



Independent Reasonable Assurance Report

To the Directors of Powerlink Queensland

Conclusion

In our opinion, Powerlink Queensland's ("Powerlink") Statement of Compliance that the entity, with the exception of breaches set out in the emphasis of matter paragraph below, has complied with:

- Version Three of the Electricity Transmission Ring-fencing Guideline ("Guideline v3") published by the Australian Energy Regulator ("AER") on 6 July 2022;
- Clauses 3.1(c), 4.4.1(a), 6.2.1, 6.2.2 and 6.3 of Version Four of the Electricity Transmission Ring-fencing Guideline ("Guideline v4") published by the AER on 1 March 2023 ("Immediate v4 obligations"); and
- Clauses 3.1(a), 3.2.1, 3.2.2, 4.1, 4.2.3(d), 4.2.4(a), 5.7 and 6.1 of Guideline v4 ("Other v4 Obligations");

(together, "the Ring-fencing Guidelines") is, in all material respects, fairly presented for the period 1 March 2023 to 31 December 2023 ("Reporting period").

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Section 6 of Powerlink's Ring-fencing Annual Compliance Report ("Annual Compliance Report"), which describes the breaches identified under the Immediate v4 Obligations of Guideline v4 in the reporting period 1 March 2023 to 31 December 2023.

Breach of Clause 4.4.1(a)

Clause 4.4.1(a) requires Transmission Network Service Providers ("TNSP") to ensure that any new or varied agreements between Powerlink and a service provider for the provision of services to Powerlink that enable or assist Powerlink to provide prescribed transmission services, requires the service provider comply, in providing those services, with Clauses 4.1, 4.2.1 and 4.3 of Guideline v4 as if the service provider was the TNSP. We have observed two instances of non-compliance under Clause 4.41(a):

- In July 2023, Powerlink reported a breach whereby a Deed of Extension and Amendment with Ergon Energy was entered into without the appropriate drafting to ensure compliance with 4.4.1(a) obligations.
- Our testing identified one new contract that was entered with a service provider during the Reporting period that did not include the appropriate drafting to ensure compliance with 4.4.1(a) obligations.

Breach of Clause 6.2.2

Clause 6.2.2 requires a Transmission Network Service Provider ("TNSP") to submit its annual compliance report to the AER within four months of the end of the calendar year to which the compliance report relates (i.e. 30 April 2024). As Powerlink's annual compliance report was submitted to the AER on 14 May 2024, they have not met this requirement.



Scope

The subject of our reasonable assurance engagement is whether Powerlink's Statement of Compliance that the entity has complied with the Ring-fencing Guidelines published by the Australian Energy Regulator on 6 July 2022 and 1 March 2023 with the exception of breaches identified in Section 6 of the Annual Compliance Report is, in all material respects, fairly presented for the reporting period ended 31 December 2023. This Statement of Compliance accompanies our report, for the purpose of reporting to the Directors of Powerlink Queensland and the AER.

Basis of Conclusion

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- used our professional judgement to plan our procedures and assess the risk of material misstatements in Powerlink's Statement of Compliance;
- considered internal controls implemented to meet the compliance requirements of the Ring-fencing Guidelines; however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

Summary of procedures performed, findings and observations

In Appendix A, we provide an overview of the key procedures, observations and findings in relation to each of the Ring-fencing Guidelines' requirements. This overview is provided at the request of the AER to provide greater transparency over the work we performed. Our conclusion is not modified in this respect.

In Appendix B, we have summarised performance improvement observations. Our conclusion is not modified in respect of these observations.

How we define reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement in Powerlink's Statement of Compliance when it exists.

Instances of misstatement in Powerlink's Statement of Compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of Powerlink's compliance with the requirements of the Ring-fencing Guidelines.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or material misstatement in Powerlink's Statement of Compliance may occur and not be detected.

A reasonable assurance engagement for the reporting period ended 31 December 2023 does not provide assurance on whether compliance with the requirements of the Ring-fencing Guidelines will continue in the future.



Use of this assurance report and matters relating to electronic publication

This report has been prepared for the Directors of Powerlink Queensland and the AER for the purpose of compliance with the Ring-fencing Guidelines and may not be suitable for another purpose.

We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Annual Compliance Report. We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Annual Compliance Report. If users of the Annual Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Annual Compliance Report to confirm the information contained in this website version of the Annual Compliance Report.

