



Ausgrid

12-month Ring-fencing Compliance

For the period ended 31 December 2022



Executive Summary

Background

The Australian Energy Regulator's ("AER") is the economic regulator over Distribution Network Service Providers ("DNSP") in the National Electricity Market ("NEM"). The role of AER includes monitoring compliance with the Ring-fencing Guidelines issued under clause 6.17.2. of the National Energy Sector Rules. The guidelines have been amended on 3 November 2021 to Version 3 and applicable for DNSPs from 3 February 2022. Version 2 remained applicable for DNSPS to apply from 1 January 2022 to 2 February 2022.

DNSPs are required to prepare an annual report on ring-fencing compliance for submission to the AER. This compliance report must include:

- The measure the DNSP has taken to ensure compliance with its obligations under the Ring-fencing guidelines.
- Any breaches of the Ring Fencing Guidelines by the DNSP, or which otherwise relate to the DNSP.
- All other services provided by the DNSP in respect of clause 3.1 in the Ring-fencing guidelines.
- The purpose of all transactions between the DNSP and an affiliated entity.

In accordance with Ring-fencing Guideline clause 6.2.1 (c), DNSPs are required to accompany their annual compliance report with an assessment of compliance, performed by a suitably qualified independent authority.

Methodology

Ausgrid Operator Partnership (ABN 78 508 211 731) has prepared an annual compliance report under the Ring-Fencing Guidelines for the 12-month period ended 31 December 2022.

We obtained an understanding of the Ring-Fencing Guidelines and other engagement circumstances specific to Ausgrid sufficient to enable the identification and assessment of the risk of non-compliance with the Ring-fencing Guideline, that were not disclosed in the Ausgrid compliance report for the 12-month period ended 31 December 2022.

We tested the obligation clauses as per the Ring-fencing Guideline and conducted interviews with key stakeholders to understand how Ausgrid satisfies each obligation. From our interviews we identified the key policies and procedures, processes and controls that management has put in place to satisfy each obligation.

We performed an analysis of the key controls that management has put into place to comply with each obligation, to understand whether control gaps exist which could enable an obligation to remain unsatisfied.

We then conducted limited sample testing over the identified controls to determine whether Ausgrid complied, in all material respects, with the Ring-Fencing Guideline over 1 January 2022 to 31 December 2022.

Summary of Findings

For the current reporting period of 1 January 2022 to 31 December 2022 we have not identified any exceptions. An assessment of each obligation has been reported in Section 3.

Limitations

Our methodology involved obtaining an understanding of the Ring-fencing Guidelines, identifying the obligation clauses as per the Ring-fencing Guideline applicable to Ausgrid, and designing and performing procedures to determine whether management controls are in place to satisfy the obligation clauses as per the Ring-Fencing Guideline. Our tests of controls were primarily conducted using inquiry, observation, and inspection procedures. In certain situations, we have relied upon representations from management through inquiry only.

Due to the limitations of this review, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected. This review does not ensure that compliance with the Ring-fencing Guideline will continue.

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Independent assurance report on Ausgrid's Statement of Compliance with the Ring-fencing Guideline

To the Directors of Ausgrid and the Australian Energy Regulator

Opinion

We have undertaken a reasonable assurance engagement on Ausgrid's Statement of Compliance with the Ring-fencing Guideline, in all material aspects, under clause 6.17.2 of the National Electricity Rule throughout the 12-month period ended 31 December 2022. This Statement will accompany our report, for the purpose of reporting to the Australian Energy Regulator.

In our opinion, Ausgrid's Statement of Compliance with the Ring-fencing Guideline is fairly presented in that Ausgrid has complied with the Ring-fencing Guideline under clause 6.17.2 of National Electricity Rule throughout the 12-month reporting period ended 31 December 2022.

Ausgrid's responsibilities

Ausgrid is responsible for:

- (a) Providing a Statement with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, which accompanies this independent assurance report.
- (b) Identification of the compliance requirements under the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules.
- (c) The compliance activity undertaken to meet the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules.
- (d) Identification and implementation of control which will mitigate those risks that prevent the compliance requirements of the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules being met and monitoring ongoing compliance.

Our Independence and quality management

We have complied with the ethical requirements, of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on *Quality Management ASQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au



Our responsibility

Our responsibility is to express an opinion on Ausgrid’s Statement of Compliance with the Ring-fencing Guideline, in all material aspects, under clause 6.17.2 of the National Electricity Rules, for the 12-month period ended 31 December 2022.

An assurance engagement to report on Ausgrid’s Statement of Compliance with the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the Ring-fencing Guideline.

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 for the period ended 31 December 2022 does not provide assurance on whether compliance with the Ring-fencing Guideline, under clause 6.17.2 of the National Electricity Rules, will continue in the future.

Use of report

This report has been prepared for use by the Directors of Ausgrid and the Australian Energy Regulator for the purpose of meeting the Annual compliance requirements of the Ring-fencing Guideline, under clause 6.17.2 of National Electricity Rules. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of Ausgrid and the Australian Energy Regulator, or for any purpose other than that for which it was prepared.

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A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long, sweeping horizontal stroke extending to the right.

Craig Thomason
Partner

26 April 2023

Assessment of obligations

The Ausgrid Ring-fencing 12-month Compliance Report sets out the statement of compliance for the Regulatory period ended 31 December 2022. Our Independent Assurance Report to the Directors of Ausgrid and the Australian Energy Regulator is set out in Section 3 - Assurance report.

This report (Sections 4 to 6) provides additional detail of our procedures and results, to provide transparency into the controls Ausgrid has implemented to meet its Ring-fencing obligations. This is prepared at the request of Ausgrid, in consultation with the AER, and goes beyond the requirements of the Ring-fencing Guidelines.

In Section 5 we report our observations on each Ring-fencing Guideline and a control effectiveness rating. The table below summaries our rating and key observations against each obligation area of the Ring-fencing Guideline.

In Section 5, we have included details of any exceptions noted. In Section 6, we provide details of the work performed and results.

Effective	Controls in place are effective in meeting the obligation of the Ring-Fencing Guideline.
Partially effective	Controls in place are partially effective in meeting the obligation of the Ring-Fencing Guideline.
Not effective	Controls in place are not effective in meeting the obligation of the Ring-Fencing Guideline.

Assessment of obligations (continued)

Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
3.1	Legal Separation	Compliant	Effective	None noted for the current year; see section 5 for an updated on our prior year observation.
3.2.1	Separate accounts	Compliant	Effective	None noted for the current year
3.2.2	Cost Allocation and attribution	Compliant	Effective	None noted for the current year
4.1	Obligation to not discriminate	Compliant	Effective	None noted for the current year; see section 5 for an updated on our prior year observation.
4.2.1	Physical separation/co-location	Compliant	Effective	None noted for the current year; see section 5 for an updated on our prior year observation.
4.2.2	Staff sharing	Compliant	Effective	None noted for the current year
4.2.3	Branding and cross-promotion	Compliant	Effective	None noted for the current year
4.2.4	Office and staff registers	Compliant	Effective	None noted for the current year

Assessment of obligations (continued)

Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
4.3.1	Protection of ring-fenced information	Compliant	Effective	None noted for the current year
4.3.2	Disclosure of information	Compliant	Effective	None noted for the current year; see section 5 for an updated on our prior year observation.
4.3.3	Sharing of information	Compliant	Effective	None noted for the current year
4.3.4	Information register	Compliant	Effective	None noted for the current year
4.3.5	No waiver	Compliant	Effective	None noted for the current year
4.4	Service providers	Compliant	Effective	None noted for the current year
5	Waivers	Compliant	Effective	None noted for the current year
6.1	Maintaining Compliance	Compliant	Effective	None noted for the current year
6.2	Reporting	Compliant	Effective	None noted for the current year
6.3	Compliance breaches	Compliant	Effective	None noted for the current year

Observations noted

Through this year's assessment performed, we have not identified any new observations, breaches, or continuous improvement points for Ausgrid. We have included below instead the observations raised in prior year, and provided an update based on our assessment in the current year.

