

Merredin Project Company Pty Ltd

Electricity Generation Licence (EGL28)

2024 Performance Audit

Final report

12 December 2024



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Neeti Muralidharan
Senior Asset Manager
Merredin Project Company Pty Ltd
Suite 9, Level 2
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SUBIACO WA 6008

Dear Neeti

Electricity Generation Licence (EGL28) – 2024 Performance audit report

We have completed the Electricity Generation Licence Performance Audit for Merredin Project Company Pty Ltd for the period 31 August 2022 to 30 August 2024 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin at abaldwin@assuranceadvisory.com.au or myself at slinden@assuranceadvisory.com.au.

Yours sincerely

Assurance Advisory Group



Stephen Linden

Director

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1. Independent assurance practitioner's report

Modified opinion

We have undertaken a reasonable assurance engagement on Merredin Project Company Pty Ltd's (**Merredin Project Company**) compliance, in all material respects, with the conditions of its Electricity Generation Licence (EGL 28) (the **Licence**) and relevant legislative obligations for the period 31 August 2022 to 30 August 2024. Our evaluation was made against the licence obligations listed in the relevant versions of the Economic Regulation Authority's (the **ERA**) Electricity Compliance Reporting Manual (the **Reporting Manual**) and in accordance with the ERA's March 2019 Audit and Review Guidelines: Electricity and Gas Licences (the **Guidelines**).

In our opinion, based on the procedures we have performed and the evidence we have obtained, except for the effects of the matters described in the Basis for modified opinion paragraph below, Merredin Project Company has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 31 August 2022 to 30 August 2024.

Basis for modified opinion

During the period 31 August 2022 to 30 August 2024, Merredin Project Company did not comply with applicable licence obligations as outlined below:

Reporting Manual number and Licence obligation		Description
105	<p>Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</p> <p><i>A licensee must pay the prescribed licence fees to the ERA within one month after the day of grant or renewal of its licence and within one month after each anniversary of that day over the term of the licence according to clauses 6, 7 and 8 of the Economic Regulation Authority (Licensing Funding) Regulations 2014</i></p>	Merredin Project Company paid the 2023 and 2024 annual licence fees after the due date.
124	<p>Licence condition 4.5.1</p> <p><i>A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.</i></p>	<p>Merredin Project Company:</p> <ul style="list-style-type: none"> Submitted the 2022/23 compliance report after the due date of 31 August 2023 Submitted standing charge data for 2022/23 after the due date of 29 September 2023 Did not include the 2022/23 standing charge data breach in its 2023/24 Annual Compliance Report.

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements (ASAE 3100)* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Merredin Project Company's responsibility for compliance with the conditions of the Licence

Merredin Project Company is responsible for:

- Compliance with the Licence as evaluated against the conditions within the Licence, for the period 31 August 2022 to 30 August 2024
- Identifying risks that threaten the conditions within the Licence identified above being met
- Identifying suitable compliance requirements as specified by the ERA
- Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Our responsibilities

Our responsibility is to express an opinion on Merredin Project Company's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period 31 August 2022 to 30 August 2024. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Merredin Project Company has complied, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 31 August 2022 to 30 August 2024.

A reasonable assurance engagement in accordance with ASAE 3100, to report on Merredin Project Company's compliance with the licence obligations as evaluated against its Licence Conditions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the conditions within the Licence. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the licence obligations as evaluated against its Licence Conditions.

Our procedures included:

- Utilising the Audit Guidelines and the February 2023 Electricity Compliance Reporting Manual as a guide for development of a risk assessment and document review to assess controls
- Development of an Audit Plan for approval by the ERA and an associated work program, set out in Appendix A
- Interviews with and representations from relevant Merredin Project Company representatives to gain an understanding of process controls
- Review of documents and walkthrough of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations
- Sample testing where relevant for obligations rated as an audit priority 3 and above in the approved Audit Plan.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement relating to the period from 31 August 2022 to 30 August 2024 does not provide assurance on whether compliance with the Licence will continue in the future.

Restricted use

This report has been prepared for use by Merredin Project Company for the purpose of satisfying its obligation under Section 13 of the Electricity Industry Act 2004. We disclaim any assumption of responsibility for any reliance on this report to any person other than Merredin Project Company, or for any other purpose other than that for which it was prepared. We understand that a copy of the report will be provided to the ERA for the purpose of reporting on the performance audit for the Licence. We agree that a copy of this report will be given to the ERA in connection with this purpose, however we accept no responsibility to the ERA or to anyone who is provided with or obtains a copy of our report.

Assurance Advisory Group



Stephen Linden
Director

12 December 2024

2. Executive Summary

2.1 Introduction and Background

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Merredin Project Company Pty Ltd (**Merredin Project Company** or **MPC**) an Electricity Generation Licence (EGL28) (the **Licence**).

The Licence relates to MPC operating the 132MWdc Merredin Solar Farm (**MSF**) approximately 260 kms east of Perth and delivering electricity into the South West Interconnected System (SWIS) via the Western Power Merredin Terminal Substation at 220kV. SUN Energy acquired the Merredin Solar Farm facility in 2022. EGL28 was subsequently transferred from Merredin Solar Farm Nominee Pty Ltd to Merredin Project Company Pty Ltd (owned by SUN Energy) on 31 August 2022. RES Group was appointed by SUN Energy to act as the asset manager for the facility, with Risen Energy Australia continuing as the Operations and Maintenance provider.

Section 13 of the Act requires Merredin Project Company to provide to the ERA a performance audit (the audit) conducted by an independent expert acceptable to the ERA within 24 months after the commencement date, and every 24 months thereafter, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 31 August 2022 to 30 August 2024 (**audit period**).

The audit has been conducted in accordance with the ERA's March 2019 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**).

2.2 Observations

In considering MPC's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed that:

- All of MPC's processes and arrangements for managing its electricity generation licence obligations are performed by RES Group, acting as asset manager for the facility on behalf of owners SUN Energy
- Through its contractual arrangements with Western Power, MPC has limited obligations in relation to the relevant requirements of the Metering Code
- Although MPC's compliance arrangements have been and will continue to be relatively simple, this audit process has assisted to identify where those arrangements need to further mature.

2.3 Findings

The following tables summarise the assessments made during the audit on MPC's compliance and the adequacy of controls in place for MPC to manage its compliance with the relevant obligations or conditions of the Licence.

Table 1 sets out the rating scale defined by the ERA in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, MPC was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

Table 1: Control adequacy and compliance rating scale

Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
N/P	Not performed – A controls rating was not required	N/R	Not rated – No activity took place during the audit period

Table 5 at section 3 of this report provides further detail on the controls and compliance rating scales. The above rating scale is defined by the Audit Guidelines.

Table 2: Summary of findings, by **compliance and controls ratings**

		Compliance rating					Total
		1	2	3	4	N/R	
Controls rating	A						
	B						
	C		2			2	4
	D						
	N/P	10				22	32
	Total	10	2			24	36

Table 3: Summary of findings, by **audit priority and controls rating**

Audit Priority	Controls rating					Total
	A	B	C	D	N/P	
Priority 1						
Priority 2						
Priority 3			4			4
Priority 4					23	23
Priority 5					9	9
Total			4		32	36

Table 4: Summary of findings, by audit priority and compliance rating

Audit Priority	Compliance rating					Total
	1	2	3	4	N/R	
Priority 1						
Priority 2						
Priority 3		2			2	4
Priority 4	8				15	23
Priority 5	2				7	9
Total	10	2			24	36

Note that, in accordance with the Audit Guidelines:

- Obligations assessed as being “not applicable” to MPC’s operations have not been included within this report
- A control rating is only provided for those obligations with a Priority 1, 2 or 3 rating, where an obligation is assessed as non-compliant, or where a control improvement opportunity is identified.

Specific assessments for each Licence obligation are summarised at Table 5 in the “Summary of findings” section of this report.

