submultiples of a trading interval.	Likely	Moderate	High	Administrator Data Management, Metering Services	Data Gaps Measurements Scheduling Process (MRS IM/90 IM/RSS) Meter Management Plan Technical Specifications (Purchasing Standards) Technical Review process with Supplier. NATA accreditation for meter testing and evaluation.	(1) Obtain a system-generated report that provides statistics in relation to data not collected within the specified timeframes or availability level. (2) Enquire of key personnel to understand compensation in relation to metering and obtain evidence to assess the following: - those metering installations during the audit scope period that require communication link, where applicable, have the modem and isolation device approved under the relevant telecommunications regulators; - if compensation is carried out within the meter, check that the resultant metering system error is as close as practicable to zero; and - meters contain an internal real time clock, check the accuracy of the clock and obtain evidence that any time drift is measured over a 1 month period. (3) Enquire with relevant key personnel if repairs have been made to metering installations in accordance with applicable service level agreement due to outage or malfunction during the audit period and obtain evidence of such repairs performed. (4) Enquire of relevant personnel if agreement documented with Code participants re the collection of energy data in 15 minute units whilst reported to the IMO in 30 minute trading intervals.	Strong	2	3 (1) Obtained a copy of Western Power's Metering Services Business Performance Report for March 2008 and checked the information and statistics. Information contained within the report include: - Metering Field Services Analysis, i.e. Vork analysis by job type (eg. Corinis install, meter maintenance - meter test), average hours by job type, job location (interlocutory); - Inspection Services Analysis, (eg. In relation to new connections, minor works, existing connections, etc); - Contractor Connect and ETRC Analysis (electronic ticket lodgement); - Meter Asset Summary (by meter type); - Non-compliant Service Orders. (2) Only AUSTRALTELE (the Australian telecommunications regulatory body) approved devices may be purchased by Western Power. These devices are built according to Code specifications and meet Australian standards therefore Western Power's communications link meets the specified requirements. All meters comply with the Code specifications hence no compensation (adjustment) is performed within Western Power meters. All newly installed meters contain an internal real time clock. The accuracy of the clock is checked based on the remote interrogation program which is also used for billing purposes. The meter is called up to the time clock server and time drift is monitored to ensure its accuracy. Schedule 5, part 5.59 of the Metrology Procedure states: The data logger clock is to be referenced to Western Australian Standard Time and maintained to a standard of: - Type 1: ±5 seconds; - Type 2: ±7 seconds; - Type 3: ±10 seconds; and - Types 4 and 5: ±20 seconds. (3) Metering meters are replaced by Western Power. Consequently, no meter repairs are carried out by Western Power, based on discussions with the Metrologist. (4) WIP has collected data in 15 minute intervals since before the market started operation however no documented agreement could be identified with Code participants. Findings: Western Power does not comply with this licence obligation in respect of having documented agreements with Code participants in respect of collecting energy data in sub multiples of a trading interval. Recommendation: WIP should obtain approval from current Code participants and build the agreement into the standard service level agreements to ensure ongoing compliance.	