Prior year observation (18 months to 31 December 2021)					Current year update (12 months to 31 December 2022)
Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment	Comment
PY1	3.1 (b)	DNSP may not provide 'other services'	<p>Ausgrid stated that its Vulnerable Customer Protocol ("VCP") authorises staff to intentionally breach 3.1 (b) of the Guideline.</p> <p>Ausgrid considers customers to be vulnerable if they may be unable to source supply restoration services from contestable markets, thus endangering the health and safety of those customers.</p> <p>The VCP is only used in instances not covered by the 30-minute determination.</p>	<p>PwC noted no intentional breaches during the observation period. PwC did however note that in prior audit years breaches pursuant to the VCP have occurred: given the historical instances, and the ongoing implementation of the VCP, it is not unreasonable to expect breaches of this type could occur again in the future.</p> <p>Ausgrid has been consistently transparent on the matter. It has communicated the VCP and its implications to the AER. Breaches occurring in prior years pursuant to the VCP have been reported in accordance with the Guideline.</p>	<p>We did not note any instances of intentional breaches to this obligation during the current year. During the current reporting period, all contestable work performed by Ausgrid under the Vulnerable Customer Protocol were in line with the '30 Minute Rule', and as such did not breach this obligation.</p> <p>Please see Control Ref. 12 in Section 6 of this report for details.</p>
PY2	4.2.1	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.	Physical separation between procurement staff for Ausgrid and PLUS ES was enhanced during the reporting period.	<p>PwC noted at the beginning of the audit period there was a lack of physical separation between Ausgrid and affiliates procurement teams. However, the matter had been observed in the prior reporting period and the AER stated there was "adequate separation of procurement staff in place to comply with the Guideline".</p> <p>Within the reporting period, management took steps to enhance its adherence to this separation obligation and the two teams are now physically as well as functionally separated.</p>	In the current reporting period, we observed that the controls put in place last year to physically and functionally separate PLUS ES and Ausgrid staff are still in place and operating effectively.

Observations noted (continued)

Prior year observation (18 months to 31 December 2021)					Current year update (12 months to 31 December 2022)
Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment	Comment
PY3	4.1 (c) (iv)	A DNSP must not disclose to a related electricity service provider.	User access reviews are conducted on an ad hoc basis: there is no set schedule for review.	PwC recommends that Ausgrid perform user access reviews on a prescribed schedule at an appropriate frequency.	<p>Ausgrid implemented annual user access reviews within the Identity Access Management (IAM) application, commencing March 2022.</p> <p>On 1 June 2022, Ausgrid implemented user access reviews when job roles and position IDs are changed in IAM. The new manager is then requested to approve or revoke access.</p>
PY4	4.3.2	DNSP must keep confidential information confidential.	<p>Periodic review of emails sent without classification (partial ring-fencing control)</p> <p>During the period, Ausgrid introduced control checks under which the transmission of certain categories of document outside the organisation is subject to manager pre-approval.</p>	<p>Management has indicated that this control is primarily focused on the sharing of general information within emails sent outside Ausgrid. Ausgrid recognises that enhanced monitoring can potentially assist in Ring fencing compliance.</p> <p>PwC recommends that Ausgrid conduct a review of this control with the aim of assessing whether it could be further developed or adapted so as to more directly relate to Ring-fencing risks.</p>	Ausgrid implemented a tool which blocked emails containing potentially sensitive information from immediate distribution and routed them through a management approval process.

Details and testing results

This table below outlines a summary of the work performed for each obligation in the Ring-fencing Guidelines, the results from the procedures, and whether Ausgrid has complied with the Ring-fencing Guidelines over the 12- Month period ending 31 December 2022, including any breaches or other areas for improvement in policies, procedures or controls identified at Ausgrid.