Detailed findings, including relevant observations, recommendations and action plans are located in section 4 “Detailed findings, recommendations and action plans”.

2.4 MPC’s response to previous audit recommendations

As this is MPC’s first performance audit, there are no previous audit recommendations for MPC. We have however, considered the audit recommendations for the previous EGL28 licensee - Merredin Solar Farm Nominee Pty Ltd and note that recommendation 1/2021 had not been fully resolved whilst 2/2021 was actioned through revision to the financial statements.

2.5 Current audit non-compliances, recommendations and action plans

A. Resolved during current audit period

Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)	Auditor’s recommendation	Action taken
n/a	n/a	n/a	n/a

B. Unresolved at end of current audit period

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

2.6 Scope and objectives

We have conducted a reasonable assurance audit in order to state whether, in our opinion, based on our procedures, Merredin Project Company has complied, in all material respects, with the conditions of its Licence as outlined in the approved Audit Plan (dated September 2024) during the period 31 August 2022 to 30 August 2024.

Our engagement was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board and provides reasonable assurance as defined in ASAE 3100. The procedures we performed are described in more detail in section 2.7 below.

A reasonable assurance engagement in accordance with ASAE 3100 involves performing procedures to obtain evidence about the compliance with the conditions of the Licence. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in compliance with the conditions of the Licence. In making those risk assessments, we considered internal controls in relation to compliance with the conditions of the Licence.

ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

The ERA has summarised the requirements of the applicable legislation that it expects to be reported upon and included in the scope of this audit in its February 2023 Electricity Compliance Reporting Manual.

The Audit Plan approved by the ERA for this audit sets out MPC's Licence obligations confirmed to be included in the scope of the audit, along with the risk assessments and audit priority assigned to each licence obligation.

2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period September to early November 2024:

- Utilising the Guidelines and Reporting Manuals as a guide, developed a risk assessment, which involved discussions with key staff and document review to assess controls
- Developed an Audit Plan (see Appendix A) for approval by the ERA and an associated work program
- Interviewed relevant RES Group and Risen Energy representatives to gain an understanding of process controls (see Appendix B for staff involved)
- Reviewed relevant documentation and walked through processes and controls to assess overall compliance and effectiveness in accordance with Licence obligations (see Appendix B for reference listing)
- Sample tested relevant obligations (assessed as an audit priority 3) and where there was relevant activity, determine whether transactions complied with the requirements of the obligation
- Reported findings to MPC for review and response.

Due to Res Group's head office operations being in Sydney, NSW and Risen Energy's primary operations being in Brisbane, Queensland, audit fieldwork was performed remotely and where appropriate at the Merredin Solar Farm premises near Merredin.

3. Summary of Ratings

Table 1 in section 2 above sets out the rating scale defined by the ERA in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, MPC was required to demonstrate it has maintained effective processes and controls, which facilitate compliance with relevant obligations.

The remainder of this report provides:

- A summary of the findings for the compliance obligations (at Table 5 below)
- Detailed findings, including relevant observations and recommendations (at Section 4).

Table 5: Compliance Ratings

Refer to Detailed Findings at Section 4 and Audit Plan at Appendix A for descriptions of the obligations. Note that detailed findings are not presented for those obligations assessed to be not applicable to MPC's operations for the period subject to audit - refer to the Audit Plan at Appendix A for further explanation.

No	Obligation reference	Audit Priority	Controls rating					Compliance rating				
			A	B	C	D	N/P	1	2	3	4	N/R
12 Electricity Industry Act - Licence Conditions and Obligations												
101	Section 13(1)	Priority 4					N/P					N/R
102	Section 14(1)(a)	Priority 4					N/P	1				
103	Section 14(1)(b)	Priority 3			C							N/R
104	Section 14(1)(c)	Priority 5					N/P					N/R
105	Section 17(1); ERA (Licensing Funding) Regulations 2014	Priority 3			C				2			
106	Section 31(3)	Priority 5					N/P	1				
107	Section 41(6)	Priority 4					N/P	1				
13 Electricity Licences – Licence Conditions and Obligations												
119	Licence condition 4.3.1	Priority 4					N/P	1				
120	Licence condition 5.2.4	Priority 4					N/P					N/R
121	Licence condition 5.3.2	Priority 4					N/P	1				
122	Licence condition 5.1.5	Priority 4					N/P					N/R
123	Licence condition 4.4.1	Priority 3			C							N/R
124	Licence condition 4.5.1	Priority 3			C				2			
125	Licence condition 3.8.1, 3.8.2	Priority 4					N/P					N/R
126	Licence condition 3.7.1	Priority 4					N/P	1				
14 Electricity Industry Metering Code – Licence Conditions and Obligations												
324	Clause 3.3B	Priority 4					N/P					N/R
339	Clause 3.11(3)	Priority 4					N/P					N/R
371	Clause 4.4(1)	Priority 5					N/P					N/R
372	Clause 4.5(1)	Priority 5					N/P					N/R
373	Clause 4.5(2)	Priority 4					N/P					N/R
388	Clause 5.4(2)	Priority 4					N/P					N/R

No	Obligation reference	Audit Priority	Controls rating					Compliance rating				
			A	B	C	D	N/P	1	2	3	4	N/R
401	Clause 5.16	Priority 4					N/P					N/R
405	Clause 5.18	Priority 4					N/P					N/R
416	Clause 5.21(5)	Priority 4					N/P					N/R
417	Clause 5.21(6)	Priority 4					N/P					N/R
448	Clause 6.1(2)	Priority 4					N/P	1				
451	Clause 7.2(1)	Priority 5					N/P	1				
453	Clause 7.2(4)	Priority 4					N/P	1				
454	Clause 7.2(5)	Priority 4					N/P					N/R
455	Clause 7.5	Priority 4					N/P	1				
456	Clause 7.6(1)	Priority 4					N/P					N/R
457	Clause 8.1(1)	Priority 5					N/P					N/R
458	Clause 8.1(2)	Priority 5					N/P					N/R
459	Clause 8.1(3)	Priority 5					N/P					N/R
460	Clause 8.1(4)	Priority 4					N/P					N/R
461	Clause 8.3(2)	Priority 5					N/P					N/R

4. Detailed findings, recommendations and action plans

This section has been structured in subsections for the relevant Codes and Regulations against which we assessed MPC's compliance. The sections are:

- 4.1 Electricity Industry Act – Licence Conditions and Obligations
- 4.2 Electricity Licences – Licence Conditions and Obligations
- 4.3 Electricity Industry Metering Code – Licence Conditions and Obligations.

Each section contains:

- **Assessment of compliance and control adequacy** – the conclusions from our audit procedures and our assessment of MPC's compliance with the applicable obligations
- **Findings** – the auditor's understanding of the process and any issues that have been identified during the audit
- **Recommendations (if any)** – for improvement or enhancement of the process or control (note that no recommendations are made for this audit).

The compliance and control adequacy ratings have been summarised below for each sub-section.