We disclaim any assumption of responsibility for any reliance on this report, or the Annual Compliance Report to which it relates to any person other than the Directors of Powerlink Queensland and the AER, or for any purpose other than for which it was prepared.

Management's responsibility

Management is responsible for:

- the compliance activities undertaken to meet the requirements of the Ring-fencing Guidelines;
- identification of risks that threaten the compliance with the Ring-fencing Guidelines identified above being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance; and
- providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guidelines, which accompanies this Independent Assurance Report.

Our responsibility


Our responsibility is to perform a reasonable assurance engagement in relation to Powerlink's Statement of Compliance with the Ring-fencing Guidelines, for the reporting period ended 31 December 2023, and to issue an assurance report that includes our conclusion.

Our independence and quality control

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG



Jason Adams
Partner
Brisbane
14 May 2024



Appendix A – Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect of Powerlink’s compliance activities with the relevant requirements of the Ring-fencing Guidelines for the reporting period 1 March 2023 to 31 December 2023.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our conclusion reported in the Independent Reasonable Assurance Report.

We performed the following general procedures to assess Powerlink’s overall compliance with the Ring-fencing Guidelines:

- Read the Annual Compliance Report to confirm that Powerlink’s overall compliance measures and internal controls for Ring-fencing had been documented for the purposes of this assessment;
- Conducted inquiries to obtain an understanding of changes to business activities and related compliance management approach;
- Inspected supporting evidence which included policies, procedures and practices undertaken to embed Ring-fencing compliance measures during the Reporting period; and
- Performed sample testing (where considered appropriate) to test effectiveness of the compliance measures for the Reporting period.

The following table provides a summary of procedures, observations and findings for each requirement of Guideline v3:

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
7-8 Ring-fencing minimum obligations			
7.1 Legal Separation	<ul style="list-style-type: none"> Organisation legal structure Powerlink is established as a separate registered Australian business with a distinct ABN 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We assessed the legal entity status of Powerlink. 	<p>Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) is a legal entity incorporated under the Corporations Act 2001 and an electricity transmission system operator owned by the Government of Queensland.</p> <p>Powerlink did not carry on a related business (generation, distribution or electricity retail supply) during the Reporting period.</p> <p>We performed an ASIC and ABN search noting that Powerlink Queensland is a registered Australian public company limited by shares and has an active ABN.</p>
7.2 Obligation to not discriminate	<ul style="list-style-type: none"> Powerlink Board: Code of conduct for Powerlink directors Board charter Annual compliance training Powerlink Ring-fencing Framework Listing of affiliated entities Powerlink organisational chart 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We inspected the ring-fencing training provided to staff to ascertain whether it accurately described Powerlink's ring-fencing obligations, including the obligation not to discriminate in favour of an associate. We inspected training completion records to ascertain the completion rate of ring-fencing training in the Reporting period. 	<p>Annual Compliance Training</p> <p>Our inspection and testing of training completion records showed that annual ring-fencing training modules were conducted to Powerlink employees. The annual compliance training included relevant materials to ensure staff are not making decisions or acting in a manner that discriminates in favour of an associate in relation to the terms or conditions on which those services are provided.</p> <p>Recommendations</p> <p>In relation to Annual Compliance Training, we have raised a related performance improvement point in Appendix B-1 in relation to having a formal framework for monitoring training completion which sets out follow-up action points for non-completion of training.</p> <p>We have provided a recommendation to management under Appendix B-2 for management to introduce annual attestations for directors to confirm compliance against ring-fencing obligations.</p>