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
1	3.1 (a) A DNSP must be a legal entity.	Maintain Australian Company status of the DNSP	<ul style="list-style-type: none"> We obtained and inspected the Legal Entity Structure for Ausgrid and PLUS ES. We independently conducted an ABN and an ACN lookup for Ausgrid and PLUS ES to validate that they are separate entities. 	<p>The legal entity structure clearly demonstrates the separation between Ausgrid as the Network operating partner (NOP) and Plus ES as the Network unregulated partner (NUP).</p> <p>The ASIC search validated that Ausgrid and PLUS ES are separate legal entities with separate ABN and ACN numbers.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
15		Ensure Distributors Licence remains valid and current	<ul style="list-style-type: none"> We obtained and inspected the Distributors License issued to Ausgrid from IPART and was signed by the relevant Minister on 28 November 2016. We ensured that the Distributor's Licence is in Ausgrid's name. 	<p>Ausgrid holds a valid and current Distributors Licence which is concurrent with the version published on the IPART external website. Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
10	3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	Ausgrid's website assists customers to find an ASP to perform contestable service	<ul style="list-style-type: none"> We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website also informs customers that Ausgrid does not perform contestable services. 	Based on the procedures performed we have not identified any matters of exception.
12		Vulnerable customer protocol is applied by Field Operations unit	<ul style="list-style-type: none"> We inspected that Ausgrid had a vulnerable customer protocol in place which is readily accessible to the Field Operation units to apply in situations where required. We inspected the Vulnerable Customer Protocol to ensure that its wording covered specific instances in which it should be enacted. We inspected all jobs throughout the year and found no instances in which the Vulnerable Customer Protocol was enacted. Furthermore, we performed detailed analysis which were below 30 minutes. 	<p>In an event the Vulnerable Customer Protocol were to be enacted, this would technically be in breach of Clause 3.1 (b) as Ausgrid would be providing contestable works. Ausgrid's application for a waiver to perform these works was denied by the AER, however Ausgrid have the intention to perform these jobs despite the restrictions. However, this control was not used in the current reporting period therefore no breaches took place.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
49	3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	Services Agreement clearly defines the services the DNSP entity will provide, and what the affiliate will provide.	<ul style="list-style-type: none"> We inspected the Ausgrid and PLUS ES Corporate Services Agreement, which clearly defines the separation of works each entity can perform. Ausgrid can perform supply and distribution services and PLUS ES can perform other (contestable) Services. We identified shared corporate service arrangements that are in place per the Corporate Services Agreement between Ausgrid and PLUS ES and ensured these are clearly defined, processes are in place and in line with compliance requirements under 3.2. 	Based on the procedures performed we have not identified any matters of exception.
73		Field Operations Staff advised and regularly reminded of AER 30-minute determination re contestable work.	<ul style="list-style-type: none"> We inspected the contents of the mandatory training module of "Ring Fencing Essential". This training is an annual requirement for all frontline employees and the 30-minute rule is also included in this course as an annual reminder. Per discussion with ARC team and inspecting other ring-fencing related communications issued to employees throughout the reporting period, we noted no other reminders issued specific to the 30-minute rule. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
80	3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	Annual Compliance Review of '30 Minute jobs' data in CASS.	<ul style="list-style-type: none"> We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was issued by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the CASS system pertaining to the reporting period. The review identified no exceptions. We performed further validation procedures by selecting a sample of jobs performed during the reporting period to verify that the work performed by the field operators were within the acceptable threshold of 30 minutes. Based on analysis and evidence provided, we noted that the repair work was performed within the 30 minute threshold. 	Based on the procedures performed we have not identified any matters of exception.
78	3.1 (d) (vii) This clause 3.1 does not prevent a DNSP: supplying other services as a SAPS Resource Provider, provided that the revenue the DNSP receives as a SAPS Resource Provider in a regulatory year does not exceed the generation revenue cap;	Quarterly Review of Scale of Ausgrid Business Activities as a supplier of other services as a SAPS Resource Provider (D)	<ul style="list-style-type: none"> We obtained evidence of the Quarterly Review performed by the ARC team during the year. The review was able to demonstrate that the SAPS register published on Ausgrid's public website is updated based on the scale of other services undertaken by the SAPS in consultation with the network management team. The review also demonstrates the consideration of any expected changes in activity in the future that the ARC team should be aware of in updating the register. We obtained a sample of reviews performed throughout the year to validate: <ul style="list-style-type: none"> Review was consistently undertaken by ARC during the year; Completeness of any breaches or potential to exceed the generation revenue cap stipulated under the obligations; and Evidence of approval over the reviews including that SAPS register published on the website. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
3	3.2.1 (a) A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	AER approved Cost Allocation Methodology (CAM) in place	<ul style="list-style-type: none"> We inquired with the Commercial Finance team on the Ausgrid and PLUS ES Cost Allocation Methodology review process. We inspected the approvals from the AER on the CAM used. 	Based on the procedures performed we have not identified any matters of exception.
72	<p>i. provide its internal accounting procedures to the AER; and / or</p> <p>ii. report on transactions between the DNSP and its affiliated entities.</p> <p>3.2.2 (a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</p>	Annual review of the application of the Cost Allocation Methodology (CAM) is undertaken	<ul style="list-style-type: none"> We obtained evidence of the annual review being undertaken over the CAM by the Commercial finance team. We note that the scope of the review covers all cost allocators across Ausgrid's line of business including PLUS ES. We validated the internal approvals for the annual review undertaken. Furthermore, we perform an annual audit over the regulatory information notice submitted to the AER, and as part of the work performed, the Audit team reviewed whether the cost allocation over the year has been in line with the approved CAM. No issues were noted as part of the FY22 RIN audit. 	Based on the procedures performed we have not identified any matters of exception.
17	3.2.2 (b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides.	Documented process in place for affiliate related financial journal transfers	<ul style="list-style-type: none"> We obtained the end-to-end policy document from Management which outlines the process for internal accounting procedures between Ausgrid and PLUS ES. The policy clearly demonstrates the steps needing to be followed to verify completeness of internal transactions, the reviews and approvals required to initiate, record and transfer journals, accountabilities across the finance team and aligned with the approved CAM. We performed sampling procedures over 3 month-end journal transfer and reconciliations to evidence that the process was in line with the policy in place. We verified that these transactions were in accordance with the CAM and in line with the CSA to verify if there were any instances of other services being provided which would otherwise be restricted under the guideline. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
48	<p>3.2.1 (a) A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.</p> <p>i. provide its internal accounting procedures to the AER; and / or</p> <p>ii. report on transactions between the DNSP and its affiliated entities.</p>	Separate SAP accounting for affiliates	<ul style="list-style-type: none"> We enquired with the financial control team about the SAP systems used by Ausgrid and PLUS ES, and inspected the SAP systems to ensure a separate system exists for each entity. Ausgrid uses SAP ECC 6 and PLUS ES uses SAP S/4 HANA. We inspected the user access requirement to the system. Staff with access to 'PRD' in logon screen was for Ausgrid accounting and 'R19' was for PLUS ES. Users with access to both such as finance team, may have the same username but a different password to access the individual systems. 	Based on the procedures performed we have not identified any matters of exception.
50	<p>3.2.2 (a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</p>	Corporate services Agreement established between the parent and affiliate entities deals with apportionment of costs for shared services	<ul style="list-style-type: none"> We performed enquiries with the Ausgrid Legal team regarding the corporate services agreement and inspected the service agreement to ensure sharing of services are clearly defined between Ausgrid and PLUS ES, and the apportionment of costs for shared services. We performed sampling procedures over intercompany invoices issued and tied them back to the month end intercompany reconciliations and journal transfers including the evidence of review and approvals. We confirmed that these transactions were acceptable services under the agreement and the allocation of costs are in line with the approved CAM. 	Based on the procedures performed we have not identified any matters of exception.
69	<p>3.2.2 (b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides.</p>	Finance team regularly reviews the Labour Services Agreement and on-loan arrangement invoices	<ul style="list-style-type: none"> We enquired with the Ausgrid Finance team regarding the Labour Services Agreement (LSA) and on-loan arrangement review process. We note that allocation of staff costs are validated through a review of on-loan and secondment invoices as part of the month-end intercompany reconciliation process. This control ensure costs are allocated correctly and in accordance with the Labour Services Agreement. We tested a sample of on-loan and secondment employee expenses to ensure: <ul style="list-style-type: none"> Such costs are recorded in line with the LSA and appropriate per the CAM requirements; The services are permissible under Corporate Services Agreement; and The transactions were traceable and captured in the month-end reconciliation and approval process. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
18	<p>3.2.2 (c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b).</p>	<p>Documented process in place for storage of affiliate related transactions/invoices</p>	<ul style="list-style-type: none"> • We obtained an understanding of how transactions and information are maintained separately across accounting systems and storage location between Ausgrid and PLUE ES. • We obtained evidence of storage locations in server drives clearly separated between Ausgrid and PLUS with restricted user access in line with the requirements governed by the CSA. • Ausgrid and PLUS ES maintain separate accounting systems with appropriate user access restrictions. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
10	<p>4.1 (b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <ol style="list-style-type: none"> direct control services by the DNSP (whether to itself or to any other legal entity); and / or contestable electricity services by any other legal entity. 	<p>Ausgrid's website assists customers to find an ASP to perform contestable services.</p>	<ul style="list-style-type: none"> • We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website informs customers that Ausgrid does not perform contestable services. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
11	<p>4.1 (b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or</p> <p>ii. contestable electricity services by any other legal entity.</p>	Contact Centre scripts include generic references to contestable service providers.	<ul style="list-style-type: none"> We inspected the documentation of Call Centre scripts and validated references to contestable services and compliance with ring-fencing requirements. We obtained samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes which includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. 	Based on the procedures performed we have not identified any matters of exception.
10	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>4.1 (c) (i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the DNSP);</p>	Ausgrid's website assists customers to find an ASP to perform contestable services.	<ul style="list-style-type: none"> We inspected the Ausgrid website to ensure that it clearly lists ASP providers who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services. The website informs customers Ausgrid does not perform contestable services. 	Based on the procedures performed we have not identified any matters of exception.
23	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>4.1 (c) (ii) in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions;</p> <p>4.1 (c) (iii) in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider;</p>	Metering Services Agreements in place between Ausgrid and PLUS ES	<ul style="list-style-type: none"> We obtained a copy of the Metering service agreement which demonstrates that Ausgrid and PLUS ES are not related parties in the contract. The agreement dictates specific ring-fencing obligations that both parties need to comply with. We note that the agreements sets out the pricing arrangement and KPIs that need to be met as part of the agreement for regulatory compliance. We inspected samples of management's monthly service level agreement quality review which tracks the provision of PLUS ES services in accordance with the KPIs dictated in the agreement. We obtained a sample of invoices issued during the reporting period and traced them back to the agreement to validate services billed are in line with the terms agreed upon. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