Controls adequacy rating						Compliance rating					
A	B	C	D	NP	Total	1	2	3	4	NR	Total
4.1 Electricity Industry Act											
		2		5	7	3	1			3	7
4.2 Electricity Licences											
		2		6	8	3	1			4	8
4.3 Electricity Industry Metering Code											
				21	21	4				17	21
		4		32	36	10	2			24	36

4.1 Electricity Industry Act – Licence Conditions and Obligations

No	Obligation under Condition	Findings	
101	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months. <i>Electricity Industry Act Section 13(1)</i>	With the ERA's approval, Assurance Advisory Group (AAG) was appointed to undertake MPC's first Performance Audit for the period 31 August 2022 to 30 August 2024. Accordingly, MPC did not have any obligation to conduct a performance audit during the audit period.	
	Priority 4	Controls rating: N/P	Compliance rating: N/R
102	A licensee must provide for an asset management system. <i>Electricity Industry Act Section 14(1)(a)</i>	Through discussion with the Operations and Maintenance Manager, and Site Electrical Technician (both Risen), and consideration of MPC's asset management system in operation during the period 31 August 2022 to 30 August 2024, we determined that MPC had provided for an asset management system during the audit period. The EGL28 2024 Asset Management System Review report provides further detail on the effectiveness of MPC's asset management system during the audit period.	
	Priority 4	Controls rating: N/P	Compliance rating: 1
103	A licensee must notify details of the asset management system and any substantial changes to it to the ERA. <i>Electricity Industry Act Section 14(1)(b)</i>	MPC had complied with this obligation by notifying the ERA as part of its licence transfer application that MPC was to adopt the previous licensee's asset management system. As this is a priority 3 obligation, we assessed the adequacy of controls through enquiry with the Asset Manager, RES Group and found there to be no available reference in MPC's records to demonstrate MPC's awareness of and compliance with this obligation. When MPC next reviews and updates its documented asset management system to reflect its current organisational arrangements (particularly to recognise the roles of the Asset Manager and Asset Owner within the asset management system), MPC should consider whether any change constitutes a substantial change and if so, notify the ERA in accordance with Electricity Industry Act Section 14(1)(b). MPC has not implemented an effective mechanism to ensure it recognises and deals with licence compliance obligations in a proactive manner. Recommendation 1/2024 <i>MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i>	
	Priority 3	Controls rating: C	Compliance rating: N/R
104	A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA. <i>Electricity Industry Act Section 14(1)(c)</i>	With the ERA's approval, AAG was appointed to undertake MPC's first Asset Management System Review for the period 31 August 2022 to 30 August 2024. Accordingly, MPC did not have any obligation to provide the ERA with a report on the effectiveness of its asset management system during the audit period.	
	Priority 5	Controls rating: N/P	Compliance rating: N/R

No	Obligation under Condition	Findings	
105	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> . <i>Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014</i>	<p>MPC paid its Annual Licence Charges to the ERA after the due date (i.e. one month after the anniversary of the grant of the licence - 19 January) in 2023 and 2024. The 2023 payment was made 23 days late and the 2024 payment was made four days late.</p> <p>We sighted evidence that MPC paid quarterly standing charges by the due dates from October 2022.</p> <p>We determined that MPC had not designed a process to ensure all ERA licence fees were paid on time in accordance with the Licence requirements.</p> <p>Recommendation 1/2024</p> <p><i>MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p>	
	Priority 3	Controls rating: C	Compliance rating: 2
106	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or 2 other unavoidable cause. <i>Electricity Industry Act Section 31(3)</i>	<p>Through discussion with the Operations and Maintenance Manager, Risen and consideration of the contingency planning and business continuity processes established by MPC to accommodate the MSF facility, we observed that:</p> <ul style="list-style-type: none"> A key objective of the MSF operations is to maintain the facility's availability and to maximise the supply of electricity. This objective provides the direct incentive to minimise the extent or duration of any interruption, suspension or restriction on the supply of electricity MPC has appropriate maintenance, emergency response and contingency planning systems and procedures in place to reasonably provide for and manage unplanned events, including emergencies or equipment failures. 	
	Priority 5	Controls rating: N/P	Compliance rating: 1
107	A licensee must pay the costs of taking an interest in land or an easement over land. <i>Electricity Industry Act Section 41(6)</i>	<p>Through discussion with the Asset Manager, RES Group and examination of supporting documentation, we determined that for the audit period 31 August 2022 to 30 August 2024, MPC:</p> <ul style="list-style-type: none"> Held a lease agreement with the landowner for the use of the site for the purposes of generating solar power Appropriately paid the associated lease fees. <p>The Asset Manager, RES Group, confirmed that MPC was not aware of any disputes or differences with the landowner in relation to the lease payments.</p>	
	Priority 4	Controls rating: N/P	Compliance rating: 1

4.2 Electricity Licences – Licence Conditions and Obligations

No	Obligation under Condition	Findings		
119	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards. <i>Licence condition 4.3.1</i>	<p>Merredin Project Company Pty Ltd is a fully owned entity of Merredin Holding Company Pty Ltd, which is domiciled in Australia and is the Trustee of Merredin Holding Trust. Merredin Holding Trust prepares consolidated financial statements for the controlled entities of Merredin Holding Company Pty Ltd for its financial year ending 31 December annually. Those financial statements fully account for Merredin Project Company's financial activity.</p> <p>We examined the following financial report which has been prepared in accordance with the Australian Accounting Standards and audited by Ernst & Young:</p> <ul style="list-style-type: none"> General purpose financial statements for Merredin Holding Trust prepared in accordance with Australian Accounting Standards - Simplified Disclosures for the financial year ending 31 December 2023." <p>We also sighted a document confirming the organisational structure of the above companies.</p>		
	Priority 4	Controls rating: N/P	Compliance rating: 1	
120	A licensee must comply with any individual performance standards prescribed by the ERA. <i>Licence condition 5.2.4</i>	The Asset Manager, RES Group, confirmed that, for the audit period 31 August 2022 to 30 August 2024, MPC was not aware of any prescribed individual performance standards by the ERA.		
	Priority 4	Controls rating: N/P	Compliance rating: N/R	
121	A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit. <i>Licence condition 5.3.2</i>	<p><i>Obligations 121 and 122</i></p> <p>With the ERA's approval, AAG was appointed to undertake MPC's first performance audit and asset management system review for the period 31 August 2022 to 30 August 2024.</p> <p>Accordingly, MPC did not have any obligation to conduct a performance audit or asset management system review during the audit period.</p>		
	Priority 4	Controls rating: N/P	Compliance rating: 1	
122	A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review. <i>Licence condition 5.1.5</i>	Note that for the 2024 performance audit and asset management system review, the audit and review plans approved by the ERA on 26 September 2024 commit MPC and AAG (auditor and expert) to complying with the prescribed audit and review guidelines and reporting manual issued by the ERA.		
	Priority 4	Controls rating: N/P	Compliance rating: N/R	

No	Obligation under Condition	Findings
123	<p>In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.</p> <p><i>Licence condition 4.4.1</i></p>	<p>The Asset Manager, RES Group confirmed that during the audit period (i.e. since the issue of the licence to MPC, under the ownership of SUN Energy via Merredin Holding Company Pty Ltd), MPC, Merredin Holding Company and SUN Energy had not:</p> <ul style="list-style-type: none"> • Been under external administration • Undergone any significant change in its corporate, financial or technical circumstances upon which the licence was granted which may affect its ability to meet its obligations (including any change to its nameplate capacity). • Changed its name, ABN or address. <p>Noting the 2021 audit finding for this obligation (for previous licensee Merredin Solar Farm Nominee Pty Ltd – that they did not recognise the need to inform the ERA of a change in details) as well as the breaches noted below for obligation 124, we found that MPC had not implemented an effective mechanism to ensure that it recognises and deals with licence compliance obligations in a proactive manner.</p> <p>Recommendation 1/2024</p> <p><i>MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p>
124	<p>A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.</p> <p><i>Licence condition 4.5.1</i></p>	<p>The Asset Manager, RES Group confirmed that, other than annual compliance reports and standing charge data, the ERA did not request any other information from MPC in connection with its functions under the Electricity Industry Act.</p> <p>We observed that:</p> <ul style="list-style-type: none"> • In accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MPC submitted the 2022/23 compliance report after the due date. Although MPC has advised it was granted an extension until 31 October 2023, the compliance report was not submitted until 5 December 2023. We note the 2023/24 compliance report was submitted before the due date; however, it did not include the breach regarding standing charge data (described in the following bullet point) • MPC submitted standing charge data after the due date of 29 September 2023. Standing charge data was submitted to the ERA on 3 November 2023. This breach was not included in MPC's 2023/24 Annual Compliance Report. <p>We observed that, although the due date of the annual compliance report was now listed in the Q2 2024 Merredin Solar Farm Quarterly Board Report, MPC has not implemented an effective mechanism to ensure it recognises and deals with licence compliance obligations in a proactive manner.</p> <p>Recommendation 1/2024</p> <p><i>MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</i></p>
	<p>Priority 3</p> <p>Controls rating: C</p> <p>Compliance rating: N/R</p>	<p>Priority 3</p> <p>Controls rating: C</p> <p>Compliance rating: 2</p>