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T11	5.1 (cont.)	A network operator must ensure that a Type 1 metering installation to Type 5 metering installation on the network has the facilities and functionality prescribed.	Probable	Moderate	Medium	Technical Administrator, Metering Services Metering Strategist	<ul style="list-style-type: none"> In accordance with Metrology Procedure Meter Management Plan Technical Specifications (purchasing Standards). Technical Review process with Supplier. NATA accreditation for meter testing and evaluation. 	<p>(1) Obtain a copy of the work procedures established for the metering installation process and determine if they have been communicated to the relevant staff.</p> <p>(2) Walkthrough the metering process and obtain a copy of key documents used/maintained to manage meters.</p> <p>(3) Walkthrough the processes/controls in place that monitor the specifications of metering installations and its compliance with specified requirements. Obtain evidence to assess that meters are compliant with specifications described in the Metrology Procedure</p>	Strong	4	5	<p>(1) Obtained a copy of metering installation procedures and confirmed, with the Metering Services Manager, that it has been communicated to the relevant metering staff through the Western Power intranet and training conducted.</p> <p>(2) Walked through the metering process with the Metering Services Manager and Technical Administrator, Metering Services. A copy of the following documents were obtained:</p> <ul style="list-style-type: none"> Metering Manual. Meter Management Plan; and Inspection System Plan. <p>(3) All metering specifications have been taken from the Metrology Procedure. For new installations, an accredited Electrical Contractor will install direct connected meters, energise and subsequently commission the site. The approved contractor will complete a meter test form and forward it to the Western Power Connectors office. If the contractor is not accredited, a Connectors Field Officer will perform the commissioning checks and energise the site. The commissioning process aims to detect and correct any apparent defects or errors because it may reduce the effectiveness and ability of the metering equipment to record data correctly.</p> <p>A copy of the following documents were obtained to support that meters comply with specified requirements:</p> <ul style="list-style-type: none"> Meter Test Form; Service Connection Test Form; Evidence electrical contractor's accreditation National Association of Testing Authorities (NATA) Australia accreditation certificate for Western Power's Metering Services, certifying Western Power's compliance with specified requirements and ISO/IEC 17025; Certificate appointing Western Power Corporation as a verifying authority for electricity meters, i.e. Officer in Charge of Standards Laboratory; Service Connect Scheme; and Contractor Connect Scheme. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T12	5.1 (cont.)	A network operator must publish a list of registered metering installation providers, including the prescribed details, and at least annually, update the list.	Probable	Moderate	Medium	Administrator Data Management, Metering Services	<ul style="list-style-type: none"> Service Connect Scheme linked to Western Power's external website Notification provided as per the communications rules for the Metering Code and the Customer Transfer Code. 	<p>(1) Check Western Power's website to assess that a list of registered metering installation providers is published, which includes the specified details.</p> <p>(2) Obtain evidence and approvals that the metering installation provider list is checked and updated (if necessary) on an annual basis.</p>	Strong	4	5	<p>(1) & (2) Based on discussions with the Administrator Data Management, Metering Services, Western Power formally withdrew their Contractor Connect (CC) scheme as a metering installation registration mechanism in May 2008 and used its discretion not to submit a list of registered Metering installation providers.</p> <p>The withdrawal is based on the reason that the CC scheme relates to energizing electrical installations and not the installation of meters. A copy of the correspondence sent to the Authority on 9 May 2008 has been obtained as proof of notice to the Authority. The Authority did not respond with any objections as advised by the Administrator Data Management, Metering Services. A copy of the letter is attached at Appendix 1</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T13	5.1 (cont.)	A network operator must establish, maintain and administer a metering database containing standing data and energy data for each metering point on its network. A network operator must ensure that its metering database are secured by means of devices or methods which hinder unauthorised access to the metering database and its associated circuits, information storage and processing systems, and enable unauthorised access to be detected.	Probable	Major	High	Administrator Data Management, Metering Services	<ul style="list-style-type: none"> Metering Business System (MBS). Functional specifications Site security IT security policy Application security Application auditing Corporate continuity plan, back up and redundancy infrastructure in place 	<p>(1) Interview key personnel to obtain an understanding of the metering process and Metering Business System (MBS).</p> <p>(2) Walkthrough the metering process and obtain a copy of key documents used/maintained to manage the meters.</p> <p>(3) Observe and enquire about security surrounding the Metering Business System (MBS). Assess that security measures have been put in place to prevent and monitor unauthorised access to the database.</p>	Strong	2	5	<p>(1) Interviewed the Metering Services Manager and Administrator Data Management, Metering Services to discuss the metering process and Metering Business System (MBS). MBS and MWS are the meter reading data collection systems that collect the energy data before automatically transferring it into MBS at that point in time, therefore within the 2 business days timeframe.</p> <p>(2) Walked through the metering process with the Metering Services Manager and Technical Administrator, Metering Services. A copy of the following documents were obtained:</p> <ul style="list-style-type: none"> Metering Manual. Meter Management Plan; and Inspection System Plan. <p>(3) The Administrator Data Management, Metering Services controls user access to the Metering Business System (MBS) and is responsible for creating/setting up access functions to personnel based on an existing functional group's access settings. MBS is used across the organisation for various functions other than metering.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T13 (cont.)	5.1 (cont.)	A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed.						(4) Enquire whether any unauthorised access to MBS has occurred during the audit period. Obtain evidence in relation to the issue, corrective action taken and preventive measures put in place.				Access to MBS is determined based on the required job functions of personnel (eg. Supply, asset). The three levels of access are read-only, read/write or no access. A user login ID and password is required to access MBS. Users are locked out from MBS if they attempt to log in unsuccessfully three times consecutively. Passwords expire after 30 days and need to be reset which is the rule in line with the Lightweight Directory Access Protocol (LDAP) standards. Users do not have the capability to access areas/functions within MBS if they have not been granted such access. For read-only users, the relevant fields are greyed out and cannot be edited. We tested the Metering Assistant's access who is assigned with read-only access to reference data and observed that she cannot edit production data which was greyed out in her view. (4) All MBS access is logged by IT&T within Western Power. We were advised that there had been no incident of unauthorised access to the Metering Business System (MBS) during the audit period. Findings: Western Power complies with this licence obligation. Recommendation: None.
T14	5.1 (cont.)	A network operator must prepare, and if applicable must implement, a disaster recovery plan to ensure that it is able, within 2 business days after the day of any disaster, to: (a) rebuild the metering database, and (b) provide energy data to the Code participants after the disaster (including energy data for any days during which the network operator was affected by the disaster).	Probable	Major	High	Computer Operations Manager	Disaster recovery plan. Disaster recovery plan testing. • Metering Business System (MBS) • • Internal specifications • Site security • IT security policy • Application security • Corporate continuity plan, back up and redundancy infrastructure in place	(1) Interview key personnel to determine whether there is a disaster recovery plan in place and obtain a copy of the documented plan. (2) Determine whether disaster recovery testing has been conducted during the audit period to ensure that the disaster recovery plan is effective.	Moderate	2	3	(1) Through discussion with the Computer Operations Manager, IT&T Group, we noted that a Disaster Recovery Plan (DRP) has been developed and documented. Western Power have contacted KAZ IT Company to provide test and manage disaster recovery services. Based on our observations and observation, we noted the following key elements of the DRP: - It is only for use in the case of a major disaster, i.e., a disaster that affects the physical data centre or other key infrastructures (eg. metering centre) for a prolonged period of time. - The disaster recovery centre is in East Perth, approximately 1.5km from the Western Power Head Office, and - IT describes the following processes to be critical: o trouble call management system (60 mins until functional) o Materials and Maintenance System (12 hours until functional) o Customer Account Management System (12 hours) All other systems assessed to be less critical are backed up however Western Power's target recovery time is 5 business days which exceeds the obligated 2 business days. The Computer Operations Manager advised that the 2 business day deadline cannot be met because of the time required to procure the necessary replacement hardware. We noted that the DRP included the metering database and the energy data. (2) We obtained a copy of the Disaster Recovery Rehearsal report from August 2007 to validate that disaster recovery testing was performed and the results are documented. The next disaster recovery testing has been scheduled for 18 August 2008 which has been recorded in the Project Work Register and approved by the sponsor. The procedure for testing is as follows: 1. Policies and Procedures are reviewed for relevance and accuracy and updated if necessary; 2. Planning meetings are conducted with KAZ; 3. Testing is performed in an isolated test environment; and 4. Results are reported (including whether the relevant times for restoring systems was achieved). We noted that all test fails are logged and discussed at the monthly meetings between KAZ and Western Power. (3) We noted through discussion that no disasters occurred during the audit scope period. Findings: Western Power does not comply with this licence obligation to restore the Metering Database and Energy Data within 2 business days. Recommendation: Western Power should develop and implement changes in the Disaster Recovery Plan that would enable its metering database and energy data to be restored within two business days.
T15	5.1 (cont.)	A network operator must retain energy data in its metering database for each metering point on its network: (a) for at least 13 months from the date when the data was obtained — in a readily accessible format, and (b) after that period for at least a further 5 years and 11 months — in a format that is accessible within a reasonable period of time.	Probable	Moderate	Medium	Administrator Data Management Metering Services	• Metering Business System (MBS) - retain energy data in its metering database for each metering point on its network for 24 months from the date it was obtained, and after that period for a further 5 years is archived for data retrieval.	Obtain a population of customers during the audit period and select a sample of 25 customers to test that their metering data is retained in the Metering Business System and/or hardcopy for: - at least 13 months from the date when the data was obtained, in a readily accessible format, and - after that period for at least a further 5 years and 11 months, in a format that is accessible within a reasonable period of time.	Moderate	4	5	Western Power's Metering Business System (MBS) retains reading data online for at least 13 months and standing data is retained for the life of the system. Archiving of data has not commenced as MBS was implemented in November 2006 to replace CUSREMS and has not reached the designated archiving timeframe. Data in the previous system, CUSREMS, has been archived and was transferred to MBS upon implementation. Selected a sample of 25 customers' data and sighted that they are retained in MBS in a readily accessible format for the minimum 13 month period from the date when data was obtained. For the same 25 customers selected, we sighted evidence that customers' data has been obtained for the previous 7 years in CUSREMS. Findings: Western Power complies with this licence obligation. Recommendation: None.