34	Without limiting its scope, clause 4.1(b) requires a DNSP to: 4.1 (c) (i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the DNSP);	Obtain the policy document to verify the Ring-fencing guidelines has been documented adequately.	<ul style="list-style-type: none"> We inspected the PLUS ES policy which sets out the obligations for all PLUS ES employees and the processes to follow in managing ring-fencing guidelines. The responsibilities are clearly defined to ensure awareness of ring-fencing risks when dealing with Ausgrid. 	Based on the procedures performed we have not identified any matters of exception.
4	Without limiting its scope, clause 4.1(b) requires a DNSP to: 4.1 (c) (ii) in like circumstances, deal or offer to deal with a related electricity service provider (or potential competitor) of the related electricity service provider on substantially the same terms and conditions;	PLUS ES staff do not have access to Ausgrid intranet site.	<ul style="list-style-type: none"> We conducted site visits at Ausgrid head office and service depots to validate that PLUS ES staffs have separate offices with separate access cards and restricted physical access to any Ausgrid information or equipment. We selected sample of employees to validate system user access restrictions between Ausgrid and PLUS ES and inspected a sample of system logs during the reporting period to validate that user access was in line with the system rules. We confirmed that any central business updates are supported by two separate links for Ausgrid and PLUS ES intranet sites. 	Based on the procedures performed we have not identified any matters of exception.
5	4.1 (c) (iii) in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider;	Allowable uses of confidential information stored in ICT systems defined.	<ul style="list-style-type: none"> We obtained the policy document to validate that the documentation clearly defines the identification, labelling, handling and allowable uses of confidential information. We selected a sample of internal documents and confirmed that all publications are appropriately labelled and handled as per the policy. We confirmed a sample of emails distributed during the year which required appropriate labelling and required management approvals for confidential information before being sent to the recipient. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
20	<p>4.1 (c) (iv) subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>	<p>ICT system access is permissioned based on Critical Operational Analysis</p>	<ul style="list-style-type: none"> • We obtained an understanding of system user access controls in place and validated that all user access is defined based on the employee's role and the critical operational analysis to limit access to only information required to perform their role. • We obtained user access and system logs for the reporting period to validate for sample of line items that the employee access was in line with their role based criteria. • We obtained samples from the population of terminated, new hires, seconded employees and role changes to validate the following: <ul style="list-style-type: none"> ○ Verify the right levels of access were provided for new role ○ Previous role and access were terminated ○ Ensure consistency with the role based access requirements 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
27		<p>Processes to protect the privacy of confidential information are defined</p>	<ul style="list-style-type: none"> • We inspected policies in place to adhere to privacy and confidentiality requirements and note that the policies clearly define the procedures to follow in the event of a potential breach (e.g. the privacy playbook) • We verified the adherence to policy by inspecting sample of potential privacy incidents during the reporting period which were identified through the compliance management system and validated that the procedures per the policy guidelines were followed. No breaches were identified and incidents were closed with no impact. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
44	<p>4.1 (c) (iv) subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>	<p>Role based system access requirements defined for PLUS ES staff</p>	<ul style="list-style-type: none"> • We inspected the PLUS ES usage system documents to identify PLUS ES roles which require access to Ausgrid system to provide other services defined as permissible under the AER guidelines. • We performed sampling procedures over the relevant PLUS ES employees and employee movements to check that user access is maintained based on defined roles and permissible per the AER guidelines. • We reviewed management's User Access Controls to confirm regular monitoring and maintenance of system user access changes. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
51	<p>4.1 (c) (iv) subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>	<p>User access control and review regularly undertaken by Cyber team following documented procedure</p>	<ul style="list-style-type: none"> • We obtained the User Access Review guidelines from from Management to understand the scope and procedures in place. We validated that the policy outlines a formal set of procedures to be undertaken, including appropriate approvals in order to ensure user access across the systems are annually reviewed for all employees. • We obtained the evidence of the annual user access review performed by the Information security team including evidence of approvals for the review performed. • We performed sampling procedures over any employee movements to ensure that user access for those employees are appropriately reviewed, validated in line with the user access guidelines (Ring 20). 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
58	<p>4.1 (c) (iv) subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>	<p>Identify Access Management (IAM) application automatically updates access based on role.</p>	<ul style="list-style-type: none"> • We performed a walkthrough using a sample of employee to under how changes in employee roles are updated in the IAM system. • For a sample of employee movements between Ausgrid and PLUS ES during the reporting period we validated that the IAM system access were updated based on the new roles defined and in line with user access guidelines. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
63	<p>Identify and access management system has specialized rules for secondary accounts associated with on-loan arrangements.</p>	<p>Identify and access management system has specialized rules for secondary accounts associated with on-loan arrangements.</p>	<ul style="list-style-type: none"> • We performed a walkthrough with management to understand the annual user access review over IAM process, the process for user access changes when staff roles change (including on-loan/seconded), and the process for the maintenance and review of the MBS file. • We selected a sample of employees across on-loan staff, seconded staff and staff defined under the MBS listing to verify the following: <ul style="list-style-type: none"> ○ The defined levels of access are in line with business expectations; ○ Previous role, access, emails are revoked; ○ Change in email IDs and employee numbers; ○ Changes in the system to reflect new staff role; and ○ Ensure ring-fencing obligations from user access and information sharing perspective is protected. • We obtained evidence that the Annual review of the user access performed by the information security team during the reporting period to monitor and maintain system user access. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
64		<p>The ICT team applies the documented information security incident management procedure for all information security incidents.</p>	<ul style="list-style-type: none"> • We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters. • We obtained a sample of incidents during the year from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
64	<p>4.1 (c) (iv) Subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>	<p>The ICT team applies the documented information security incident management procedure for all information security incidents.</p>	<ul style="list-style-type: none"> • We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters. • We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
75	<p>Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing</p>	<p>Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing</p>	<ul style="list-style-type: none"> • We reviewed the legal Privacy playbook to understand and evaluate the process in place to detect and report any non-compliance incidents. The Privacy playbook clearly outlines the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guidelines. • We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No privacy incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
77		<p>Approval checks for need to confirm when some types of sensitive or classified information can be shared via email outside Ausgrid</p>	<ul style="list-style-type: none"> • We obtained an understanding of policies and system checks in place that support the identification, handling and authorisation matrix before such information can be shared or distributed through emails. • We performed sampling procedures over sensitive emails distributed throughout the reporting and ensured that management approvals were obtained being released to the recipient as per the policy guidelines. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
9	<p>4.2.1 (a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>4.2.1 (b) Clause 4.2.1(a) does not apply in respect of:</p> <p>i. offices for staff who, in the course of their duties:</p> <p>a. do not have access to electricity information;</p> <p>b. have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services).</p> <p>ii. providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</p> <p>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</p>	Shared amenities analysis undertaken	<ul style="list-style-type: none"> • We obtained an understanding of all Ausgrid's premises and site locations including shared locations between Ausgrid and PLUS ES. A detailed risk analysis is undertaken by the ARC team over all ring-fencing registers to restrictions to ring-fenced information are adhered to in shared locations between Ausgrid and PLUS ES. • We performed the following procedures to validate ARC team's analysis of shared amenities and review of ring-fencing registers: <ul style="list-style-type: none"> ○ Validated the review and approval of the shared accommodation analysis as part of the quarterly review of ring-fencing registers published on the public website; ○ Conducted physical site inspections to ensure physical access restrictions for Ausgrid and PLUS ES employees to only areas applicable to their employer operations; and ○ Performed sampling procedures over physical site access logs to identify any unauthorised access between Ausgrid and PLUS ES employees. 	<p>Our procedures note that in shared locations, Ausgrid and PLUS ES offices are clearly separated with appropriate physical access restrictions to protect ring-fenced information.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
24	<p>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</p>	Physical access granted to sites/offices is based on role and entity	<ul style="list-style-type: none"> • We conducted site visits at Ausgrid's head office, including depots at Silverwater and Homebush to validate physical separation of Ausgrid and PLUS ES operations. • We performed sampling procedures over staff access logs at the physical sites to ensure that access to physical areas were in line with the employee roles and access credentials. 	Based on the procedures performed we have not identified any matters of exception.
79	<p>4.1(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	Quarterly Review of NSW Battery Storage Markets: competitive dynamics and scale of Ausgrid's activities	<ul style="list-style-type: none"> • We obtained evidence of the Quarterly Review performed by the ARC team during the year. We verified that there were no breaches identified in the scale of Ausgrid's activities. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
29	<p>4.2.1 (a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>4.2.1 (b) Clause 4.2.1(a) does not apply in respect of:</p> <p>i. offices for staff who, in the course of their duties:</p> <p>a. do not have access to electricity information;</p> <p>b. have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1;</p> <p>or</p> <p>c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services).</p> <p>ii. providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</p> <p>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</p>	Workspaces physically separated including electronic access controls for all doors	<ul style="list-style-type: none"> • We conducted site visits across 3 locations to confirm: <ul style="list-style-type: none"> ○ Physical separation of PLUS ES and Ausgrid operations ○ Employee access cards are separately identifiable between Ausgrid and PLUS ES ○ Restricted access with key card systems to access control rooms and sensitive areas. 	Based on the procedures performed we have not identified any matters of exception.
33	<p>or</p> <p>c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services).</p> <p>ii. providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or</p> <p>iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline.</p>	Procedure in place to articulate office accommodation and security approach for staff working for PLUS ES	<ul style="list-style-type: none"> • We conducted site visits across 3 locations to confirm physical separation across shared locations between Ausgrid and PLUS ES operations. • We performed sampling procedures over quarterly review of ring-fencing registers by ARC team which also covers shared office spaces and physical access controls. We confirmed that the latest versions of the registers are available on Ausgrid's public website per AER guidelines. 	