No	Obligation under Condition			Findings
125	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified. <i>Licence conditions 3.8.1 and 3.8.2</i>			The Asset Manager, RES Group confirmed that during the audit period 31 August 2022 to 30 August 2024, MPC was not required to publish any information by the ERA. Therefore, this obligation was not relevant to MPC during the audit period.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	
126	All notices must be in writing, unless otherwise specified. <i>Licence condition 3.7.1</i>			Through discussion with the Asset Manager, RES Group and examination of relevant communications, we determined that during the audit period 31 August 2022 to 30 August 2024, MPC maintained processes and practices to formally respond to all notices in writing, unless the ERA specified otherwise. The Asset Manager, RES Group confirmed that MPC has an internal records management process for maintaining records of communications with the ERA.
	Priority 4	Controls rating: N/P	Compliance rating: 1	

4.3 Electricity Industry Metering Code – Licence Conditions and Obligations.

No	Obligation under Condition			Findings
324	If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in bi-directional flows, the user must notify the network operator within 2 business days. <i>Electricity Metering Code Clause 3.3B</i>			We observed that: <ul style="list-style-type: none"> Western Power is responsible for installing, owning and operating the meters located at MSF All meters installed by Western Power at MSF are subject to bi-directional electricity flows During the audit period 31 August 2022 to 30 August 2024, no additional metering installations had become subject to bi-directional electricity flows.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	Therefore, this obligation was not relevant to MPC's activities during the audit period.
339	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable. <i>Electricity Metering Code Clause 3.11(3)</i>			<i>Obligations 339 to 373</i> We observed that Western Power is responsible for installing and operating all meters located at the substation on MSF premises, and for maintaining the metering database and metering registry. MPC has no visibility of: <ul style="list-style-type: none"> The function and operation of those meters Energy data held in the meters or in the metering database Standing data in the metering registry.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	Therefore, these obligations were not relevant to MPC's activities during the audit period.
371	If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy. <i>Electricity Metering Code Clause 4.4(1)</i>			
	Priority 5	Controls rating: N/P	Compliance rating: N/R	
372	A Code participant must not knowingly permit the registry to be materially inaccurate. <i>Electricity Metering Code Clause 4.5(1)</i>			
	Priority 5	Controls rating: N/P	Compliance rating: N/R	
373	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed. <i>Electricity Metering Code Clause 4.5(2)</i>			
	Priority 4	Controls rating: N/P	Compliance rating: N/R	
388	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1). <i>Electricity Metering Code Clause 5.4(2)</i>			Through discussions with the Operations and Maintenance Manager, Risen we determined that: <ul style="list-style-type: none"> All meters installed at the MSF facility are designated as interval meters (i.e. not accumulation meters, for which Western Power may require assistance for scheduling meter reads) Western Power has permission to induct their own employee to enter the site at any time in order for them to access meters and meet their obligations.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	Therefore, this obligation was not relevant to MPC's activities during the audit period.

No	Obligation under Condition	Findings	
401	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed. <i>Electricity Metering Code Clause 5.16</i>	<p><i>Obligations 401 and 405</i></p> <p>We observed that during the period:</p> <ul style="list-style-type: none"> MPC did not maintain any energy data in relation to the connection points and meters captured under the Metering Code MPC did not monitor energisation status in relation to those connection points Western Power was solely responsible for the management and monitoring of energy data within the metering registry and/or metering database. <p>Therefore, these obligations were not relevant to MPC's activities during the audit period.</p>	
	Priority 4		
405	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed. <i>Electricity Metering Code Clause 5.18</i>	<p><i>Obligations 416 and 417</i></p> <p>The Asset Manager, RES Group confirmed that during the audit period, MPC did not request a test or audit of the items at clause 5.21(1) of the Metering Code (i.e. in relation to the accuracy of the metering installation, the energy data from the metering installation and the standing data for the metering installations).</p> <p>Therefore, these obligations were not relevant to MPCs activities during the audit period.</p>	
	Priority 4		
416	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO. <i>Electricity Metering Code Clause 5.21(5)</i>	<p><i>Obligations 416 and 417</i></p> <p>The Asset Manager, RES Group confirmed that during the audit period, MPC did not request a test or audit of the items at clause 5.21(1) of the Metering Code (i.e. in relation to the accuracy of the metering installation, the energy data from the metering installation and the standing data for the metering installations).</p> <p>Therefore, these obligations were not relevant to MPCs activities during the audit period.</p>	
	Priority 4		
417	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement. <i>Electricity Metering Code Clause 5.21(6)</i>	<p><i>Obligations 416 and 417</i></p> <p>The Asset Manager, RES Group confirmed that during the audit period, MPC did not request a test or audit of the items at clause 5.21(1) of the Metering Code (i.e. in relation to the accuracy of the metering installation, the energy data from the metering installation and the standing data for the metering installations).</p> <p>Therefore, these obligations were not relevant to MPCs activities during the audit period.</p>	
	Priority 4		
448	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed. <i>Electricity Metering Code Clause 6.1(2)</i>	<p>Section 6.1(2) of the Metering Code requires MPC (as a user with an electricity transfer access contract with Western Power) to comply with the network operator's Metrology procedure, Communication rules, Mandatory Link Criteria or Service Level Agreements (SLA) (if any).</p> <p>As MPC does not have a specific SLA in place with Western Power, the Metering Code model SLA provides the most relevant reference for the provision of metering services. In addition, MPC has entered into a Network Operating Protocol with Western Power, which details the supply configuration and ownership of the electrical infrastructure, including metering installations.</p> <p>The Asset Manager, RES Group confirmed that MPC is aware of and complies with the relevant requirements prescribed within the network operator's Metrology procedure, Communication rules, Mandatory Link Criteria and SLA.</p> <p>We did not observe any evidence to indicate non-compliance with the requirements of Western Power's Metrology procedure, Communication rules or Mandatory Link Criteria. We observed that MPC is aware of the relevant requirements prescribed within the above documents.</p>	
	Priority 4		

No	Obligation under Condition			Findings
451	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. <i>Electricity Metering Code Clause 7.2(1)</i>			Through discussion with the Operations and Maintenance Manager, Risen and consideration of MPC and SUN Energy's business practices we determined that: <ul style="list-style-type: none"> MPC maintains postal, electronic, facsimile and voice communication channels commensurate with the expectations of a business MPC's Network Operating Protocol with Western Power forms the basis for of the operating arrangements between MPC and Western Power, including a telephone number for voice communication in connection with metering arrangements.
	Priority 5	Controls rating: N/P	Compliance rating: 1	
453	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request. <i>Electricity Metering Code Clause 7.2(4)</i>			We observed that through the Network Operating Protocol between MPC and Western Power, MPC had satisfied the requirement of notifying Western Power of its contact details within 3 business days of Western Power's formal request.
	Priority 4	Controls rating: N/P	Compliance rating: 1	
454	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect. <i>Electricity Metering Code Clause 7.2(5)</i>			The Asset Manager, RES Group confirmed that during the audit period: <ul style="list-style-type: none"> MPC's contact details (for Western Power to communicate with MPC) have not changed, and MPC was not requested by Western Power to provide notification of its contact details. Therefore, this obligation was not relevant to MPC's activities during the audit period.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	
455	A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code. <i>Electricity Metering Code Clause 7.5</i>			The Asset Manager, RES Group confirmed that, as a result of the nature of MPC's operations, there was no instances where: <ul style="list-style-type: none"> MPC was aware of any confidential information, which would be required not to be disclosed in connection with the Metering Code MPC was required to disclose confidential information under a provision of the Metering Code.
	Priority 4	Controls rating: N/P	Compliance rating: 1	
456	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code. <i>Electricity Metering Code Clause 7.6(1)</i>			We observed that, during the audit period, MPC was not required to disclose confidential information under a provision of the Metering Code. Therefore, this obligation was not relevant to MPC's activities during the audit period.
	Priority 4	Controls rating: N/P	Compliance rating: N/R	
457	If any dispute arises between any Code participants then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith. <i>Electricity Metering Code Clause 8.1(1)</i>			<p><i>Obligations 457 to 461</i></p> <p>For the purposes of the Metering Code 'disputes' refers to metering disputes between MPC as a Code Participant, a retailer, another generator, the network operator (Western Power), a user or the AEMO.</p> <p>The Asset Manager, RES Group confirmed that MPC had not entered into any metering disputes with Western Power or any other Code Participant during the audit period.</p>
	Priority 5	Controls rating: N/P	Compliance rating: N/R	