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
7.3 Separate Accounts 7.4 Cost Allocation 7.5 Economic entity	<ul style="list-style-type: none"> AER decision – Powerlink Cost Allocation Methodology Basis of Preparation and assurance of Powerlink EB and CA RIN returns Powerlink Ring-fencing Framework Regulatory accounts for the year ended 30 June 2023 Powerlink Queensland 2022/23 Annual Report and Financial Statements 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately addressed ring-fencing requirements. KPMG were the independent auditors in connection with Powerlink’s Economic Benchmarking (EB) and Category Analysis (CA) Regulatory Information Notice (RIN) returns prepared for the regulatory year ended 30 June 2023. We considered the appropriateness of Powerlink’s approved Cost Allocation Methodology (CAM) as part of the EB and CA RIN returns assurance engagements for the 12-month period ended 30 June 2023. As part our procedures, we tested a sample of Opex and Capex projects undertaken by Powerlink and assessed the nature of services provided. We updated our understanding of the process associated with cost allocation for the period 1 July 2023 to 31 December 2023 by a combination of inquiries of management, performing a walkthrough and testing a sample of cost allocation drivers. 	<p>On 20 October 2023, we issued unqualified assurance reports (reasonable and limited assurance scopes) for the 12-month period ended 30 June 2023, in connection with the Powerlink EB and CA RIN returns.</p> <p>Based on our inquiries of management and walkthrough performed, no changes to the CAM post 30 June 2023 were identified.</p>
7.6 – 7.9 Ring-fenced services	<ul style="list-style-type: none"> Powerlink Ring-fencing Framework Annual compliance training Powerlink organisational chart 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We considered the appropriateness of staff roles and responsibilities, in line with our understanding of the business structure, that ensure compliance with restrictions on associates or marketing staff as per the Ring-fencing guidelines. We assessed Powerlink’s overall approach to restricting access to ring-fenced information by making inquiries with management. 	<p>Powerlink provide annual compliance training and uphold the Powerlink Ring-Fencing Framework to ensure staff are aware of their obligation to restrict access to information that may give associates an unfair advantage over other participants in the national electricity market.</p> <p><u>Recommendation</u></p> <p>We have provided a recommendation to management under Appendix B-3 for management to introduce quarterly attestations for key management to confirm compliance against ring-fencing obligations.</p>

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
9-10 Additional ring-fencing obligations			
9 & 10 Additional ring-fencing obligations	<ul style="list-style-type: none"> Ring-fencing regulatory correspondence 	<ul style="list-style-type: none"> We made inquiries of management and obtained and inspected regulatory correspondence with the AER to ascertain whether additional obligations were imposed on Powerlink. 	Powerlink did not receive a notice from the AER imposing additional reporting or ring-fencing obligations on the entity during the Reporting period.
11 Waiver of ring-fencing requirements			
11 Waiver	<ul style="list-style-type: none"> Waiver Register 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We accessed Powerlink's website to sight whether the waiver register was published. 	Powerlink have not applied for nor been granted any waivers during the Reporting period relating to compliance with Guideline v3.
12 – 16 Compliance procedures and compliance reporting			
12 - 15 Annual compliance report 16 Compliance breaches	<ul style="list-style-type: none"> Powerlink Annual Compliance Report Powerlink Ring-fencing Framework Regulatory accounts for the year ended 30 June 2023 Powerlink Queensland 2022/23 Annual Report and Financial Statements 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We inspected the internal documents relating to Powerlink's compliance with the Ring-fencing Guideline, including Powerlink's Annual Compliance Report, and considered it as part of preparing this independent assurance report. We considered the adequacy of Powerlink's breach management and reporting policies and procedures under the Ring-fencing Framework. 	<p>Powerlink's Annual Compliance Report is compliant with Clauses 12 to 15.</p> <p>We observed Powerlink did not report any breaches of its obligations under the v3 Guideline. Refer below to Section 6.3 Compliance breaches for breaches reported under the v4 Guideline.</p>

The following table provides a summary of procedures, observations and findings for the Immediate v4 Obligations:

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
3 Prevention of cross subsidies			
3.1(c) Energy storage devices	<ul style="list-style-type: none"> Powerlink submission on AER Issues Paper – Electricity Transmission Ring-Fencing Guideline dated 22 July 2022 	<ul style="list-style-type: none"> We performed inquiries and inspected the information provided by management to ascertain whether Powerlink owns, operates or controls energy storage devices. 	Powerlink did not own, operate or control any energy storage devices (including batteries) during the Reporting period.
4 Functional Separation			
4.4.1(a) Service providers conduct	<ul style="list-style-type: none"> Powerlink Ring-fencing Framework Powerlink Contracts Register 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We tested a sample of contracts Powerlink entered into with service providers during the Reporting period to assess whether ring-fencing clauses were included within the contracts. 	<p><u>Breaches</u></p> <p>In July 2023, Powerlink reported a breach whereby a Deed of Extension and Amendment with Ergon Energy was entered into without the appropriate drafting to ensure compliance with 4.4.1(a) obligations.</p> <p>From our testing of contracts with service providers, we identified one instance of non-compliance whereby a new contract was entered into without the appropriate drafting to ensure compliance with 4.4.1(a) obligations.</p> <p><u>Recommendation</u></p> <p>We have provided management a recommendation under Appendix B-4 for updating its policy and procedures to increase the consideration of qualitative information when entering into or amending transmission service provider contracts.</p>