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
45	<p>4.2.1 (a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p> <p>4.2.1 (b) Clause 4.2.1(a) does not apply in respect of:</p> <ol style="list-style-type: none"> i. offices for staff who, in the course of their duties: <ol style="list-style-type: none"> a. do not have access to electricity information; b. have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; 	Separate key system for PLUS ES to access non-network/ office PLUS ES location	<ul style="list-style-type: none"> • We conducted site visits across 3 locations to confirm: <ul style="list-style-type: none"> ○ Physical separation of PLUS ES and Ausgrid operations; ○ Employee access cards are separately identifiable between Ausgrid and PLUS ES; and ○ Restricted access with key card systems to access control rooms and sensitive areas. • We reviewed physical system access logs to validate no unauthorised access in highly sensitive and ring-fenced information areas during the reporting period. 	<p>During our site visit, we observed that PLUS ES and Ausgrid have substations separated by location within the same site, and the PLUS ES staff do not have access to Ausgrid's substation and vice versa.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
65	<p>or</p> <ol style="list-style-type: none"> c. only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services). ii. providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control; iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline. 	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> • We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
8	<p>4.2.2 (a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p>4.2.2 (b) Clause 4.2.2(a) does not apply in respect of:</p> <ol style="list-style-type: none"> i. a member of staff who, in the course of their duties: <ol style="list-style-type: none"> a. does not have access to electricity information; b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or c. only has access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services); ii. providing assistance to another Network Service Provider to the extent necessary to respond to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control; iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorized in accordance with the waiver process set out in clause 5 of this Guideline. <p>4.2.2 (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider</p>	<p>Formal process governs the secondment of Ausgrid staff to any affiliate</p>	<ul style="list-style-type: none"> • We obtained the policy document governing the secondment of staff and duties and responsibilities of Ausgrid Managers while approving staff applications for secondments. • We obtained the Staff Sharing register published on Ausgrid's website and confirmed with the ARC team that the Register has been reviewed and is up to date. • We performed sampling procedures over employee movements between Ausgrid and PLUS ES during the reporting period to check whether employee access and roles were updated in line with ring-fencing guidelines. 	<p>We noted the staff sharing register has been made public on Ausgrid's company website. The register is reviewed on a quarterly basis.</p> <p>There is adequate documentation in the Secondment policy regarding the formal process for secondment of Ausgrid staff to any affiliate and is in line with the ring-fencing Guideline.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
16	<p>4.2.2 (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider</p>	<p>Formal process governs the short-term supply of Ausgrid staff to any affiliate</p>		<p>We noted the staff sharing register is made public on the Ausgrid website. The register is reviewed on a quarterly basis.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
24	<p>4.2.2 (a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p>4.2.2 (b) Clause 4.2.2(a) does not apply in respect of:</p> <ol style="list-style-type: none"> i. a member of staff who, in the course of their duties: <ol style="list-style-type: none"> a. does not have access to electricity information; b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or c. only has access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services); ii. providing assistance to another Network Service Provider to the extent necessary to respond to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control; iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorized in accordance with the waiver process set out in clause 5 of this Guideline. <p>4.2.2 (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider</p>	Physical access granted to sites/offices is based on role and entity	<ul style="list-style-type: none"> ● We conducted site visits across 3 locations to confirm: <ul style="list-style-type: none"> ○ Physical separation of PLUS ES and Ausgrid operations; ○ Employee access cards are separately identifiable between Ausgrid and PLUS ES; and ○ Restricted access with key card systems to access control rooms and sensitive areas. ● We reviewed physical system access logs to validate no unauthorised access in highly sensitive and ring-fenced information areas during the reporting period. 	Based on the procedures performed we have not identified any matters of exception.
55	<p>4.2.2 (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider</p>	Staff sharing requests can be routed to ARC team for advice/analysis/ approval	<ul style="list-style-type: none"> ● We obtained the staff sharing register published in Ausgrid's website and enquired with Management regarding the process of maintenance and review of the register. ● We conducted testing over the quarterly review of the register to ensure this was performed consistently throughout regulatory period and confirmed the latest version of the register is available on Ausgrid's public website. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
56	<p>4.2.2 (a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> <p>4.2.2 (b) Clause 4.2.2(a) does not apply in respect of:</p> <p>i. a member of staff who, in the course of their duties:</p> <p>a. does not have access to electricity information;</p> <p>b. has access to electricity information but does not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or</p> <p>c. only has access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services);</p>	Staff profile changes readily identified via HR Essentials system	<ul style="list-style-type: none"> • We enquired with Management on the process for updating staff profile changes and how this impacts system and physical access across the network. This control prevents employees having access to Ausgrid and PLUS ES systems or premises at the same time and prevents having access to protected information and maintain distinction between Ausgrid employees and PLUS ES employees. • We performed testing over employee role changes and movements during the reporting period to confirm that the staff roles and access credentials in HR system are updated and monitored. 	Based on the procedures performed we have not identified any matters of exception.
65	<p>ii. providing assistance to another Network Service Provider to the extent necessary to respond to an event (such as an emergency) that is beyond the other Network Service Provider's reasonable control;</p> <p>iii. staff located at a regional office, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorized in accordance with the waiver process set out in clause 5 of this Guideline.</p> <p>4.2.2 (d) Clause 4.2.2(a) does not apply in respect of a member of the staff of a DNSP where the member of staff is an officer both of the DNSP and of a related electricity service provider</p>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> • We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
6	4.2.2 (c) The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.	Performance Awards/incentives are not allowed where performance achieved by breaching regulatory requirements	<ul style="list-style-type: none"> We obtained the policy documents and verified specific guidelines which prevent performance rewards where they have breaches to any regulatory requirements such as ring-fencing requirements. 	Based on the procedures performed we have not identified any matters of exception.
22		Measures used to assess staff performance do not support cross-subsidisation	<ul style="list-style-type: none"> We obtained the annual employee scorecard review performed by management and identified no evidence of regulatory non-compliance. 	Based on the procedures performed we have not identified any matters of exception.
46	4.2.3 (a) (i) A DNSP must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related	Separate branding guidelines established for PLUS ES	<ul style="list-style-type: none"> We obtained the following policies to verify the Ring-Fenced branding guidelines are outlined in the Ausgrid Ring-Fencing policy and the PLUS ES Ring-Fencing policy. We performed the following procedures to ensure branding guidelines were adhered to: <ul style="list-style-type: none"> Conduct physical site inspections Inspect Ausgrid and PLUS ES websites Inspect company assets and equipment Employee ID cards and uniforms 	Based on the procedures performed we have not identified any matters of exception.
47		Separate ID Cards for PLUS ES staff	<ul style="list-style-type: none"> We performed sampling procedures over Ausgrid and PLUS ES staff IDs to ensure they are unique and separately identifiable including the company logo, branding and physical access to restricted areas subject to ring-fencing compliance. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
11	<p>4.2.3 (a) (ii) must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion);</p> <p>4.2.3 (a) (iii) must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	Contact Centre scripts include generic references to contestable service providers.	<ul style="list-style-type: none"> • We inspected the documentation of Call Centre scripts and validated references to contestable services and compliance with ring-fencing requirements. • We obtained samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes which includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. 	Based on the procedures performed we have not identified any matters of exception.
40	<p>4.2.3 (a) (iii) (a) A DNSP: iii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself</p>	Ring-fencing issues highlighted in Contact Centre Management Reports	<ul style="list-style-type: none"> • We inquired with Management on whether there had been any ring-fencing issues during the year and how these would be managed. • We inspected the Management Quality reports prepared by Centre Management to identify any non-compliance with the ring-fencing guidelines. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
28	<p>4.2.4 (a) A DNSP must establish, maintain and keep a register that identifies:</p> <p>(i) the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.;</p> <p>(ii) the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d)</p> <p>(iii) the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p>	Office and Staff Sharing registers are published on Ausgrid's external website and periodically reviewed for accuracy	<ul style="list-style-type: none"> We obtained evidence of ARC team's quarterly review of all Ring-fencing registers which includes the office and staff sharing registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. We checked Ausgrid's public website to verify that the latest version of the registers are readily accessible to the public and in line with ring-fencing guidelines. 	Based on the procedures performed we have not identified any matters of exception.
65	<p>4.2.4 (a) A DNSP must establish, maintain and keep a register that identifies:</p> <p>(i) the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.;</p> <p>(ii) the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d)</p> <p>(iii) the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	Based on the procedures performed we have not identified any matters of exception.
81	<p>4.2.4 (b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>	Quarterly review of all RF Registers	<ul style="list-style-type: none"> We obtained evidence of ARC team's quarterly review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. We checked Ausgrid's public website to verify that the latest version of the register is readily accessible to the public and in line with ring-fencing guidelines. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
20	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	<p>ICT system access is permissioned based on Critical Operational Analysis</p>	<ul style="list-style-type: none"> • We obtained an understanding of system user access controls in place and validated that all user access is defined based on the employee's role and the critical operational analysis to limit access to only information required to perform their role. • We obtained user access and system logs for the reporting period to validate for sample of line items that the employee access was in line with their role based criteria. • We obtained samples from the population of terminated, new hires, seconded employees and role changes to validate the following: <ul style="list-style-type: none"> ○ Verify the right levels of access were provided for new role ○ Previous role and access were terminated ○ Ensure consistency with the role based access requirements 	<p>The role-based access system deactivates the employees' access to their Ausgrid information portal during the period of secondment.</p> <p>Based on the procedures performed we have not identified any matters of exception</p>
27	<p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	<p>Processes to protect the privacy of confidential information are defined</p>	<ul style="list-style-type: none"> • We obtained and inspected the policies in place to adhere privacy and confidential requirements including procedures in place to identify, report and management any related incidents. • We reviewed incident reports for the reporting period to identify any potential privacy related incidents and to check whether the procedures outlined in the policy document were adhered to in managing such incidents. Per our review and consultation with the ARC team, no impact or breaches were identified. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
44	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p>	Role based system access requirements defined for PLUS ES staff	<ul style="list-style-type: none"> • We inspected the PLUS ES usage system documents to identify PLUS ES roles which require access to Ausgrid system to provide other services defined as permissible under the AER guidelines. • We performed sampling procedures over the relevant PLUS ES employees and employee movements to check that user access is maintained based on defined roles and permissible per the AER guidelines. • We reviewed management's User Access Controls to confirm regular monitoring and maintenance of system user access changes. 	Based on the procedures performed we have not identified any matters of exception.
51	<p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	User access control and review regularly undertaken by Cyber team following documented procedure	<ul style="list-style-type: none"> • We obtained the User Access Review Guideline from Management to understand the review procedure. • We obtained the evidence of Cyber team's User Access reviews and confirmed that access was in line with defined roles and management approvals were obtained. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
5	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Allowable uses of confidential information stored in ICT systems defined	<ul style="list-style-type: none"> • We obtained the policy document to validate that the documentation clearly defines the identification, labelling, handling and allowable uses of confidential information. • We selected a sample of internal documents and confirmed that all publications are appropriately labelled and handled as per the policy. • We confirmed a sample of emails distributed during the year which required appropriate labelling and required management approvals for confidential information before being sent to the recipient. 	Based on the procedures performed we have not identified any matters of exception.
82	<p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Gatekeeper Controls for Big Ideas Portal (Staff Suggestions Box)	<ul style="list-style-type: none"> • We obtained the Big ideas policy document to understand the process of submitting ideas and procedures in place to triage submissions for protecting any ring-fenced information. • We inspected the ideas register for the reporting period to identify if any ring-fenced information were submitted and whether appropriate triage procedures were followed by the ARC team. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
4	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	PLUS ES staff do not have access to Ausgrid intranet site	<ul style="list-style-type: none"> • We conducted site visits at Ausgrid head office and service depots to validate that PLUS ES staffs have separate offices with separate access cards and restricted physical access to any Ausgrid information or equipment. • We selected sample of employees to validate system user access restrictions between Ausgrid and PLUS ES and inspected a sample of system logs during the reporting period to validate that user access was in line with the system rules. • We confirmed that any central business updates are supported by two separate links for Ausgrid and PLUS ES intranet sites. 	<p>Ausgrid and PLUS ES staffs have separate offices, separate intranet website and separate access cards with access restrictions.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
75	<p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Legal & Compliance Privacy Playbook interrogates non-compliance with RFG re information sharing	<ul style="list-style-type: none"> • We reviewed the legal Privacy playbook to understand and evaluate the process in place to detect and report any non-compliance incidents. The Privacy playbook clearly the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guidelines. • We obtained a sample of incidents reported during the reporting period from the compliance management system and ensured the above policies were applied in managing the incidents. No privacy incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact. 	<p>The Privacy playbook adequately documents the process to be followed to identify and rectify any breaches or misconduct relating to Ring-fencing guideline.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
77	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p>	Approval checks for need to confirm when some types of sensitive or classified information can be shared via email outside Ausgrid	<ul style="list-style-type: none"> • We obtained an understanding of policies and system checks in place that support the identification, handling and authorisation matrix before such information can be shared or distributed through emails. • We performed sampling procedures over sensitive emails distributed throughout the reporting and ensured that management approvals were obtained being released to the recipient as per the policy guidelines. 	Based on the procedures performed we have not identified any matters of exception.
58	<p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	Identify Access Management (IAM) application automatically updates access based on role	<ul style="list-style-type: none"> • We performed a walkthrough using a sample of employee to under how changes in employee roles are updated in the IAM system. • For a sample of employee movements between Ausgrid and PLUS ES during the reporting period we validated that the IAM system access were updated based on the new roles defined and in line with user access guidelines. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
63	<p>4.3.1 Subject to this clause 4.3, a DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p> <p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p>	Identity and access management system (IAM) has specialized rules for secondary accounts associated with on-loan arrangements	<ul style="list-style-type: none"> • We performed a walkthrough with management to understand the annual user access review over IAM process, the process for user access changes when staff roles change (including on-loan/seconded), and the process for the maintenance and review of the MBS file. • We selected a sample of employees across on-loan staff, seconded staff and staff defined under the MBS listing to verify the following: <ul style="list-style-type: none"> ○ The defined levels of access are in line with business expectations; ○ Previous role, access, emails are revoked; ○ Change in email IDs and employee numbers; ○ Changes in the system to reflect new staff role; and ○ Ensure ring-fencing obligations from user access and information sharing perspective is protected. • We obtained evidence that the Annual review of the user access performed by the information security team during the reporting period to monitor and maintain system user access. 	Based on the procedures performed we have not identified any matters of exception.
64	<p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>	The ICT team applies the documented information security incident management procedure for all information security incidents	<ul style="list-style-type: none"> • We obtained the relevant policy documents to understand the policies in place for managing information security incidents. The policies clearly define the procedures that need to be followed in the event of any incidents including ring-fencing related matters. • We obtained a sample of incidents during the year from the compliance management system and ensured the above policies were applied in managing the incidents. No information security incidents were identified and for any potential incidents, procedures per the guidelines were following to determine no impact. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
32	<p>4.3.3 (a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a DNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a DNSP has disclosed under clause 4.3.2(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>4.3.3 (b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> the legal entity has requested that it be included on the information register in respect of information of that kind; and the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services. <p>4.3.3 (c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(a) to (e).</p>	Information register is published on Ausgrid's external website and periodically reviewed for accuracy	<ul style="list-style-type: none"> We inspected the information register available on Ausgrid's website to ensure that the latest version is available per AER guidelines. We obtained evidence of quarterly reviews performed by ARC team over all ring-fencing registers to confirm that the registers are appropriately reviewed, updated and approved before being published on the Ausgrid public website. 	<p>We inspected that Ausgrid has established Information Register and maintained the register as part of the quarterly review. The latest version of register is published at the Ausgrid website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
26	<p>4.3.3 (d) Without limiting clause 4.3.3(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities, and must make that protocol publicly available on its website.</p> <p>4.3.3 (e) Where a DNSP discloses information referred to in clause 4.3.3(a) to any other legal entity under this clause 4.3.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.1 and 4.3.2(a) to (d) in relation to that information as if the other legal entity was a DNSP.</p>	Process in place to allow confidential information shared with an affiliate to be equally available to other entities, including terms & conditions, is established and available on the website.	<ul style="list-style-type: none"> We inspected on the Ausgrid's website to ensure accessibility to information sharing protocol, appropriate contact and guidance provided for public access. We obtained evidence of quarterly reviews performed by ARC team over all ring-fencing registers to confirm that the registers are appropriately reviewed, updated and approved before being published on the Ausgrid public website. 	<p>The information sharing register is maintained on the Ausgrid's website is updated and accurate.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
65	<p>4.3.4 (a) A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website. <p>4.3.4 (b) For each related electricity service provider or other legal entity that has requested that a DNSP provide access to information identified in clause 4.3.3(a), the DNSP's information register must:</p>	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> • We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	Based on the procedures performed we have not identified any matters of exception.
81	<ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP. 	Quarterly review of all RF Registers	<ul style="list-style-type: none"> • We performed sampling procedures over quarterly reviews to validate consistent reviews undertaken by the ARC team over all ring-fencing registers. We verified that the latest version of the register is readily accessible to public and in line with the ring-fencing guidelines. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
32	<p>4.3.4 (a) A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website. <p>4.3.4 (b) For each related electricity service provider or other legal entity that has requested that a DNSP provide access to information identified in clause 4.3.3(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP. 	<p>Information register is published on Ausgrid's external website and periodically reviewed for accuracy</p>	<ul style="list-style-type: none"> • We inspected the information register available on Ausgrid's website to ensure that the latest version is available per AER guidelines. • We obtained evidence of quarterly reviews performed by ARC team over all ring-fencing registers to confirm that the registers are appropriately reviewed, updated and approved before being published on the Ausgrid public website. 	<p>We inspected that Ausgrid has established Information Register and maintained the register as part of the quarterly review. The latest version of register is published at the Ausgrid website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
32	<p>4.3.4 (c) A legal entity may request that the DNSP include it on the information register in relation to some or all of the kinds of information that the DNSP is required to provide under clause 4.3.3(a), and the DNSP must comply with that request.</p>			