No	Obligation under Condition	Findings			
458	<p>If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.</p> <p><i>Electricity Metering Code Clause 8.1(2)</i></p>	Therefore, these obligations were not relevant to MPC's activities during the audit period.			
	Priority 5			Controls rating: N/P	Compliance rating: N/R
459	<p>If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.</p> <p><i>Electricity Metering Code Clause 8.1(3)</i></p>				
	Priority 5				
460	<p>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.</p> <p><i>Electricity Metering Code Clause 8.1(4)</i></p>				
	Priority 4				
461	<p>The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).</p> <p><i>Electricity Metering Code Clause 8.3(2)</i></p>				
	Priority 5				

5. Status of recommendations addressing non-compliances from the previous audit

The previous audit for Merredin Solar Farm was for the previous licensee Meredin Solar Farm Nominee Pty Ltd.

Reference (no./year)	Non-compliance / Controls improvement Rating / Licence obligation reference number and licence obligation / Details of noncompliance or inadequacy of controls)	Auditor's recommendation or action planned	Further action required (Yes/No/Not Applicable) Details of further action required (including current recommendation reference, if applicable)
A. Resolved during current audit period			
2/2021	<p>Obligation 119 – Licence condition 4.3.1 (rated as B2) MSF's financial statements did not comply with the requirement to maintain accounting records in accordance with the Standards.</p>	<p>MSF reconsider its approach for preparing financial statements that comply with the requirement to maintain accounting records in accordance with the Standards. This recommendation was actioned by the previous licensee through revision to the financial statements.</p>	No
B. Unresolved at end of current audit period			
1/2021	<p>Obligations 103, 105, 123 and 124 Obligation 103 - Electricity Industry Act Section 14(1)(b) (C2) Obligation 105 Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014 (C2) Obligation 123 – Licence condition 4.4.1 (C2) Obligation 124 – Licence condition 4.5.1 (C2) MSF did not have mechanisms in place to ensure all compliance obligations were met in a proactive manner. MSF:</p> <ul style="list-style-type: none"> • Had not notified details of its AMS to the ERA as required by Electricity Industry Act Section 14 (1)(b) • Did not pay its Annual Licence Charge by the due date • Did not notify the ERA of a change of address within the 10 business day requirement • Submitted an Annual Compliance Report after the due date. 	<p>MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</p>	<p>Yes These compliance issues were not fully resolved by the previous licensee. Recommendation 2/2024 MPC implement an effective mechanism, such as a compliance register, for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.</p>

Appendix A – Audit Plan



ASSURANCE
ADVISORY
GROUP

Merredin Project Company Pty Ltd

Electricity Generation Licence (EGL28)

2024 Performance Audit

Audit Plan

September 2024

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Introduction

Overview

The Economic Regulation Authority (the **ERA**) has under the provisions of the Electricity Industry Act 2004 (the **Act**), issued to Merredin Project Company Pty Ltd (**Merredin Project Company**) an Electricity Generation Licence (EGL 28) (the **Licence**).

Section 13 of the Act requires Merredin Project Company to provide to the ERA a performance audit (the **audit**) conducted by an independent expert acceptable to the ERA not less than once in every 24 month period, unless otherwise approved by the ERA. With the ERA's approval, Assurance Advisory Group (**AAG**) has been appointed to conduct the audit for the period 31 August 2022 to 30 August 2024 (**audit period**).

The Licence relates to Merredin Project Company operating the 132MWdc Merredin Solar Farm approximately 260 kms east of Perth and delivering electricity into the South West Interconnected System (SWIS) via the Western Power Merredin Terminal Substation at 220kV.

The audit will be conducted in accordance with the ERA's March 2019 issue of the *Audit and Review Guidelines: Electricity and Gas Licences* (**Audit Guidelines**). In accordance with the Audit Guidelines this document represents the Audit Plan (the **Plan**) that is to be agreed upon by AAG and Merredin Project Company and presented to the ERA for approval.

Objective

A performance audit is defined as an examination of the measures taken by Merredin Project Company to meet the performance criteria specified in its Licence. The purpose of the audit is to assess the effectiveness of measures taken by Merredin Project Company to meet the conditions of its Licence.

The audit will specifically consider the following:

- *Process compliance* - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls
- *Outcome compliance* - the actual performance against standards prescribed in the Licence throughout the audit period
- *Output compliance* - the existence of the output from systems and procedures throughout the audit period (specifically, proper records which provide assurance that procedures are consistently followed and controls are maintained)
- *Integrity of performance* - the completeness and accuracy of the compliance and performance reports provided to the ERA
- *Compliance with any individual licence conditions* – the actual performance against the requirements imposed on Merredin Project Company by the ERA or specific matters raised by the ERA.

Scope

The ERA provides guidance on those aspects of the Licence and Merredin Solar Farm's performance criteria, which it expects to be reported upon and included in the scope of the performance audit in its *Electricity Compliance Reporting Manual* (**Reporting Manual**).

The audit approach applies the singular audit priority assessment approach to identify all applicable licence obligations. Each of the compliance requirements identified in the Reporting Manual have been evaluated for applicability to Merredin Project Company's electricity generation operations and used as the basis for determining the performance criteria to be considered for the audit. All applicable compliance requirements are listed at **Appendix 2**.

The audit period is 31 August 2022 to 30 August 2024. The Reporting Manual has undergone two revisions since 31 August 2022, to reflect changes in electricity licensees' obligations. The revised versions of the Reporting Manual were issued in January 2023 and February 2023.

As there were no significant changes to generation licence obligations throughout the period subject to audit this audit will use the current February 2023 version of the Reporting Manual as the primary audit reference.

Table 1 below outlines the compliance requirements that apply to Merredin Project Company's electricity generation operations during the period subject to audit. Where necessary, further explanation is provided to describe the obligation application.

Note that due to Merredin Project Company's current operating arrangements, a number of those obligations are not likely to be triggered during the period subject to audit. In such instances, the obligation remains applicable to the scope of this audit, with the audit report to identify and describe instances where an obligation cannot be assessed and rated. The assessment is made against the current (February 2023) Reporting Manual.

Table 1 – Application of legislative elements to Merredin Project Company's electricity generation operations

Legislative element	Application to Merredin Project Company's electricity operations
Electricity Industry Act 2004	7 of the 11 Electricity Industry Act obligations are applicable to Merredin Project Company's electricity generation operations.
Electricity Licences	8 of the 14 Electricity Licence obligations are applicable to Merredin Project Company's electricity generation operations.
Electricity Industry Metering Code	21 of the 159 Metering Code obligations are applicable to Merredin Project Company's electricity generation operations.