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T16	5.1 (cont.)	<p>A network operator must provide validated, and where necessary, substituted or estimated energy data for a metering point to the user for the metering point and the IMO within the timeliness prescribed.</p> <p>A network operator must provide replacement energy data to the user for the metering point and the IMO within the timeliness prescribed.</p> <p>A network operator that uses a deemed actual value (first value) for energy data for a metering point, and a better quality deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice.</p>	Probable	Moderate	Medium	Metering Services Manager	<p>Data is provided to meet the requirements using the following systems:</p> <ul style="list-style-type: none"> - MBS (Metering Business System) - Functional specifications - System operational processes - B2B processes 	<p>(1) Interview key personnel to obtain an understanding of the process in relation to substituted or estimated meter readings.</p> <p>(2) Walkthrough the substituted/estimated meter reading process and obtain a copy of key policies, procedures and other relevant documents used/maintained. Check if the replacement of energy data with better data practice is included in the policies and procedures document.</p> <p>(3) Obtain a list of all replacement energy data, substituted/estimated meter readings for the audit period.</p> <p>(4) Select a sample of 25 for testing to check that users were notified of the substituted/estimated meter reading within 2 business days.</p>	Moderate	4	5	<p>(1) Interviewed the Metering Services Manager and obtained an understanding of the estimated reading process. A copy of the documented procedures Western Power Networks HUB MBS Functional Specification – Basic Readings was obtained from the Administrator Data Management, Metering Services.</p> <p>(2) Walked through the estimated reading process with the Metering Services Manager and obtained a copy of Western Power's documented procedures in relation to estimated reading. Inspected the procedures and verified that they include better data practice guidelines.</p> <p>(3) & (4) Western Power notifies the customer of an estimated reading through the retailer. A NEM12 (interval metering data) and NEM13 (basic metering data) file is sent to the retailer daily containing a list of all customers subject to an estimated reading and the skip codes (reason) for the estimated read. Obtained a copy of the NEM12 and NEM13 files for 17 April 2008 to test that notice was provided to the retailer regarding customers subject to an estimated reading within 2 business days. Subsequently, the retailer notifies the customer that they were subject to estimated read on their bill.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T17	5.1 (cont.)	<p>A network operator must, within 6 months from the date this Code applies to the network operator, develop in accordance with the communication rules, an Energy Data Verification Request Form that allows a retailer/customer to request verification of energy data.</p> <p>An Energy Data Verification Request Form must require a Code participant to provide the information prescribed.</p> <p>A test or audit is to be conducted in accordance with the methodology procedure and the applicable service level agreement.</p> <p>A network operator must comply with any reasonable request by a Code participant to undertake either a test or an audit of the accuracy of the metering installation or the energy or standing data of the metering installation.</p> <p>If a network operator makes an election for the electricity networks cooperation to be its metering data agent in relation to a network, then, except to the extent that the metering data agency agreement provides otherwise, the parties must undertake the activities prescribed.</p>	Unlikely	Moderate	Medium	Administrator Data Management, Metering Services	<p>Existence of Energy Data Verification Request Form.</p> <ul style="list-style-type: none"> - MBS (Metering Business System) - Functional specifications - System operational processes - B2B processes (MDV) 	<p>(1) Obtain a copy of the Energy Data Verification Request Form.</p> <p>(a) to assess it contains the information specified; and</p> <p>(b) obtain evidence that the form was developed within 6 months from the date the Electricity Industry Metering Code became applicable to Western Power.</p> <p>(2) Obtain a list of all data verification requests received from retailers during the audit period.</p> <p>(3) Select a sample for testing to assess that energy data was provided within 3 business days after receiving the data verification request.</p> <p>(4) Interview key personnel to obtain an understanding of the requirement to conduct a test/audit in accordance with the methodology procedure and applicable service level agreements.</p> <p>(5) Obtain a list of all requests (retailers and customers) for a test/audit of the accuracy of the metering installation or energy/standing data of the metering installation. Assess that the test/audit was conducted in a timely manner and the results were communicated to the retailer/customer.</p>	Strong	4	3	<p>(1) (a) & (b) Sighted the Data Verification Request Form on the Western Power Online Portal to validate its existence with the assistance of the Manager Major Customer, Customer Solutions branch. We obtained a copy of correspondence sent by Western Power to the ERA and verified that the communication rules were submitted to the ERA within 6 months, including the Energy Data Verification Request Form with the required data fields. Western Power's communication rules encompass the requirements of the Electricity Industry Metering Code and Customer Transfer Code.</p> <p>(2) Obtained a list of all meter data verification requests submitted by retailers for the audit period, from the Administrator Data Management, Metering Services.</p> <p>(3) Selected a sample of 25 meter data verification requests for testing. All 25 requests for data verification were provided within the required timeframe. No exceptions noted.</p> <p>(4) and (5) This issue remains an unresolved industry-wide problem in Western Australia and across the NEM jurisdictions. The costs and customer obligations in relation to supply interruptions to carry out testing far outweigh the likelihood of CT and VT accuracy issues. Western Power will continue to develop suitable program and process for implementation during 2009/10. The costs to the industry of the existing methodology are much greater than the benefits of testing. A new methodology would need to be developed or changes to regulations would need to be sought. Western Power plans to consult the ERA regarding this issue.</p> <p>Findings: Western Power does not comply with this licence obligation</p> <p>Recommendation: Western Power should develop a methodology to comply with the licence obligation. In developing the methodology Western Power should consult with the ERA regarding the requirements of this obligation.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T18	5.1 (cont.)	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.	Likely	Moderate	High	Metering Services Manager Administrator Data Management, Metering Services	<ul style="list-style-type: none"> MBS estimation algorithms in accordance with Metrology Procedure. MBS Functional specifications System operational processes 	<p>(1) Interview key personnel to obtain an understanding of the process for estimating energy data.</p> <p>(2) Assess that the Metering Business System has the functionality to identify erroneous data or estimated energy that has been processed inaccurately.</p> <p>The following processes may take place to resolve a meter reading exception:</p> <ol style="list-style-type: none"> Manually identified via the exception reading maintenance function and corrected by on-line functions dependent upon the nature of the exception. Via the automatic initiation of service orders for skip codes or usage error codes; or Via the manual initiation of service orders. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>	Moderate	2	5	<p>(1) Interviewed the Metering Services Manager and obtained an understanding of the estimated reading process. A copy of the documented procedures Western Power Networks HUB MBS Functional Specification – Basic Readings was obtained from the Administrator Data Management, Metering Services.</p> <p>(2) The Metering Business System (MBS) has the functionality to identify meter reading exceptions and estimations/substitutions with associated skip codes. A skip code may be assigned or meter reading exceptions may occur while attempting to obtain meter readings or during the importing/processing of successfully obtained meter readings. Skip codes are a list of reasons why a meter was unable to be read.</p> <p>The following processes may take place to resolve a meter reading exception:</p> <ol style="list-style-type: none"> Manually identified via the exception reading maintenance function and corrected by on-line functions dependent upon the nature of the exception. Via the automatic initiation of service orders for skip codes or usage error codes; or Via the manual initiation of service orders. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
SUPPLY QUALITY & RELIABILITY												
T19	5.1 (cont.)	A distributor or transmitter must make available, at no cost, a copy of a document setting out its complaint handling processes to a small customer who makes a complaint to the distributor or transmitter or who asks to be given such information. A distributor or transmitter must complete a quality investigation requested by a customer in accordance with specified requirements. A distributor or transmitter must report the results of an investigation to the customer concerned.	Probable	Minor	Low	Manager Customer Assist	<ul style="list-style-type: none"> Information is available on WYP website, via 13 10 87 and in Western Power's Customer Charter. An information sheet is available from the complaints and resolutions team. 	<p>(1) Check the Western Power website and Customer Service Charter to confirm that complaints handling procedure information is provided to customers.</p> <p>(2) Obtain a list of all customer requests for an investigation in relation to electricity supply quality standards. Select a sample for testing and perform the following:</p> <ol style="list-style-type: none"> assess that the investigation was completed within 20 business days; obtain evidence that field measurements were taken where required; and results of the investigation were reported to the customer concerned. 	Strong	5	5	<p>(1) Checked the Western Power website and confirmed that the customer service charter exists and is published. We obtained a hardcopy of the customer service charter book (version 1). Both the website and hardcopy of the customer service charter includes information about the complaints handling process which is available to customers at no cost.</p> <p>(2) Obtained a list of all requests from customers during the audit period, for an investigation in relation to supply quality and selected a sample of 25 requests for testing. For the samples tested:</p> <ol style="list-style-type: none"> All 25 investigations were completed within 20 days; We obtained evidence of the field measurements taken; and We obtained evidence that notification of the investigation results were reported to the customers concerned. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T20	5.1 (cont.)	A distributor or transmitter must arrange for an independent audit and report on its systems for monitoring, and its compliance with specific requirements. This is to be carried out in respect of the operation of such systems during each year ending on 30 June.	Unlikely	Minor	Low	Branch Manager, Regulation, Pricing & Access Development	<ul style="list-style-type: none"> Procedures to deal with interruption of electricity supply. The core role of System Management Network Operations, apart from the safe operation of the network, is to minimise the magnitude and duration of customer outages as outlined in Network Operations role description DMS#401080. 	<p>(1) Interview the responsible officer to obtain an understanding of the independent audit process for each financial year end.</p> <p>(2) Obtain the audit reports for 30 June 2006 and 30 June 2007.</p>	Strong	5	2	<p>(1) and (2) Discussion was held with Team Leader, Reliability Analysis & Reporting in relation to the arrangement for an independent audit and report on its systems for monitoring and its compliance with specific requirements. Team Leader, Reliability Analysis & Reporting is in charge of contacting Stanton's International to arrange for the independent audit. The draft report is checked by Manager Network Compliance and Customer Service General Manager before going to Regulation, Pricing and Access Development who submits it to the ERA. The final report is presented to the Board before being released. The 2007 Network Quality and Reliability of Supply was independently audited by Stanton's International and included on the Western Power website. Regulation, Pricing & Access Development mentioned that the 2006 report is not included on the website as only the latest report is published. We confirmed with the ERA that the reports for 2006 and 2007 had been submitted.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T21	5.1 (cont.)	A transmitter or distributor must, so far as is reasonably practicable, ensure that the supply of electricity to a customer is maintained and the occurrence and duration of interruptions is kept to a minimum.	Likely	Moderate	High	Manager Operations System Support	<p>Procedures to deal with interruption of electricity supply.</p> <p>The core role of System Management Network Operations, apart from the safe operation of the network, is to minimise the magnitude and duration of customer outages as outlined in Network Operations role description DMS#401.080.</p>	<p>(1) Interview key personnel to obtain an understanding of the process in relation to maintaining reliable quality electricity supply and how energy outages are planned and managed.</p> <p>(2) Obtain a list of all planned and unplanned electricity outages that occurred during the audit period. Select a sample of dates for planned and unplanned electricity outages. Enquire about the disruption in electricity supply and obtain evidence of the incident being managed efficiently and resolved in a timely manner.</p>	Strong	2	3	<p>(1) The process of how unplanned outages are managed was discussed with Branch Manager, Systems Operations Control. In general, the first action taken when an outage occurs is to restore power followed by an investigation over the cause of the fault, where work instructions are then written up in the control room.</p> <p>The process of planned outages was discussed with Planning and Market Operations Manager. We noted that planned outages have a multi-stage approach. A request for a planned outage is received, two contingency analyses are conducted on a simulation program by the planning engineer the day before and the night before the planned outage by the system operator controller. The notice of intended work (NOIW) is the key document used to record all work instructions for the planned outage.</p> <p>We are unable to assess whether checks have been performed during the contingency planning for short term planned outages as the NOIWs are not signed off. We understand that a final check would be performed by the Controller. He would then verbally inform the Senior Controller that the planned outage can be made.</p> <p>Obtained the relevant work instructions used in the Bourabbin Bushfire. Obtained key Western Power documents (DMS #401.080, #1183659/5, #1247299/3 and #1247305/3) and performed a walkthrough of unplanned outages.</p> <p>(2) Obtained the population of planned and unplanned outages for the audit scope period. Selected a sample of 25 planned outages for testing and checked that contingency plans existed. No exceptions noted.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: The Senior System Operator Controller should sign the NOIW forms as evidence of this final review and approval.</p>
T22	5.1 (cont.)	A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified.	Unlikely	Minor	Low	Document Controller Manager Network Operations	<ul style="list-style-type: none"> Issuing of General and Unusual Operating Instructions (DMS# 1531.086) Processing of DVAR's and Switching Programs/Schedules (DMS# 1531.092) Retention and Storage of NOCC Quality Records (DMS# 1531.101) WVA087 Operations Requiring a Switching Program (DMS# 2249252) 	<p>(1) Interview key personnel to obtain an understanding of Western Power's record keeping processes and requirements, including records regarding its compliance with specific requirements.</p> <p>(2) Obtain a copy of Western Power's record keeping plan and evidence that it has been approved by the Minister of Energy. Obtain other relevant documented policies and procedures in relation to the retention and archiving of records.</p> <p>(3) Generate system reports to assess that records are retained for at least the minimum retention period. Assess that information/documents listed in the IMCO's list are retained for at least 5 years.</p>	Strong	5	5	<p>(1) The process of Western Power's record keeping was discussed with the Document Controller. In the event when a work instruction has been created or amended by staff, the draft copy will be sent by the Document Controller to all relevant staff and that approval is signed off by the Manager Network Operations and the Manager/Coordinator of that branch. This document will be uploaded to Busbar (Western Power's intranet) and three hard copies retained in different locations. For documents that no longer need to be on Busbar, a folder named "NOCC - Withdrawn Documents" has been created to retain these documents. These work instructions can still be viewed in the withdrawn folder and two of the hardcopies are discarded, with the remaining copy stored in the Electronic Document Management system (DMS). All staff at Western Power have been trained to use DMS and are in charge of storing their own documents.</p> <p>The legislative & regulatory breach register was obtained from the Manager Compliance. There are generally two types of breaches being Type 1 and Type 2. Type 1 breaches are reported immediately whereas Type 2 breaches are reported annually to the ERA. Based on discussions with the Manager Compliance, we noted that an incident log does exist however there has not been the need to use it during the audit period. The incident log is used for events that are not classified as breaches but are "near misses". Only actual breaches are included in the breach register.</p> <p>(2) Obtained the policies and procedures in relation to the retention and archiving of record and Western Power's approved record keeping plan. Archiving of documents is managed by Information Knowledge Management Services (IKMS) who coordinate arrangements with an external organisation to manage archives at a warehouse offsite. IKMS also create new DMS file groupings when needed.</p> <p>(3) The DMS system acts as an audit trail as all documents (e.g. current or non-current) are stored within this database.</p> <p>All documents no longer on Busbar are kept in the "NOCC - Withdrawn Documents" folder as well as disaster recovery backups. All controlled documents are stored in DMS, which is a database where a full audit trail can be generated. In addition, the IT systems are backed up, archived and disaster recovery plans in place. Retention and Disposal schedule was obtained, which manages the life cycle of Western Power's documents. Publications of information about performance is retained for a 7 year period.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T23	5.1 (cont.)	A distributor or transmitter must prepare and publish a report about its performance in accordance with specified requirements. A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period.	Unlikely	Moderate	Medium	Branch Manager, Regulation, Pricing & Access Development	<ul style="list-style-type: none"> Annual Performance Report Checklist item Responsible person has been assigned for preparation of report. Report independently audited 	<p>(1) Interview key personnel to obtain an understanding of the performance reporting process.</p> <p>(2) Obtain a copy of the 2006/07 report to confirm that Western Power complied with their performance reporting requirements.</p>	Strong	4	2	<p>(1) The Team Leader, Reliability Analysis & Reporting is responsible for collating the performance report and arranging the independent audit. Performance reports are reviewed by Manager Network Performance, signed off by Customer Service General Manager and subsequently forwarded to the Manager Regulation Pricing and Access Development for submission to the ERA.</p> <p>(2) Obtained a copy of the 2006/07 Annual Performance Report - Electricity Distributors as evidence that Western Power comply with their performance reporting requirements. The report was published by Western Power on the 30 September 2007. We confirmed with the ERA that Western Power is to submit a copy of the performance report and the audit report to the Authority and Minister 7 days before the due date (1 October). We noted that the 2006 report was provided to the Authority on 28 September and the Audit Report was not provided to the ERA until 13 April 2007. Hence Western Power did not comply with the deadline for the performance or audit report for 2006. The 2007 Report (both audit and performance) was provided on the 24th of September.</p> <p>Findings: Western Power does not comply with this licence obligation for the audit period.</p> <p>Recommendation: Western Power should introduce a formal process to ensure that the performance reports and audit reports are submitted in a timely manner.</p>
T24	5.1 (cont.)	If a corporation fails to give an eligible customer notice of a planned interruption within the specified timeframes, the corporation must, within 30 days after the application is made, pay the sum of \$20 in respect of the failure to the customer.	Likely	Minor	Medium	Customer Assistant	<ul style="list-style-type: none"> Log to register complaints from customers who did not receive notices of planned interruptions. CUSREMS 	<p>(1) Obtain the population of customers that were affected by a planned interruption during the audit scope period. Select a sample of 25 customers and check that they were given at least 3 days notice of the planned interruption.</p> <p>(2) Obtain a list of all compensation claims in relation to planned outages, submitted to Western Power. Select a sample of 25 compensation claims and assess that the compensation (\$20) was paid within 30 days.</p>	Strong	4	5	This obligation does not apply to Transmission.
T25	5.1 (cont.)	If the supply of electricity by a corporation to a customer is interrupted for more than 12 hours continuously regardless of whether notice has been given to the customer and the customer, within 60 days after the interruption ceases, applies to the corporation, the corporation must, under this section, the corporation must, within 30 days after the application is made, pay the sum of \$80 in respect of the interruption to the customer.	Likely	Minor	Medium	Customer Assistant	<ul style="list-style-type: none"> Log to register complaints from customers whose power supply was interrupted more than 12 hours. System to monitor, review and pay affected customers. EOP-S (Lotus Notes based system) 	<p>(1) For the audit scope period, obtain the population of compensation claims submitted to Western Power..</p> <p>(2) Select a sample of 25 compensation claims to test that the:</p> <p>(a) customer applied for compensation within 60 days after the interruption ceased, and</p> <p>(b) compensation (\$80) was paid within 30 days.</p>	Strong	4	5	This obligation does not apply to Transmission.