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
41	A DNSP: 4.4.1 (a) must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:	Ring-fencing related clauses included in legally approved templates used for procurement	<ul style="list-style-type: none"> We inspected the templates used for procurement to ensure that the templates contained the appropriate Ring-Fencing clauses. We obtained evidence of procurement contracts executed during the reporting period to confirm that the Ring-Fencing clauses were included.. 	Based on the procedures performed we have not identified any matters of exception.
53	I. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.	PLUS ES External partner code of conduct addresses RF matters	<ul style="list-style-type: none"> We obtained and reviewed the PLUS ES External Partner code of conduct, which outlines the rules and obligations of service providers engaged with PLUS ES including Ring-Fencing obligations. 	PLUS ES have adequately documented the ring-fencing guidelines to prevent any misconduct while engaging with service providers. Based on the procedures performed we have not identified any matters of exception.
59	4.4.1 (b) must not, directly or indirectly, encourage or incentivize a service provider to engage in conduct which, if the DNSP engaged in the conduct itself, would be contrary to the DNSP's obligations under clause 4 of this Guideline.	Ausgrid External partner code of conduct addresses RF matters	<ul style="list-style-type: none"> We obtained Ausgrid's External Partner code of conduct and reviewed the policy for compliance with Ring-Fencing obligations. 	Ausgrid has adequately documented the ring-fencing guidelines to prevent any misconduct while engaging with service providers. Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
42	<p>5.2 A DNSP may apply in writing to the AER for a waiver of its obligations under clauses 3.1, 4.2 and / or 4.4.1(a) of this Guideline, either on its own behalf or on behalf of itself and one or more other DNSPs. An application for a waiver must contain all information and materials necessary to support the DNSP's application, including:</p> <p>(a) the obligation in respect of which the DNSP is applying for a waiver;</p> <p>(b) the reasons why the DNSP is applying for the waiver;</p> <p>(c) details of the service, or services, in relation to which the DNSP is applying for the waiver;</p> <p>(d) the proposed commencement date and expiry date (if any) of the waiver and the reasons for those dates;</p> <p>(e) details of the costs associated with the DNSP complying with the obligation if the waiver of the obligation were refused;</p> <p>(f) the regulatory control period(s) to which the waiver would apply;</p> <p>(g) any additional measures the DNSP proposes to undertake if the waiver were granted;</p> <p>(h) and the reasons why the DNSP considers the waiver should be granted with reference to the matters specified in clause 5.3.2(a), including the benefits, or likely benefits, of the grant of the waiver to electricity consumers.</p>	Ring-fencing waiver application templates used, based on guideline requirements	<ul style="list-style-type: none"> We enquired with Management regarding the waiver template, which is standardised and available through the AER website. When Ausgrid applies for a waiver, the the standardised template will be filled out via the AER website. Management noted that Ausgrid does not have any current waivers nor any under review during the calendar year. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
43	<p>5.7 (a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website.</p> <p>5.7 (b) The register established must include:</p> <p>i. the description of the conduct to which the waiver or interim waiver applies; and</p> <p>ii. the terms and conditions of the waiver or interim waiver;</p>	Ring-fencing waivers are published on Ausgrid's external website and periodically reviewed for accuracy	<ul style="list-style-type: none"> We enquired with Management about the ring-fencing waiver review process. We inspected Ausgrid website for any waivers published during the reporting period. None were noted. We inspected AER website for any waivers. None were noted. 	<p>Ausgrid publishes all waivers on its external website and is periodically reviewed. No waivers were noted during the reporting period. This is in line with the information per the AER website.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
65	as set out in the AER's written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.	ARC Perform Reviews of Physical Access and Registers	<ul style="list-style-type: none"> We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	Based on the procedures performed we have not identified any matters of exception.
81		Quarterly review of all RF Registers	<ul style="list-style-type: none"> We performed sampling procedures over quarterly reviews to validate consistent reviews undertaken by the ARC team over all ring-fencing registers. We verified that the latest version of the register is readily accessible to public and in line with the ring-fencing guidelines. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
2	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.	Ad-hoc ring-fencing communications issued to staff	<ul style="list-style-type: none"> We enquired with Management regarding the type and frequency of communications issued. We inspected the communications regarding the Ring-Fencing Guidelines issued to Ausgrid and PLUS ES staff, which advised them of their obligations. 	Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels to ensure compliance with obligations. Based on the procedures performed we have not identified any matters of exception.
7		Code of Conduct addresses various matters related to RF Guideline	<ul style="list-style-type: none"> We enquired with Management on what is covered within the Code of Conduct (last approved in September 2022) in relation to Ring Fencing Guidelines. The Code of Conduct applies to all staff, including contractors and is used to communicate ethical decision making and behaviour and should be read in conjunction with the Organisations policies. We inspected Code of Conduct to ensure compliance with Ring Fencing Guidelines are covered. 	Based on the procedures performed we have not identified any matters of exception.
13		Controls reviewed and updated by SME's following non-compliance incidents	<ul style="list-style-type: none"> We enquired with Ausgrid on the types and frequency of reviews undertaken. We inspected non-compliance incidents throughout the reporting period recorded in Enablon. We noted that there had been no instances of non-compliance or breaches within the reporting period. We reviewed the register of controls and followed up with the responsible SME's to ensure it is complete, accurate and up to date. 	Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
14	<p>6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.</p>	Controls reviewed and updated by SME's following regulatory changes	<ul style="list-style-type: none"> We enquired with Management on the steps taken to ensure compliance with new or changes in regulations. We assessed the impact of changes and controls implemented by Management to ensure compliance with the new guidelines of Version 3 applicable from 3 February 2022 of this reporting period. We inspected the work performed by Ausgrid to ensure compliance and compared to the updated guidelines. 	Based on the procedures performed we have not identified any matters of exception.
19		ARC team monitors changes in affiliate arrangements and assess versus regulatory requirements	<ul style="list-style-type: none"> We enquired with management on what work was conducted to ensure compliance. We inspected a summary of changes in affiliate arrangements throughout reporting period to ensure compliance. 	<p>Ausgrid is able to ensure compliance through the monitoring of any changes in affiliate arrangements. No changes to this have occurred in the reporting period nor have Ring-fencing obligations materially changed during the reference period.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
38		Ring-fencing email address maintained to deal with queries and escalations	<ul style="list-style-type: none"> We enquired with Management about existence of email address and how it is used. We reperfomed potential communication by emailing address and seeing if there is a response. 	<p>Ausgrid actively maintains a dedicated Ring-Fencing email address to monitor and internal or external reports of breaches.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
31	6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice.	ARC and Management issue ring-fencing compliance awareness materials	<ul style="list-style-type: none"> We enquired with Management regarding the type and frequency of communications issued. We inspected the communications regarding the Ring-Fencing Guidelines issued to Ausgrid and PLUS ES staff, which advised them of their obligations. 	Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels to ensure compliance with obligations. Based on the procedures performed we have not identified any matters of exception.
35	However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.y	Responsibilities of DNSP entity staff to support ring-fencing compliance documented in a policy	<ul style="list-style-type: none"> We enquired with management about Ring-Fencing Policy and how it encourages competition and communicates to staff their obligations under the guidelines. We inspected Ring-Fencing Policy to ensure all areas of required communication are included. 	Through our procedures performed, we found that Ausgrid's policy of encouraging competition through ring-fencing outlines key obligations (clause 3 and 4) which all staff and anyone carrying out work on behalf of Ausgrid must follow. This ensures staff are aware of their obligations under the Guidelines and lists steps of how to help achieve these obligations. Based on the procedures performed we have not identified any matters of exception.
36		Ring-fencing training program developed and implemented	<ul style="list-style-type: none"> We enquired with Management on the ring-fencing training available to Ausgrid and PLUS ES staff and what is communicated to the staff. We inspected Ring-Fencing Training material to ensure key areas of guideline are communicated to staff. 	Ausgrid has prepared and operates specific Ring-Fencing training for staff which covers key aspects of the guideline to educate and inform. Compliance with the undertaking of this training is covered in control reference 70. Based on the procedures performed we have not identified any matters of exception.
37		Ring-fencing communications Information Sheet made available	<ul style="list-style-type: none"> We enquired with Management as to type and frequency of communications issued. We inspected the communications issued to staff. 	Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email associated channels to ensure compliance with obligations. Based on the procedures performed we have not identified any matters of exception.