Merredin Project Company's responsibility for compliance with the conditions of the Licence

Merredin Project Company is responsible for:

- Compliance with the Licence
- Identifying risks that threaten the conditions within the Licence being met
- Identifying suitable compliance requirements as specified by the ERA
- Identifying, designing and implementing controls to enable the conditions within the Licence to be met and to monitor ongoing compliance
- Implementing corrective actions for instances of non-compliance.

AAG's responsibility

Our responsibility is to express an opinion on Merredin Project Company's compliance, in all material respects, with the licence obligations as evaluated against its Licence Conditions for the period from 31 August 2022 to 30 August 2024. We will conduct our engagement in accordance with the Audit Guidelines and the Standard on Assurance Engagements ASAE 3100 Compliance Engagements (**ASAE 3100**) issued by the Auditing and Assurance Standards Board.

ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Merredin Project Company has complied, in all material respects, with the licence obligations as evaluated against its Licence Conditions. This assurance engagement will involve performing procedures to obtain evidence about the compliance activity and controls implemented to meet the conditions within the Licence. The procedures selected depend on our judgement, including the identification and assessment of risks of material noncompliance with the relevant licence conditions.

Limitations of use

Our report will be produced solely for the information and internal use of Merredin Project Company and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner or for any purpose, on our report.

We understand that a copy of our report will be provided to the ERA for the purpose of meeting Merredin Project Company's reporting requirements of section 13 of the Act. We agree that a copy of our report may be provided to the ERA for its information in connection with this purpose, however we accept no responsibility to the ERA or to anyone who is provided with or obtains a copy of our reports.

Inherent limitations

Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Accordingly, readers of our report should not rely on the report to identify all potential instances of non-compliance which may occur.

An assurance engagement relating to the period from 31 August 2022 to 30 August 2024 will not provide assurance on whether compliance with the Licence will continue in the future.

Independence

In conducting our engagement, we will comply with the independence requirements of the Australian professional accounting bodies.

Approach

The audit will be conducted in three distinct phases, being a risk assessment, system analysis/walkthrough and testing and review. From the audit results, a report will be produced to outline findings, overall compliance assessments and recommendations for improvement in line with the Audit Guidelines. Each step of the audit is discussed in detail below.

Risk assessment

The audit will focus on identifying or assessing those activities and management control systems to be examined and the matters subject to audit. Therefore, the purpose of conducting the risk assessment as a preliminary phase enables the auditor to focus on pertinent/high risk areas of Merredin Project Company’s licence obligations. The risk assessment considers any changes to Merredin Project Company’s systems and processes and any matters of significance raised by the ERA and/or Merredin Project Company. The levels of risk and materiality of the process determine the level of audit required, i.e. the greater the materiality and the higher the risk, the more audit effort to be applied.

The first step of the risk assessment is the rating of the potential consequences of Merredin Project Company not complying with its licence obligations, in the absence of mitigating controls.

As the Reporting Manual is prescriptive in its criteria for classifying the consequences of non-compliance (refer to Appendix 1-1) the risk assessment applies the Reporting Manual’s classifications for each obligation subject to audit.

Once the consequence has been determined, the likelihood of Merredin Project Company not complying with its obligations is assessed using the likelihood rating listed at Table 17 of the Audit Guidelines (refer to Appendix 1-2). The assessment of likelihood is based on the expected frequency of Merredin Project Company’s non-compliance with the relevant licence obligation over a period of time.

Table 2 below (sourced from the Audit Guidelines) outlines the combination of consequence and likelihood ratings to determine the level of inherent risk associated with each individual obligation.

Table 2: Inherent risk rating

	Consequence		
Likelihood	Minor	Moderate	Major
Likely	Medium	High	High
Probable	Low	Medium	High
Unlikely	Low	Medium	High

Once the level of inherent risk has been determined, the adequacy of existing controls is assessed in order to determine the level of control risk. Controls are assessed and prioritised as weak, moderate or strong dependant on their suitability to mitigate the risks identified. The control adequacy ratings used by this risk assessment are aligned to the ratings specified in the Audit Guidelines (refer to Appendix 1-3). Once inherent risks and control risks are established, the audit priority can then be determined using the matrix specified in the Audit Guidelines (refer to Table 3 below). Essentially, the higher the level of risk the more substantive testing is required.

Table 3: Assessment of Audit Priority

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

The following table outlines the audit requirement for each level of audit priority. Testing can range from extensive substantive testing around the controls and activities of processes to confirming the existence of controls through discussions with relevant staff.

Table 4: Audit Priority Table

Priority rating	Audit requirement
Audit Priority 1	<ul style="list-style-type: none"> • Via interview and walkthrough, understand relevant processes and controls • Examine relevant documents, including compliance registers and reports • Obtain evidence of policies, procedures and controls being in place and working effectively • Extensive substantive testing of activities and/or transactions • Follow-up and if necessary, re-test matters previously reported.
Audit Priority 2	<ul style="list-style-type: none"> • Via interview and walkthrough, understand relevant processes and controls • Examine relevant documents, including compliance registers and reports • Obtain evidence of policies, procedures and controls being in place and working effectively • Moderate substantive testing of activities and/or transactions • Follow-up and if necessary, re-test matters previously reported.
Audit Priority 3	<ul style="list-style-type: none"> • Via interview and walkthrough, understand relevant processes and controls • Examine relevant documents, including compliance registers and reports • Limited controls testing (moderate sample size) to assess whether policies, procedures and controls are in place and working effectively • Follow-up of matters previously reported.
Audit Priority 4	<ul style="list-style-type: none"> • Confirmation of existing controls via walk through of key processes and examination of key documents including policies and procedures, compliance/breach registers and reports • Follow-up of matters previously reported.
Audit Priority 5	<ul style="list-style-type: none"> • Confirmation of existing controls via observation, discussions with key staff and/or reliance on key references including policies and procedures, compliance/breach registers and reports (“desktop review”).

The risk assessment has been discussed with Merredin Project Company representatives to gain their input as to the appropriateness and factual accuracy of risk and control ratings and associated explanations. The key sources considered in reaching our preliminary assessment of the risk and control ratings were based on:

- Review of annual compliance reports lodged by Merredin Project Company
- Our understanding of Merredin Project Company’s regulatory environment

- Any other factors that may influence the level or strength of controls
- Consideration of relevant circumstances and activity that trigger specific compliance obligations.

At this stage, the risk assessment can only be a preliminary assessment based on reading of documentation and interviews by the auditors. It is possible that the ratings and risk assessment comments may be revised as we conduct our work and new evidence comes to light. The performance audit risk assessment is attached at Appendix 2.

System analysis / walkthrough

The systems analysis required will be determined utilising the audit priority scale outlined above. Once the priority level has been defined, the testing component will take place by way of interviewing key operational and administrative staff who will outline information that displays compliance with the Licence requirements.

In performing this analysis/walkthrough, we will consider the following:

- The control environment: Merredin Project Company's management philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of key staff members
- Information systems: The appropriateness of Merredin Project Company's information systems to record the information needed to comply with the Licence, the accuracy of data, the security of data and documentation describing the information system
- Control procedures: The presence of systems and procedures to ensure compliance with the Licence, effectiveness of Merredin Project Company's internal control structure to detect and correct non-compliance. Specific consideration will be given to significant changes in relevant systems and procedures implemented during the period subject to audit
- Compliance attitude: Action taken by Merredin Project Company in response to any previous non-compliances. Consideration will be given to the timing of action taken during the period subject to audit and whether the action has a permanent impact on Merredin Project Company's level of compliance
- Outcome compliance: Actual performance against standards prescribed in the Licence throughout the audit period.

Where required, an observation of processes, procedures and operations and review of key documents will occur to assist in the determination of Merredin Project Company's compliance with Licence obligations. Key documents, which may be subject to audit, are not specifically disclosed in this plan. A list of documents examined will be included in the audit report.