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CUSTOMER SERVICE												
T26	5.1 (cont.)	A licensee that has, or is an associate of a person that has, access to services under an access agreement must not engage in conduct for the purpose of hindering or prohibiting access.	Probable	Moderate	Medium	Manager Customer Assist		(1) Interview key personnel to obtain an understanding of WPs conduct in relation to access services, the making of access arrangements or any particular agreement regarding network facilities to which a person is entitled under an access agreement.	Weak	3	5	(1) Interviewed Managing management to obtain an understanding of WPs processes in relation to access to the network and access arrangements. Applications are processed through the formal Applications & Queuing Policy which is approved as part of the access arrangement. Annual refresher training is provided by Legal Services and the Staff Code of Conduct stipulate the obligation that WP must not engage in conduct which hinders or prohibits access by any person to services, the making of access agreements or any particular agreement in respect of those facilities or the access to which a person is entitled under an access agreement in line with licence obligations. Findings: Western Power complies with licence obligation Recommendation: None
T27	5.1 (cont.)	If any dispute arises between a network operator and retailer, they must meet within 5 business days after notice is given by one party to the other, in relation to an attempt to resolve the dispute. 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.	Probable	Moderate	Medium	Manager Customer Assist	<ul style="list-style-type: none"> Dispute handling process. Communication rules. 	<p>(1) Interview key personnel to obtain an understanding of the dispute handling process. Obtain a copy of documented policies and procedures on disputes and determine if they have been communicated to the relevant staff.</p> <p>(2) Walkthrough the process of managing and resolving a dispute. Obtain a sample of reports generated from CUSREMS for tracking complaints and disputes.</p> <p>(3) Obtain the population of disputes that occurred during the audit scope period. Select a sample of 25 disputes and check that meetings were held within 5 business days after notification was issued.</p> <p>(4) Obtain the population of resolved disputes that occurred during the audit scope period. Select a sample of 25 resolved disputes for testing and obtain evidence of a written and signed record of resolution for disputes resolved by representative negotiations, senior management negotiations or CEO negotiations.</p>	Weak	3	5	(1) and (2) Through discussion with the Major Customer Manager (Customer Solutions Branch), we noted that Western Power interprets Part 7 of the Code of Conduct to apply to pre-contractual disputes between Western Power and a retailer. There were no disputes of this nature during the audit scope period as advised by the Manager Access Solutions. In addition, we obtained a copy of Western Power's procedures in relation to managing and resolving disputes. Contractual disputes between Western Power and a retailer are managed based on individual contract terms and conditions which are managed within the issue track system. (3) No disputes occurred during the audit scope period hence the population of disputes from which to select our samples for testing was nil. (4) Interviewed the Major Customer Manager (Customer Solutions Branch) and verified that no disputes occurred during the audit scope period hence there was no population from which to select our samples for testing. However there is a process in place to manage, escalate and resolve disputes. A copy of Western Power's dispute handling procedures was obtained. Findings: Western Power is compliant with licence obligation Recommendation: None
T28	5.2	Subject to the provisions of any applicable legislation, the Authority may direct the licensee in writing to do any measure necessary to: (a) correct the breach of any applicable legislation, or (b) prevent the breach of any applicable legislation, occurring again, and specify a time limit by which such action must be taken, and specify a time limit by which such action must be taken.	Probable	Major	High	Manager Compliance	<ul style="list-style-type: none"> Breach register. Responsible person assigned to manage/monitor breaches, deal with reporting and liaise with the ERA. 	<p>(1) Identify the incident reporting process internally and for third party.</p> <p>(2) Examine the incident log to identify whether there have been any material breaches of licence obligations.</p> <p>(3) Perform a sample testing to check if these breaches (Type 1 and 2) have been reported to the Authority and corrected in a timely manner. Confirm whether the follow up actions on the issues reported in the annual compliance report have been fully implemented by Western Power.</p> <p>(4) Examine the controls put in place to prevent these breaches from recurring and test them to determine if they are operating effectively.</p>	Strong	2	5	(1) The legislative & regulatory breach register was obtained from the Manager Compliance. There are generally two types of breaches being Type 1 and Type 2. Type 1 breaches are reported immediately whereas Type 2 breaches are reported annually to the ERA. (2) Based on discussions with the Manager Compliance, we noted that an incident log does exist however there has not been the need to use it during the audit period. The incident log is used for events that are not classified as breaches but are "near misses". Only actual breaches are included in the breach register. (3) The Legislative and Regulatory Breach Register was obtained from Manager Compliance for the 2006/07 and 2007/08 period. It was identified through testing that Type 2 breaches recorded in the breach register in 2006/07 were reported to the ERA. There were no Type 1 breaches reported during the scope period. We confirmed with the ERA the following: On 30 January 2008, the ERA issued a notice to Western Power in accordance with section 3.2(1) of the Electricity Industry Act 2004 requiring Western Power to rectify its contravention of its distribution licence in relation to a failure to connect a premises, hence this does not apply to transmission. (4) Followed up on the status of all breaches reported in Western Power's 2006/07 Annual Compliance Report to the ERA, to identify any developments from the status at February 2008. We met with the responsible person identified in the register in relation to each breach. Out of the total 114 breaches reported, 3 breaches have not been corrected since the February 2008 status. All 114 breaches previously reported to the ERA were assessed by procedures conducted as part of this performance audit. Controls intended and/or enhanced for the corrected breaches have been developed and are operating as at the time of audit. Findings: Western Power complies with this licence obligation. Recommendation: None