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
39	<p>6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.</p> <p>The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER concerning the adequacy of the DNSP's compliance procedure does not affect the DNSP's obligations under this guideline.</p>	Ring-fencing intranet site established	<ul style="list-style-type: none"> • We enquired with Management about what materials are available on Intranet site. • We obtained screenshots of intranet site to see what materials relating to the ring-fencing guidelines are available. • We inspected intranet site to ensure all necessary materials are included for staff to view. 	<p>Ausgrid has a dedicated Ring-Fencing page for staff access over the intranet which is a database for policies, procedures, guidelines and resources related to Ring-Fencing obligations. This site is accessible to all Ausgrid employees and is frequently updated to include new guidelines, policies and procedures for staff to follow.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
70		Training compliance report generated and reviewed weekly	<ul style="list-style-type: none"> • We enquired with Management regarding the process on tracking staff training compliance, and what information is contained in the training compliance reports. • We obtained the training compliance reports, which includes records on which employees have completed ring-fencing training. • We selected a sample of employees from report to show evidence they have completed ring fencing training. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
30	<p>6.2.1 (a) A DNSP must prepare an annual ring fencing compliance report each calendar year in accordance with this clause 6.2.1 and submit it to the AER in accordance with clause 6.2.2.</p> <p>6.2.1 (b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ul style="list-style-type: none"> i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP iii. all other services provided by the DNSP in accordance with clause 3.1 iv. the purpose of all transactions between the DNSP and an affiliated entity. <p>6.2.1 (c) The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.</p> <p>6.2.1 (d) A DNSP's annual compliance report may, in relation to clause 3.2 of this Guideline, be based on information provided to the AER under a regulatory information notice for the DNSP's most recent regulatory year. If so, that annual compliance report must cover, in relation to clause 3.2 of this Guideline, the entirety of that regulatory year.</p> <p>6.2.2 (a) Subject to clause 7.2, a DNSP must submit its annual compliance report to the AER within four months of the end of the calendar year to which the compliance report relates.</p> <p>6.2.2 (b) A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences.</p>	Regulatory Reporting calendar established and monitored	<ul style="list-style-type: none"> • We enquired with management about the establishment of a regulatory reporting calendar. • We inspected regulatory reporting calendar and ensured it complies with required regulatory reporting events. 	<p>Ausgrid has a Regulatory Reporting Calendar which is monitored by Management and contains all relevant dates and reporting requirements to ensure compliance with Ring-Fencing Guidelines.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
65	<p>6.2.3 (a) A DNSP must establish, maintain and keep a register that identifies, for each regulated stand-alone power system used by the DNSP to provide other services: i. the local government area in which the regulated stand-alone power system is deployed;</p> <p>ii. the number of premises served by the regulated stand-alone power system;</p> <p>iii. the maximum demand, in kW, served by the regulated stand-alone power system;</p> <p>iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system;</p> <p>v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p> <p>6.2.3 (b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>	<p>ARC Perform Reviews of Physical Access and Registers</p>	<ul style="list-style-type: none"> We obtained evidence of ARC team's review of all Ring-fencing registers which includes the physical access registers. We performed sampling procedures to validate ARC's consistent review of the registers throughout the reporting period. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
76	<p>vii. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p> <p>viii. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p> <p>6.2.3 (b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>	<p>Quarterly Review of Scale of Ausgrid Business Activities as a supplier of other services as a SAPS Resource Provider</p>	<ul style="list-style-type: none"> We inspected the Ausgrid's website to ensure that the latest regulated stand-alone power systems register is available. We inspected samples of quarterly reviews to ensure that the register is appropriately reviewed by management to maintain accuracy of the information. 	<p>We noted the regulated stand-alone power systems register has been made public on Ausgrid company website and it is up to date.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
78	<p>6.2.3 (a) A DNSP must establish, maintain and keep a register that identifies, for each regulated stand-alone power system used by the DNSP to provide other services: i. the local government area in which the regulated stand-alone power system is deployed; ii. the number of premises served by the regulated stand-alone power system; iii. the maximum demand, in kW, served by the regulated stand-alone power system; iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system; v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p>	<p>Quarterly Review of Scale of Ausgrid Business Activities as a supplier of other services as a SAPS Resource Provider</p>	<ul style="list-style-type: none"> • We obtained evidence of the Quarterly Review performed by the ARC team during the year. The review was able to demonstrate that the SAPS register published on Ausgrid's public website is updated based on the scale of other services undertaken by the SAPS in consultation with the network management team. The review demonstrates the consideration of any expected changes in activity in the future that the ARC team should be aware of in updating the register. • We obtained a sample of reviews performed throughout the year to validate: <ul style="list-style-type: none"> ○ Review was consistently undertaken by ARC during the year; ○ Completeness of any breaches or potential to exceed the generation revenue cap stipulated under the obligations; and ○ Evidence of approval over the reviews including that SAPS register published on the website. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
81	<p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p> <p>6.2.3 (b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a).</p> <p>The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>	<p>Quarterly review of all RF Registers</p>	<ul style="list-style-type: none"> • We performed sampling procedures over quarterly reviews to validate consistent reviews undertaken by the ARC team over all ring-fencing registers. We verified that the latest version of the register is readily accessible to public and in line with the ring-fencing guidelines. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>