Testing/review

Using the results of the risk assessment and systems analysis, detailed testing and analysis will be performed to compare those standards maintained by Merredin Project Company with the relevant sections and schedules of the Licence.

Control testing is performed for those licence obligations with an audit priority 3 and above (refer to table 4), and where there is relevant activity. This method of testing will involve:

- Understanding the population of transactions
- Selecting a sample of transactions to examine compliance with relevant sections of applicable legislation, codes and regulations
- Comparing the sample selected to expected requirements as mandated by relevant sections of applicable legislation, codes and regulations.

A full work program will be completed to record the specific aspects of our testing and analyses for each licence obligation. This work program will be based on:

- The audit priority determined by the risk assessment applicable to each licence obligation
- The results of the systems analysis performed, as described above
- AAG’s sampling methodology, which is in accordance with ASA 530 (Audit Sampling) and takes account of the volume and frequency (e.g. daily, weekly, monthly, annual) of relevant transactions. Sample sizes typically range from 1 to 30, increasing with the volume and frequency of transactions
- The location of personnel and transactions to be tested.

Due to Res Group’s head office operations being in Sydney, NSW and Risen Energy’s primary operations being in Brisbane, Queensland, audit fieldwork will be performed remotely and where appropriate at the Merredin Solar Farm premises near Merredin.

Reporting

The performance audit report will also be structured to address all of the minimum contents specified in section 5 of the Audit Guidelines.

In accordance with the Audit Guidelines, all aspects of compliance with the Licence will be assessed according to the rating scale based on the work performed. Refer to **Table 5** below for the compliance levels that will be used for the performance audit.

Table 5: Compliance and control rating scales

Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
N/P	Not performed – A controls rating was not required	N/R	Not rated – No activity took place during the audit period

Merredin Project Company is responsible for providing a separate post audit implementation plan, if required.

Appendix 1 - Risk assessment key

1-1 Criteria for classification of compliance obligations

Source: Electricity Compliance Reporting Manual February 2023

Rating (type)	Classification of Non-Compliance	Criteria for classification
1	Major	Classified on the basis that: <ul style="list-style-type: none"> The consequences of non-compliance would cause major damage, loss or disruption to customers; or The consequences of non-compliance would endanger or threaten to endanger the safety or health of a person.
2	Moderate	Classified on the basis that: <ul style="list-style-type: none"> The consequences of non-compliance will affect the efficiency and effectiveness of the licensee’s operations or service provision, but will not cause major damage, loss or disruption to customers, or The regulatory obligation is not otherwise classified as Type 1 or Type NR non-compliance. Reclassification of Type 2 to Type 1 may occur in circumstances of systemic non-compliance.
NR (not reportable)	Minor	Classified on the basis that: <ul style="list-style-type: none"> The consequences of non-compliance are relatively minor – i.e. non-compliance will have minimal effect on the licensee’s operations or service provision and do not cause damage, loss or disruption to customers; Compliance with the obligation is immeasurable; The non-compliance is required to be reported to the ERA under another instrument, guideline or code; The non-compliance is identified by a party other than the licensee; or The licensee only needs to use its reasonable or best endeavours to achieve compliance, or where the obligation does not otherwise impose a firm obligation on the licensee. Reclassification of Type NR to Type 2 may occur in circumstances of: <ul style="list-style-type: none"> Systemic non-compliance, or A failure to resolved non-compliance promptly.

1-2 Likelihood ratings

Source: Audit Guidelines: Electricity and Gas Licences March 2019

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

1-3 Preliminary adequacy ratings for existing controls

Source: Audit Guidelines: Electricity and Gas Licences March 2019

Level	Description
Strong	Controls mitigate the identified risks to a suitable level
Moderate	Controls only cover significant risks; improvement required
Weak	Controls are weak or non-existent and do little to mitigate the risks

Appendix 2 - Risk assessment

Obligation numbers and references listed below are sourced from the February 2023 Reporting Manual. Only those obligations relevant to Generation Licensees are listed.

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
12 Electricity Industry Act - Licence Conditions and Obligations								
101	Section 13(1)	A licensee must provide the ERA with a performance audit conducted by an independent expert acceptable to the ERA, not less than once every 24 months or any longer period that the ERA allows.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
102	Section 14(1)(a)	A licensee must provide for an asset management system.	2	Moderate	Probable	Medium	Moderate	Priority 4
103	Section 14(1)(b)	A licensee must notify details of the asset management system and any substantial changes to it to the ERA.	2	Moderate	Probable	Medium	Weak	Priority 3
104	Section 14(1)(c)	A licensee must provide the ERA with a report by an independent expert about the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	2	Minor	Unlikely	Low	Moderate	Priority 5
105	ERA (Licensing Funding) Regulations 2014	A licensee must pay the prescribed licence fees to the ERA according to clauses 6, 7 and 8 of the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> .	2	Moderate	Probable	Medium	Weak	Priority 3
106	Section 31(3)	A licensee must take reasonable steps to minimise the extent, or duration, of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.	NR	Minor	Probable	Low	Moderate	Priority 5
107	Section 41(6)	A licensee must pay the costs of taking an interest in land or an easement over land.	2	Moderate	Probable	Medium	Moderate	Priority 4
13. Electricity Licences – Licence Conditions and Obligations								
119	Licence condition 4.3.1	A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	2	Moderate	Probable	Medium	Moderate	Priority 4
120	Licence condition 5.2.4	A licensee must comply with any individual performance standards prescribed by the ERA.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
121	Licence condition 5.3.2	A licensee must comply, and require its auditor to comply, with the ERA's standard audit guidelines for a performance audit.	2	Moderate	Unlikely	Medium	Moderate	Priority 4

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
122	Licence condition 5.1.5	A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the ERA's standard audit guidelines for an asset management system review.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
123	Licence condition 4.4.1	In the manner prescribed, a licensee must notify the ERA, if it is under external administration or if there is a significant change in the circumstances that the licence was granted which may affect the licensee's ability to meet its obligations.	2	Moderate	Probable	Medium	Weak	Priority 3
124	Licence condition 4.5.1	A licensee must provide the ERA, in the manner prescribed, with any information that the ERA requires in connection with its functions under the Electricity Industry Act.	2	Moderate	Probable	Medium	Weak	Priority 3
125	Licence condition 3.8.1 and 3.8.2	A licensee must publish any information as directed by the ERA to publish, within the timeframes specified.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
126	Licence condition 3.7.1	All notices must be in writing, unless otherwise specified.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
14 Electricity Industry Metering Code – Licence Conditions and Obligations								
324	Clause 3.3B	If a user is aware of bi-directional electricity flows at a metering point that was not previously subject to a bi-directional flows or any changes in a customer's or user's circumstances in a metering point that will result in bi-directional flows, the user must notify the network operator within 2 business days.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
339	Clause 3.11(3)	A Code participant who becomes aware of an outage or malfunction of a metering installation must advise the network operator as soon as practicable.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
371	Clause 4.4(1)	If there is a discrepancy between energy data held in a metering installation and in the metering database, the affected Code participants and the network operator must liaise to determine the most appropriate way to resolve the discrepancy.	NR	Minor	Unlikely	Low	Moderate	Priority 5
372	Clause 4.5(1)	A Code participant must not knowingly permit the registry to be materially inaccurate.	NR	Minor	Unlikely	Low	Moderate	Priority 5
373	Clause 4.5(2)	Subject to subclause 5.19(6), if a Code participant, other than a network operator, becomes aware of a change to, or inaccuracy in, an item of standing data in the registry, then it must notify the network operator and provide details of the change or inaccuracy within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
388	Clause 5.4(2)	A user must, when reasonably requested by a network operator, assist the network operator to comply with the network operator's obligation under subclause 5.4(1)	2	Moderate	Unlikely	Medium	Moderate	Priority 4