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T29	6.1	This licence may be transferred only in accordance with the Act.					N/A					
T30	7.1	This licence may be cancelled only in accordance with the Act.					N/A					
T31	8.1 8.2 8.3	The licensee may surrender the licence at any time by written notice to the authority. The surrender of the licence will take effect on the day that the Authority publishes a notice of the surrender to the Gazette. The licensee will not be entitled to a refund of any fees by the Authority.					N/A					
T32	9.1	This licence may be renewed only in accordance with the Act.					N/A					
T33	10.1	The licensee may apply to the Authority to amend the licence in accordance with the Act.					N/A					
T34	11.1 11.2 11.3 11.4	Subject to any applicable legislation, the Authority may amend the licence at any time in accordance with this clause Before amending the licence under clause 11.1, the Authority must: (a) provide the licensee with written notice of the proposed amendments under consideration by the Authority; (b) allow 15 business days for the licensee to make submissions on the proposed amendments; and (c) take into consideration those submissions. This clause also applied to the substitution of the existing licence. For avoidance of doubt, the licensee will not have to pay an associated application fee or licence fee for the purpose of the clause 11.1	Unlikely	Moderate	Medium	Open Access Engineer	<ul style="list-style-type: none"> Responsible person assigned to manage, monitor and respond to all directions received from or provided by the Coordinator. Extension and expansion policy. Review process for amended draft/ approved extension and expansion policy. 	<ul style="list-style-type: none"> (1) Confirm there is a responsible person assigned to handle the process relating to drafting and approval of extension and expansion policy. (2) Walkthrough the process of drafting the extension and expansion policy to confirm it has been checked prior to submission. (3) Confirm if any extension/ expansion policies have been drafted and submitted to the Coordinator within three months after a written request by the Coordinator. 	Moderate	4	5	<p>(1) The Open Access Engineer is the responsible person interviewed in relation to the Extension and Expansion Policy (EEP).</p> <p>(2) Drafting of the EEP is an iterative process done with the Office of Energy (OOE). The policy is checked internally by Western Power's Regulatory and Legal divisions and endorsed by the Managing Director and Legal Counsel, prior to formal submission to the OOE. The EEP was approved by the Coordinator of Energy.</p> <p>(3) Request by OOE for the EEP was made on the 06/1/2007. The draft EEP was approved by the Western Power board on 23/02/07 and approval was notified to Western Power on the 07/03/07. Consequently, this process was completed within the 3 month timeframe.</p> <p>Findings: Western Power complies with this licence obligation. Recommendation: None.</p>
T35	12.1	The licensee must submit to the Coordinator a draft extension and expansion policy within three months after a written request by the Coordinator or other such time as allowed by the Coordinator.					N/A					