Details and testing results (continued)

Ausgrid Control Ref	Compliance requirement	Management Control	Measures and testing	Observations and findings
25	<p>6.3 A DNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline.</p> <p>The AER may seek enforcement of this guideline by a court in the event of any breach of this guideline by a DNSP, in accordance with the NEL.</p>	<p>Process established for the reporting and analysis of incidents with possible relevance to Ring Fencing, and also for timely notification of any non-compliances to AER</p>	<ul style="list-style-type: none"> We enquired with management on the avenues for reporting of non-compliance. We inspected reports from Enablon, complaints via whistleblower service and non-compliance/breaches register. No instances of non-compliance or breaches were found during the current audit period. We investigated any potential breaches and management's response to these. 	<p>Ausgrid has not had any breaches within the reporting period in which to notify the AER. There are processes in place to identify any potential breaches or instances on non-compliance in which the ARC can notify the AER in a timely manner.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
40		<p>Ring-fencing issues highlighted in Contact Centre Management Reports</p>	<ul style="list-style-type: none"> We inquired with Management on whether there had been any ring-fencing issues during the year and how these would be managed. We inspected the Management Quality reports prepared by Centre Management to identify any non-compliance with the ring-fencing guidelines. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
80		<p>Annual Compliance Review of '30 Minute jobs' data in CASS</p>	<ul style="list-style-type: none"> We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was issued by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the CASS system pertaining to the reporting period. The review identified no exceptions. We performed further validation procedures by selecting a sample of jobs performed during the reporting period to verify that the work performed by the field operators were within the acceptable threshold of 30 minutes. Based on analysis and evidence provided, we noted that the repair work was performed within the 30 minute threshold. 	<p>By undertaking a Compliance Review of 30-minute jobs, Ausgrid can identify any instances of non-compliance with the guidelines or possible breaches. By having this control in place, Ausgrid can report anything identified to the AER in a timely manner.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>