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
4 Compliance procedures and compliance reporting			
6.2.1 Annual compliance report 6.2.2 Timing of annual compliance reporting	<ul style="list-style-type: none"> Powerlink Annual Compliance Report Powerlink Ring-fencing Framework 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We inspected the internal documents relating to Powerlink's compliance with the Ring-fencing Guideline, including Powerlink's Annual Compliance Report, and considered it as part of preparing this independent assurance report. We inspected Powerlink's annual compliance report to ensure the relevant information required to be contained within the report under Clause 6.2.1 is included. 	<p>Powerlink's Annual Compliance Report is compliant with Clause 6.2.1.</p> <p><u>Breach</u></p> <p>Powerlink's annual compliance report was submitted to the AER on 14 May 2024 which is not compliant with Clause 6.2.2 requiring Powerlink to submit its annual compliance report within four months of the end of the calendar year to which the compliance report relates (i.e. 30 April 2024).</p>
6.3 Compliance breaches	<ul style="list-style-type: none"> Powerlink Ring-fencing Framework Correspondence with the AER relating to reported breach under Clause 4.4.1(a) 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We considered the adequacy of Powerlink's breach management and reporting policies and procedures under the Ring-fencing Framework. 	<p>We inspected relevant correspondence and information relating to the reported breach in July 2023 under Clause 4.4.1(a). The AER was notified within 15 business days of Powerlink becoming aware of this breach of its obligations.</p> <p><u>Recommendation</u></p> <p>We have made a recommendation to management in appendix B-5 on enhancing documentation of breach registers.</p>

The following table provides a summary of procedures, observations and findings for the Other v4 Obligations:

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
Clause 3 Preventing cross subsidies			
3.1(a) Legal Separation	<ul style="list-style-type: none"> Organisation legal structure Powerlink is established as a separate registered Australian business with a distinct ABN 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We assessed the legal entity status of Powerlink. 	<p>Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) is a legal entity incorporated under the Corporations Act 2001 and an electricity transmission system operator owned by the Government of Queensland.</p> <p>We performed an ASIC and ABN search noting that Powerlink Queensland is a registered Australian public company limited by shares and has an active ABN.</p>
3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	<ul style="list-style-type: none"> AER decision – Powerlink Cost Allocation Methodology Basis of Preparation and assurance of Powerlink EB and CA RIN returns Powerlink Ring-fencing Framework Regulatory accounts for the year ended 30 June 2023 Powerlink Queensland 2022/23 Annual Report and Financial Statements 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately addressed ring-fencing requirements. KPMG were the independent auditors in connection with Powerlink's EB and CA RIN returns prepared for the regulatory year ended 30 June 2023. We considered the appropriateness of Powerlink's approved Cost Allocation Methodology (CAM) as part of the EB and CA RIN returns assurance engagements for the 12-month period ended 30 June 2023. As part our procedures, we tested a sample of Opex and Capex projects undertaken by Powerlink and assessed the nature of services provided. We updated our understanding of the process associated with cost allocation for the period 1 July 2023 to 31 December 2023 by a combination of inquiries of management, performing a walkthrough and testing a sample of cost allocation drivers. 	<p>On 20 October 2023, we issued unqualified assurance reports (reasonable and limited assurance scopes) for the 12-month period ended 30 June 2023, in connection with the Powerlink EB and CA RIN returns.</p> <p>Based on our inquiries of management and walkthrough performed, no changes to the CAM post 30 June 2023 were identified.</p>