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T36	12.2	The licensee must comply with any direction given to the licensee by the Coordinator to: (a) amend the draft extension and expansion policy, or (b) submit an amendment to the approved extension and expansion policy, within the time specified by the Coordinator.	Unlikely	Moderate	Medium	Open Access Engineer	<ul style="list-style-type: none"> Responsible person assigned to manage, monitor and respond to all directions received from or provided by the Coordinator. Extension and expansion policy. Review process for amended draft/approved extension and expansion policy. 	<ol style="list-style-type: none"> Confirm there is a system put in place to handle directions provided by the Coordinator. Identify if there has been a direction provided by Coordinator to Western Power to: <ol style="list-style-type: none"> amend the draft extension and expansion policy, or submit an amendment to the approved extension and expansion policy by the Coordinator. Confirm that the amended draft or approved policy has been reviewed before submission. Check if the submission is made within the time specified by the Coordinator. 	Moderate	4	5	<p>Obtained and inspected a copy of the extension and expansion policy prior to the introduction of Appendix 8 in the Electricity Network Access Code 2004. We sighted evidence of monitoring the policy for compliance prior to submission to the COE. We also sighted evidence that the policy was internally reviewed by the Western Power Regulatory and Legal teams and endorsed by the Managing Director and Legal Counsel of Western Power, prior to its formal submission to the COE. The EEP was subsequently approved by the Coordinator of Energy.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T37	12.3 12.4 12.5 12.6 12.7	The licensee must comply with an extension and expansion policy that has been approved by the Authority in accordance with the Act. Until an extension and expansion policy has been approved by the Authority the licensee may expand or reduce the transmission system if the relevant expansion or reduction is provided for in the asset management system. If the relevant expansion or reduction is not provided for in the asset management system, the licensee must amend the asset management system before the expansion or reduction in accordance with this licence and notify the Authority.	Probable	Moderate	Medium	Open Access Engineer	<ul style="list-style-type: none"> Approved extension and expansion policy. Monitoring process in relation to compliance with the extension and expansion policy approved by the Authority, including fee payment. 	<ol style="list-style-type: none"> Confirm the existence of the extension and expansion policy by obtaining a copy of the document. Enquire whether there is a monitoring process to ensure compliance with the policy. Select a number of key clauses from the policy and test for compliance. Check if the Authority has been notified of any material change to the asset management system within 10 business days of such change. Confirm that the asset management system has been amended first, i.e. if the approved expansion or reduction is not provided for in the asset management system. Check the map of operating area for transmission and confirm that it is not outside the licence area. Check that all required fees have been paid promptly. Agree payment amount to invoice. Obtain a list of all interests in land or easements over land held by Western Power. Assess that all associated costs have been paid promptly by tracing the amount paid to a valid invoice. 	Moderate	4	5	<p>As discussed with Open Access Engineer, the extension and expansion policy (EEP) is no longer a requirement of Western Power. The EEP now sits under Appendix 8, 'Detailed provisions regarding capital contributions for certain SHN augmentations' in the Electricity Network Access Code 2004. We noted that expansion and reduction of the transmission system occurs as provided for within the asset management system.</p> <ol style="list-style-type: none"> Obtained and inspected a copy of the extension and expansion policy. The policy itself has been monitored for compliance prior to submission to the COE. It was internally reviewed by the Western Power Regulatory and Legal teams and endorsed by the Managing Director and Legal Counsel of Western Power, prior to its formal submission to the COE. The EEP was approved by the Coordinator of Energy. The extension and expansion policy is no longer in existence within Western Power. The policy has been replaced by amendments to the Electricity Network Access Code on 29 June 2007 and 29 August 2007. No material changes were made to AMS during the audit period as advised by the Asset Investment and Risk Manager hence there the Authority was not required to be notified within 10 business days. The Transmission Information System shows a map of the entire State's south west area of the state, location of all whf, g, etc in relation to the licensed area. Western Power does not have authority to operate outside this licensed area. Parameters in Western Power's systems have been defined to only include licensed areas. The only applicable fee relating to the expansion and extension policy is if an extension has been made outside of the licensed area, which did not occur during the audit period. The main costs associated with Western Power's land interests are annual land tax payments. We selected the 2006/07 and 2007/08 annual land tax payments which incorporates all Western Power properties for the audit scope period. Both the 2006/07 and 2007/08 land tax payments were paid before the due date and the payments were traced to the respective original invoice. No exceptions noted. <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>