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
401	Clause 5.16	If a user collects or receives energy data from a metering installation then the user must provide the network operator with the energy data (in accordance with the communication rules) within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
405	Clause 5.18	If a user collects or receives information regarding a change in the energisation status of a metering point then the user must provide the network operator with the prescribed information, including the stated attributes, within the timeframes prescribed.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
416	Clause 5.21(5)	A Code participant must not request a test or audit under subclause 5.21(1) unless the Code participant is a user and the test or audit relates to a time or times at which the user was the current user or the Code participant is the IMO.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
417	Clause 5.21(6)	A Code participant must not make a request under subclause 5.21(1) that is inconsistent with any access arrangement or agreement.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
448	Clause 6.1(2)	A user must, in relation to a network on which it has an access contract, comply with the rules, procedures, agreements and criteria prescribed.	2	Moderate	Probable	Medium	Moderate	Priority 4
451	Clause 7.2(1)	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.	NR	Minor	Probable	Low	Moderate	Priority 5
453	Clause 7.2(4)	If requested by a network operator with whom it has entered into an access contract, the Code participant must notify its contact details to a network operator within 3 business days after the request.	2	Moderate	Probable	Medium	Moderate	Priority 4
454	Clause 7.2(5)	A Code participant must notify any affected network operator of any change to the contact details it notified to the network operator under subclause 7.2(4) at least 3 business days before the change takes effect.	2	Moderate	Probable	Medium	Moderate	Priority 4
455	Clause 7.5	A Code participant must subject to subclauses 5.17A and 7.6 not disclose, or permit the disclosure of, confidential information provided to it under or in connection with the Code and may only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Code.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
456	Clause 7.6(1)	A Code participant must disclose or permit the disclosure of confidential information that is required to be disclosed by the Code.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
457	Clause 8.1(1)	If any dispute arises between any Code participants, then (subject to subclause 8.2(3)) representatives of disputing parties must meet within 5 business days after a notice given by a disputing party to the other disputing parties and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Moderate	Priority 5

No	Obligation reference	Obligation description	Type	Consequence	Likelihood	Inherent Risk Rating	Control Assessment	Audit Priority
458	Clause 8.1(2)	If a dispute is not resolved within 10 business days after the dispute is referred to representative negotiations, the disputing parties must refer the dispute to a senior management officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Moderate	Priority 5
459	Clause 8.1(3)	If the dispute is not resolved within 10 business days after the dispute is referred to senior management negotiations, the disputing parties must refer the dispute to the senior executive officer of each disputing party who must meet and attempt to resolve the dispute by negotiations in good faith.	NR	Minor	Unlikely	Low	Moderate	Priority 5
460	Clause 8.1(4)	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.	2	Moderate	Unlikely	Medium	Moderate	Priority 4
461	Clause 8.3(2)	The disputing parties must at all times conduct themselves in a manner which is directed towards achieving the objective in subclause 8.3(1).	NR	Minor	Unlikely	Low	Moderate	Priority 5

Appendix 3 - Previous audit recommendations

The 2021 performance audit made the following two recommendations.

Issue 1/2021

Obligations 103, 105, 123 and 124 (rated as C2)

Obligation 103 - Electricity Industry Act Section 14(1)(b)

At the commencement of this audit, MSF had not notified details of its AMS to the ERA as required by Electricity Industry Act Section 14 (1)(b) and therefore was non-compliant with this obligation.

Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised this obligation until the time of this audit and did not have a mechanism in place to ensure it recognised and dealt with licence compliance obligations in a proactive manner.

The Operations and Maintenance Manager notified details of MSF's asset management system to the ERA on 5 July 2021.

Obligation 105 Electricity Industry Act Section 17(1); ERA (Licensing Funding) Regulations 2014

MSF did not pay its Annual Licence Charge due on 18 January 2019 (i.e. one month after the anniversary of the grant of the licence) by the due date.

Through discussion with the Operations and Maintenance Manager, we determined that MSF had not recognised the specific obligation to ensure licence fees are paid within one month of the licence anniversary, instead MSF relied on its accounts payable processes following receipt of an invoice from the ERA.

Obligation 123 – Licence condition 4.4.1

Licence condition 4.4.1 requires MSF to report to the ERA within prescribed timeframes:

- (c) Any change in the Licensee's name, ABN or address (within 10 business days of the change occurring).

Due to the change in ownership to Risen Energy (Australia) Pty Ltd, MSF's address and contact details changed in December 2018. However the ERA was not notified of the change until February 2019, which did not meet the 10-business day requirement.

Obligation 124 – Licence condition 4.5.1

We observed that in accordance with its obligation to submit annual compliance reports to the ERA by 31 August each year, MSF did not submit the 2019/20 compliance report by the due date of 31 August 2020

Through discussion with the Operations and Maintenance Manager, we determined that MSF has not implemented an effective mechanism in place to ensure it recognises and deals with licence compliance obligations in a proactive manner.

Recommendation 1/2021

MSF maintain a compliance register for all Licence obligations that require action in a prescribed timeframe, or when triggered by a relevant event. This register should be used as a working tool, with tasks allocated to responsible staff.

Action Plan 1/2021

Engage a consultant experienced in compliance monitoring to design a compliance matrix and controls.

Implement the compliance matrix for MSF.

Responsible person: O&M Manager

Target date: March 2022

Issue 2/2021

Obligation 119 – Licence condition 4.3.1 (rated as B2)

Our examination of the Financial Reports and Financial Statements for the period ending 20 December 2018, the year ending 30 June 2019 and the six months ending 31 December 2020 concluded that these special purpose financial statements do not include sufficient information to demonstrate compliance with the Australian Accounting Standards Board Standards. In particular, Note 1 Basis of preparation to the Financial Statements state that the financial statements “...do not comply with any Australian Accounting Standards unless otherwise stated”, for which no exceptions are stated.

Recommendation 2/2021

MSF reconsider its approach for preparing financial statements that comply with the requirement to maintain accounting records in accordance with the Standards.

Action Plan 2/2021

Accounting format and content has been changed to ensure the annual accounts comply with the Australian accounting standards.

The 2020 annual accounts were provided to Auditor post Audit to confirm.

Responsible person: O&M Manager

Target date: October 2021

Appendix B - References

MPC representatives participating in the audit

- Asset Manager, RES Group
- Operations and Maintenance Manager, Risen Energy
- Site Electrical Technician, Risen Energy

AAG staff participating in the audit

	Hrs
• Andrew Baldwin Executive Director	16.5
• Margaret-Mary Gauci Consultant	30.5
• Stephen Linden Director (QA review)	1

Key documents and other information sources examined

- EGL28 2021 Performance Audit – Final Report – September 2021
- Electricity Generation Licence, Merredin Project Company Pty Ltd EGL28, version3, 31 August 2022
- 2019 Audit and Review Guidelines, Electricity and Gas Licences, March 2019
- Annual Report, Merredin Holding Trust 2023
- Merredin Solar Farm Asset Management Plan v 4
- EGL28 2024 AMS Review report
- ERA Annual Licence Charges invoices
- ERA Standing Charges invoices
- Evidence of payment of charges and lease fees
- MSF Asset Maintenance Plan 1A reviewed
- MSF Risk Management Plan – Fire
- MSF Emergency Response Plan
- Merredin Solar Farm Asset Management Plan rev 4
- Merredin Project Company EGL28 audit and AMS review – confirmations by RES Group
- Merredin Holding Trust Annual Report 31 December 2023
- Merredin Project Company Organisation Chart
- MSF Compliance Reports, 22/23, 23/24
- MSF Quarterly Board Report Apr-Jun 2024
- Email: Late Submission – data used to calculate 2023 Electricity Licence Standing Charges
- Post-audit implementation plan – 2021 audit – EGL028 Merredin Solar Farm Nominee Pty Ltd May 2022 update
- Performance audit (Licence Compliance Obligations) information request