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
4 Functional separation			
4.1 Obligation not to discriminate	<ul style="list-style-type: none"> Powerlink Board: Code of conduct for Powerlink directors Board charter Annual compliance training Powerlink Ring-fencing Framework Listing of affiliated entities Powerlink organisational chart 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We inspected the ring-fencing training provided to staff to ascertain whether it accurately described Powerlink's ring-fencing obligations, including the obligation not to discriminate in favour of an associate. We inspected training completion records to ascertain the completion rate of ring-fencing training in the Reporting period. 	<p>Annual Compliance Training</p> <p>Our inspection and testing of training completion records showed that annual ring-fencing training modules were conducted to Powerlink employees. The annual compliance training included relevant materials to ensure staff are not making decisions or acting in a manner that discriminates in favour of an associate in relation to the terms or conditions on which those services are provided.</p> <p><u>Recommendations</u></p> <p>In relation to Annual Compliance Training, we have raised a related performance improvement point in Appendix B-1 in relation to having a formal framework for monitoring training completion which sets out follow-up action points for non-completion of training.</p> <p>We have provided a recommendation to management under Appendix B-2 for management to introduce annual attestations for directors to confirm compliance against ring-fencing obligations.</p>
4.2.3(d) Information sharing protocol	<ul style="list-style-type: none"> Information sharing protocol 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We accessed Powerlink's website to sight whether the information sharing protocol was published. 	<p>The information sharing protocol is published to Powerlink's website and is made available to the public.</p>
4.2.4(a) Information register	<ul style="list-style-type: none"> Information register 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We accessed Powerlink's website to sight whether the information register was published. 	<p>The information register is published to Powerlink's website and is made available to the public.</p>

Compliance requirement	Management Controls and information provided	Procedures performed	Observations / findings
5 Waivers			
5.7 Waiver register	<ul style="list-style-type: none"> Waiver Register 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We accessed Powerlink's website to sight whether the waiver register was published. 	Powerlink have not been granted any waivers during the Reporting period relating to compliance with Guideline v4.
6 Compliance procedures and compliance reporting			
6.1 Maintaining compliance	<ul style="list-style-type: none"> Powerlink Annual Compliance Report Powerlink Ring-fencing Framework Annual compliance training 	<ul style="list-style-type: none"> We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements. We inspected the internal documents relating to Powerlink's compliance with the Ring-fencing Guideline, including Powerlink's Annual Compliance Report, and considered it as part of preparing this independent assurance report. 	Powerlink has established and has maintained appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the National Electricity Rules.

Appendix B – Summary of performance improvement observations

In this section, we present additional details on performance improvement observations in relation to Powerlink’s compliance activities for the reporting period 1 March 2023 to 31 December 2023.

The above information has been provided at the request of the AER. This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our opinion or conclusion reported in the Independent Reasonable Assurance Report.

S. No	Recommendation	Management’s Responses
B-1	<p>Annual Compliance Training</p> <p>We note that Powerlink conducted mandatory Annual Compliance Training on Ring-fencing Guidelines in July 2022, October 2022, January 2023, July 2023 and September 2023 in Reporting Year 2023, and February 2024 in Reporting Year 2024.</p> <p>We recommend management implement and action a policy surrounding employees who were unable to complete such training. We further recommend management to implement a mechanism in place to monitor, follow-up and potential disciplinary actions for non-compliance with ring-fencing training.</p>	<p>Powerlink proposes to undertake further staff training on ring-fencing over calendar year 2024 based on their role.</p> <p>Powerlink also intends to provide training at least annually, including to new starters whose role may be impacted by the Guideline.</p> <p>A register of who has undertaken such training will be maintained.</p>
B-2	<p>Annual attestations for directors</p> <p>We recommend management introduce annual attestations for directors to confirm compliance with the ring-fencing obligations.</p>	<p>Powerlink will consider whether attestations should be introduced.</p>
B-3	<p>Quarterly attestations for key staff</p> <p>We recommend management introduce quarterly attestations for key staff to confirm compliance with the ring-fencing obligations (or a period as determined relevant by Powerlink).</p>	<p>Powerlink will consider whether attestations should be introduced.</p>
B-4	<p>Service providers’ conduct</p> <p>Management’s current process is to insert the appropriate ring-fencing clauses in all material transmission service provider contracts entered into. We recommend management develop a flow chart or framework to consider qualitative factors around the nature of services provided, rather than relying on a quantitative threshold to include ring-fencing clauses into new or amended contracts.</p>	<p>Powerlink will review its current processes to ensure relevant contracts meet ring-fencing requirements. Any improvements will be implemented as soon as practicable thereafter.</p>

S. No	Recommendation	Management's Responses
B-5	<p>Breach identification and reporting process</p> <p>We recommend management enhance their process to undertake a more comprehensive, documented breach assessment for all matters identified (including potential breaches), and formalise the recording of breaches in a breach register. This would include a robust analysis demonstrating consideration of the matter against specific clauses in the Guideline, a root cause analysis, and consideration of any pervasive impacts or identification of similar risks to achieving compliance.</p>	<p>Powerlink will review its breach identification and reporting process. Any improvements will be implemented as soon as practicable thereafter.</p>