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T38	13.1	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board or equivalent International Accounting Standards.	Unlikely	Minor	Low	Manager Corporate Accounting and Tax	<ul style="list-style-type: none"> Financial / Accounting team and system in place, who are responsible for managing and completing accounting/finance tasks. Annual audited financial accounts. 	<p>(1) Obtain the structure of the finance team and the accounting manual. Confirm the finance team members and check that the relevant accounting standards have been included in the manual.</p> <p>(2) Sight signed audited accounts for the financial year ending 30 June 2006 and 30 June 2007.</p>	Strong	5	3	<p>(1) Based on discussions with the Manager Corporate Accounting and Tax, the accounting team comprises two key teams being Corporate Accounting and Fixed Asset Accounting. Both teams comprise three senior accountants and two accountants. The Manager Corporate Accounting and Tax advised that there are no documented accounting manuals because all accountants are CA qualified and should be aware of the relevant accounting standards.</p> <p>(2) The audited accounts for 30 June 2006 and 30 June 2007 were obtained and both reports included a "statement of compliance" in accordance with the AASB.</p> <p>Findings: Western Power complies with this licence obligation despite not having an accounting manual, because it is not a specific requirement of this obligation.</p> <p>Recommendation: Western Power should develop and formally document an accounting manual covering all relevant accounting standards. This will serve as a reference for the accounting team and guidance for new employees.</p>
T39	14.1 14.2 14.3	Performance standards are contained in applicable legislation. The Authority may prescribe individual performance standards in relation to the licensee or its obligators under this licence or the applicable legislation. Once approved by the Authority, the performance standards are included as additional terms and conditions to this licence.					N/A					
T40	15.1 15.2	The licensee must, unless otherwise notified in writing by the Economic Regulation Authority, provide the Authority with a "performance audit" within 24 months of 30 March 2006 and once every 24 months thereafter. The licensee must comply with the Authority's standard audit guidelines dealing with the "performance audit", including any minimum requirements relating to the appointment of the auditor, the scope of the audit, the conduct of the audit and the reporting of the results of the audit. Performance audit means an audit of the effectiveness of measures taken by Western Power to meet the performance criteria in the Transmission Licence.	Unlikely	Minor	Low	Manager Pricing and Access Development	<ul style="list-style-type: none"> Ernst & Young has been appointed. Processes to coordinate, manage and complete performance audit. 	<p>(1) Interview key personnel to determine whether a process exists to provide the Authority with a performance audit every 24 months.</p> <p>(2) Walkthrough the process and obtain a copy of key documents used/referred.</p>	Strong	5	5	<p>(1) & (2) Based on discussions with the Manager Regulation, Pricing and Access Development, we noted that there is a process in place to provide the ERA with a performance audit every 2 years. Walked through the process with the Manager Regulation, Pricing and Access Development, who holds ownership of the performance audit process and liaises directly with the ERA.</p> <p>Ernst & Young have been appointed as the auditors as a result of Western Power's request for proposals. The Manager Regulation, Pricing and Access Development provides final approval before the audit plan and program is submitted to the ERA. In addition, the Manager Compliance is the key contact during the performance drive audit. We obtained confirmation from the ERA that Western Power has complied with this obligation to date.</p> <p>Findings: Western Power complies with this licence obligation.</p> <p>Recommendation: None.</p>
T41	16.1 16.2 16.3 16.4 16.5 16.6	The licensee must provide for, and notify the Authority of, an asset management system in relation to the transmission system within 2 business days from the commencement date or from the completion of construction of the transmission system, whichever is later. The licensee must notify the Authority of any material change to the asset management system within 10 business days of such change. The licensee must, unless otherwise notified in writing by the Authority, provide the Authority with a report as to the effectiveness of the asset management system within 24 months after the commencement date and every 24 months thereafter.	Unlikely	Minor	Low	Computer Operator's Manager	<ul style="list-style-type: none"> Asset Management System. PAS-55 (UK) standards Asset Management System policy and procedures. Performance reporting. Asset Management System audit 	<p>(1) Interview key personnel to determine whether indication of the asset management system was provided to the Authority within 2 business days.</p> <p>(2) Enquire and obtain evidence to assess whether any material changes have been made to the asset management system during the audit period. Obtain evidence to determine whether the Authority was notified within 10 business days of such change.</p> <p>(3) Obtain a copy of the report in relation to the effectiveness of the asset management system. Assess that it was submitted to the Authority within the specified timeframes.</p>	Strong	5	5	<p>(1) Interviewed the Asset Investment and Risk Manager and obtained an understanding of Western Power's Asset Management System (AMS). We obtained a copy of the Asset Management Policy and noted the following in relation to AMS:</p> <ul style="list-style-type: none"> The system was built based on PAS-55 (UK standards) which either meets or exceeds the standards of the licence for Asset Management Systems. AMS was implemented on 28 November 2007. Updates are in the process of being implemented based on the results of a gap analysis performed that identified some areas of need / improvement. Obtained evidence that Western Power notified the ERA of the new AMS at the time of licence application, hence within the required timeframe; and We obtained confirmation from the ERA that they have approved Western Power's asset management system. <p>(2) No material changes were made to AMS during the audit period as advised by the Asset Investment and Risk Manager hence there the Authority was not required to be notified within 10 business days.</p> <p>(3) Western Power's first asset management system audit is scheduled to commence on Monday 26 May 2008, as advised by the Asset Investment and Risk Manager.</p>

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T41 (cont.)	16.1 16.2 16.3 16.4 16.5 16.6	The licensee must comply, and must require the licensees expert to comply, with the Authority's standard guidelines dealing with the asset management system, including any minimum requirements relating to the appointment of the expert, the scope of the review, the conduct of the review and the reporting of the results of the review. The licensee may seek a review of any of the requirements of the Authority's standard guidelines dealing with the asset management system in accordance with the applicable clause. The independent expert may be nominated by the licensee but must be approved by the Authority prior to the review. Should the Authority reject the licensee's nomination of an independent expert twice or, in the event that no independent expert has been nominated by the licensee within 1 month of the date the review was due, the Authority may choose an independent expert who will conduct the review.						(4) Enquire and obtain evidence to assess whether an independent expert has been appointed and approved by the Authority prior to the asset management system review.				Consequently there is no report available in relation to the effectiveness of Western Power's asset management system and we were unable to check that it was submitted to the Authority within the required timeframe. (4) We obtained a copy of the letter of appointment of Lloyds Register (UK) as the External Auditors for the Asset Management System review. Findings: Western Power complies with this licence obligation. Recommendation: None.
T42	17.1	The licensee must report to the Authority: (a) if the licensee is under external administration as defined by the Corporations Act 2001 (Commonwealth) within 2 business days; or (b) if the licensee experiences a significant change in the licensee's corporate, financial or technical circumstances upon which this licence was granted which may affect the licensee's ability to meet its obligations under this licence within 10 business days of the change occurring.	Unlikely	Moderate	Medium	Manager Corporate Accounting and Tax	- Quarterly reporting to Minister - Annual audit/reporting	(1) Check if quarterly reports were submitted to the Minister during the audit scope period. (2) Select a sample of quarterly reports and the signed financial statements for 30 June 2006 and 30 June 2007. Inspect the quarterly reports selected and financial statements to test whether Western Power notified the Authority. (a) within 2 business days that Western Power is under external administration; and / or (b) within 10 business days of the change occurring, in relation to any significant changes in Western Power's corporate, financial or technical circumstances upon which their licence was granted, that may affect their ability to meet its licence obligations.	Moderate	4	4	(1) The following quarterly reports, which were submitted to the Minister during the audit scope period, were obtained from the Western Power website: - 2006/07 March, September and December quarters; and - 2007/08 September and December quarters. (2) (a) and (b). Obtained the 2006/07 and 2007/08 signed financial statements from the Manager Corporate Accounting and Tax. In addition, the quarterly reports noted in (1) above were obtained. There were no going concern issues identified based on our inspection of the documents obtained, hence Western Power did not need to provide such notification to the Authority in relation to this licence obligation. Findings: Western Power complies with this licence obligation. Recommendation: Western Power should introduce a periodic checklist to confirm that there is no indication of external administration or significant change in the licensee's corporate, financial or technical circumstances which may affect their ability to meet its licence obligations.
T43	18.1	The licensee must provide to the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	Unlikely	Moderate	Medium	Manager Regulation, Pricing and Access Development	Formal handling process by the compliance team.	(1) Enquire with key relevant staff handling all ERA requests and identify if there were any requests for information from the Authority during the scope period. (2) Assess whether information provided to ERA was made in a timely manner and in the specified format.	Moderate	4	4	(1) The Manager Regulation, Pricing and Access Development is responsible for managing and attending to all ERA requests for information. During the audit period, the ERA made four requests for information to Western Power. No register is maintained to record requests from the ERA. (2) Obtained a copy and checked all four notices requesting information and the information provided to the ERA. For all four requests, information was provided by the due date specified in the notice letter. No exceptions noted. We obtained confirmation from the ERA that Western Power complied with all requests for information from the Authority and the information was provided within the specified timeframes. Findings: Western Power complies with this licence condition. Recommendation: Western Power should maintain a register to record all requests from the ERA.

Ref.	Licence Clause	Electricity Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance Rating (1=Non-Compliant, 5=Compliant)	Testing
T44	19.1 19.2 19.3 19.4	The Authority may direct the licensee to publish any information within a specified timeframe it considers relevant in connection with the licensee or the performance by the licensee of its obligations under this licence. Subject to clause 19.3, the licensee must publish the information referred to in clause 19.1. If the licensee considers that the information is confidential it must: (a) immediately notify the Authority, and (b) seek a review of the Authority's decision in accordance with clause 21.1 Once it has reviewed the decision, the Authority will direct the licensee in accordance with the review to: (a) publish the information; (b) publish the information with the confidential information removed or modified; or (c) not publish the information.	Unlikely	Moderate	Medium	Manager Regulation, Pricing and Access Development	A responsible person has been assigned to handle ERA requests and monitor the requirements. - Process in place for managing and completing ERA requests.	(1) Enquire with key personnel responsible for handling ERA requests and identify if any directions have been received from the Authority during the audit scope period with regards to publishing information. (2) Enquire with the key personnel in the process for handling the requests from the Authority with regards to publishing confidential and non-confidential information. (3) Select a sample requests received during the audit scope period and perform the following: (a) non confidential information - check if they have been published in a timely manner and in the required specified form. (b) confidential information - check if the Authority was notified in a timely manner, i.e. immediately.	Moderate	4	4	(1) During the audit period, the ERA did not direct Western Power to publish specific information. (2) The Manager Regulation, Pricing and Access Development is responsible for managing, coordinating the resources needed to provide the information and submission of this information to the ERA. (3) Western Power did not receive any requests to publish information during the audit period, as advised by the Manager Regulation, Pricing and Access Development. We noted that no register is maintained to record requests from the ERA. We obtained confirmation from the ERA that no requests were sent to Western Power from the Authority during the audit scope period. Findings: Western Power complies with this licence condition. Recommendation: Western Power should maintain a register to record of all directions from the ERA.
T45	20.1	Unless otherwise specified, all notices must be in writing.	Likely	Minor	Medium	Manager Regulation, Pricing and Access Development	- Notification process - Policy & procedures manual	(1) Enquire with key personnel regarding the policies and procedure for provision of notices and identify the controls before the notices are released. (2) Select a sample of notices issued during the scope period and confirm that notices received or issued from the Authority are in writing.	Moderate	4	4	(1) The Manager Regulation, Pricing and Access Development is responsible for managing, coordinating the resources needed to gather the information and responding to all ERA requests. No register is maintained to record requests from the ERA. (2) The ERA sent four notices to Western Power during the audit scope period requesting for information. For all four requests, information was provided in writing. No exceptions noted. Findings: Western Power complies with this licence condition. Recommendation: Western Power should maintain a register to record all notices received from the ERA.
T46	20.2	A notice will be regarded as having been sent and received: (a) when delivered in person to the addressee; or (b) 3 business days after the date of posting if the notice is posted in Western Australia; or (c) 5 business days after the date of posting if the notice is posted outside Western Australia; or (d) if sent by facsimile, when according to the sender's transmission report, the notice has been successfully received by the addressee; or (e) if sent by email, when according to the sender's electronic record, the notice has been successfully sent to the addressee's electricity licensing email address.	Likely	Minor	Medium	Manager Regulation, Pricing and Access Development	- Notification process - Policy & procedures manual	(1) Enquire with key personnel regarding the policies and procedure for provision of notices and identify the controls before the notices are released. (2) Select a sample of notices sent/received to the Authority and check that notices sent/received satisfied the following requirements: - 3 business days after the date of posting if the notice is posted in Western Australia; - 5 business days after the date of posting if the notice is posted outside Western Australia; - if sent by facsimile, according to the sender's transmission report, the notice has been successfully received by the addressee; or - if sent by email, when according to the sender's electronic record, the notice has been successfully sent to the addressee's electricity licensing email address.	Moderate	4	5	(1) The Manager Regulation, Pricing and Access Development is responsible for managing, coordinating the resources needed to gather the information and responding to all ERA requests. No register is maintained to record requests from the ERA. (2) The ERA sent four notices to Western Power during the audit scope period requesting for information. For all four requests, information was provided in writing and sent within the specified timeframes. No exceptions noted. Findings: Western Power complies with this licence condition. Recommendation: None.

Ref.	Licence Clause	Electricity/Licence rules	Likelihood	Consequence	Inherent Risk	Process Owner	Applicable controls	Audit procedures	Adequacy of existing controls	Audit priority (1=High, 5=Low)	Compliance rating (1=Non-Compliant, 5=Compliant)	Testing
N / A												
T47	21.1	The licensee may seek a review of a reviewable decision by the Authority pursuant to this licence in accordance with the following procedure: (a) the licensee shall make a submission on the subject of the reviewable decision within 10 business days (or other period as approved by the Authority) of the decision; and (b) the Authority will consider the submission and provide the licensee with a written response within 20 business days.										
T48	22.1 22.2 22.3 22.4	The licensee must have an approved trouble call fault management plan. The trouble call fault management plan must detail the steps the licensee will take to establish a trouble call fault management system and the time in which those steps will be completed. The licensee must provide the Authority with a draft trouble call fault management plan for the Authority's approval within six months of the commencement date unless directed otherwise by the Authority. The Authority may direct the licensee to make amendments to the trouble call fault management plan before it will approve the trouble call fault management plan.	Unlikely	Major	High	Manager Customer Assist	Approved trouble call fault management plan.	(1) Obtain and review the approved fault management plan. (2) Confirm that the plan details the steps the licensee will take to establish a trouble call fault management system and the time in which those steps will be completed. (3) Confirm the fault management plan was submitted to the Authority for approval within six months of the commencement date. (4) Confirm if Western Power has received directions to amend the plan. Determine if the amendments have been made in a timely manner and as specified by the Authority.	Weak	1	4	(1), (2), (3) and (4) Based on discussions with Manager Customer Assist, we identified that the Western Power's Trouble Call Fault Management (TCFM) plan relates to electricity distribution only and does not apply to electricity transmission. Western Power does not have a TCFM for transmission. Findings: Western Power does not comply with this licence obligation as it does not have a Trouble Call Fault Management Plan for electricity transmission. Recommendation: A trouble call fault management plan should be developed and documented in relation to electricity transmission.
T49	22.5	Once approved by the Authority, the licensee must implement the trouble call fault management plan and notify the Authority: (a) when the licensee has implemented a step in the trouble call fault management plan; or (b) when the licensee has failed to implement a step in the trouble call fault management plan, within 2 business days of implementing that step or the time for implementing that step has passed, whichever is applicable.	Probable	Moderate	High	Manager Customer Assist	Notification process where the Authority is notified in a timely manner.	(1) Enquire with key personnel within Customer Services branch if the plan has been implemented and the process involved in implementing the plan. (2) Select a sample of reports issued to monitor the progress of the plan. (3) Obtain evidence that the ERA has been notified in the following instances: (i) when the licensee has implemented a step in the trouble call fault management plan; or (ii) when the licensee has failed to implement a step in the trouble call fault management plan, within 2 business days of implementing that step or the time for implementing that step has passed, whichever is applicable.	Weak	1	4	(1), (2) and (3) Based on discussions with Manager Customer Assist, we identified that the Western Power's Trouble Call Fault Management (TCFM) plan relates to electricity distribution only and does not apply to electricity transmission. Western Power does not have a TCFM for transmission. Findings: Western Power does not comply with this licence obligation as it does not have a Trouble Call Fault Management Plan for electricity transmission. Recommendation: A trouble call fault management plan should be developed and documented in relation to electricity transmission.

Appendix 1

Our Ref: TP/119/1639(7)4
Enquiries: Andrew Wood
Telephone: 9359 7302

9 May 2006

Mr R Pullieia
Acting Director - Electricity Access
Economic Regulatory Authority
PO Box 8469, Perth B.C.
W.A. 6849

Dear Robert,

Western Power Metering Installation Provider Registration

In our letter of the 10 March 2006 Western Power submitted details of its existing Contractor Connect (CC) scheme with the intent of registering CC operatives as Metering Installation providers in accordance with section 3.27 of the Electricity Industry Metering Code 2005.

We have since reviewed this proposal after receiving additional information from Energy Safety and now wish to withdraw our CC scheme as a mechanism for registering Metering Installation providers.

This withdraw is on the basis that the CC scheme relates to energizing electrical installations, not the installation of meters. After also reviewing Western Power's "H" accreditation scheme we believe this scheme is unsuitable for the purpose of registering meter installation providers as it primarily relates to connection of service mains to Western Power's underground distribution system and is electrical worker rather than electrical contractor based.

Under section 6.9 of the Electricity Industry Metering Code 2005 we believe that it is optional to submit a list of registered Metering Installation providers.

Accordingly, Western Power wishes to formally withdraw our CC scheme as a Metering Installation registration mechanism and at this point in time use its discretion to not submit a list of registered Metering Installation providers.

Thank you for your assistance with this matter.

Yours sincerely

**ANDREW WOOD
METERING SERVICES MANAGER**

DMS#: 3943116r1
File#: TP/119/1639(7)1