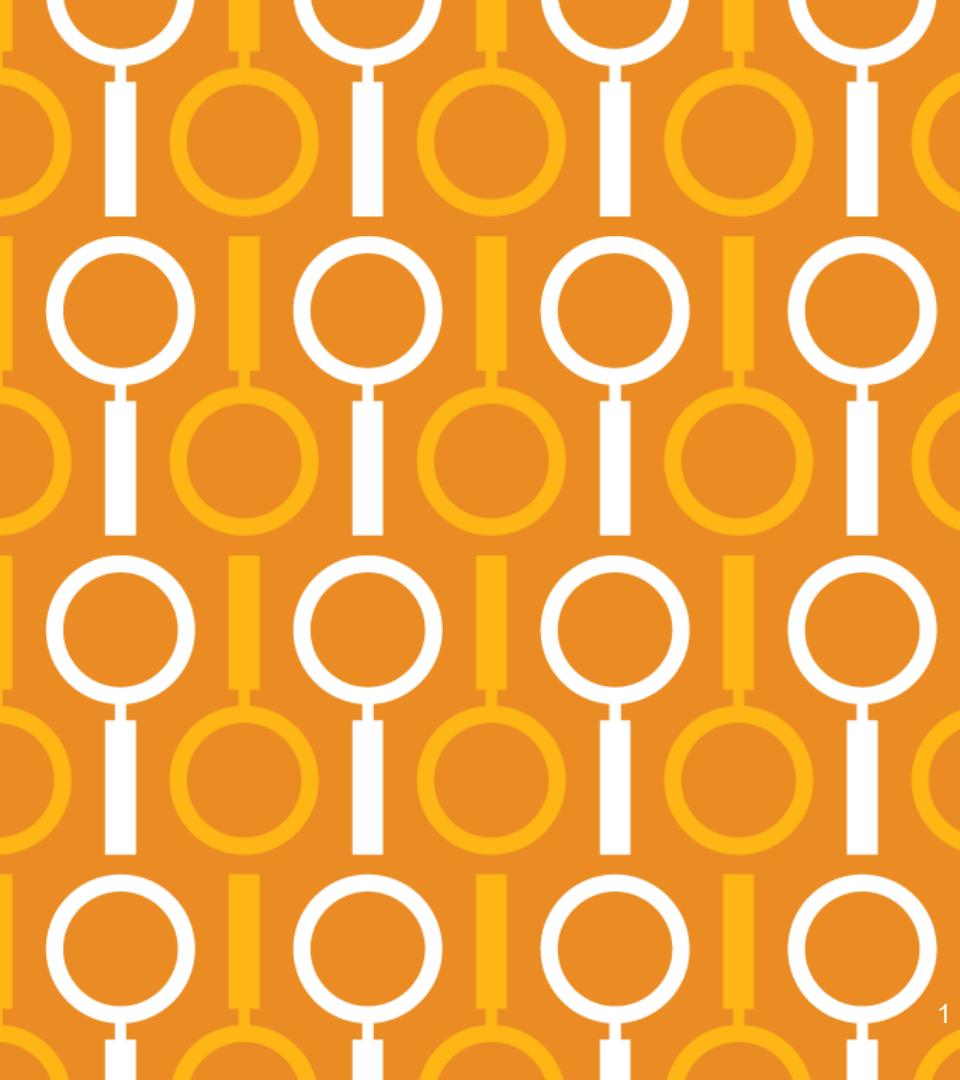


Ausgrid Ring-fencing Compliance Report

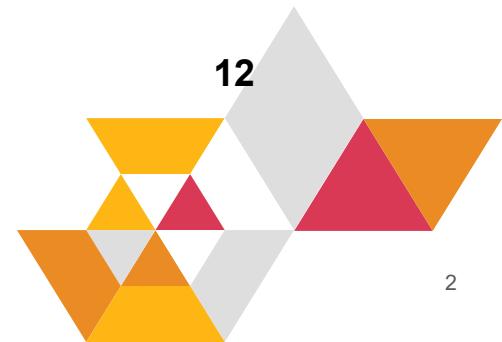
For the period ended 31 December 2024





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1. Executive Summary

Background

The Australian Energy Regulator's ("AER") is the economic regulator over Distribution Network Service Providers ("DNSPs") 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 were amended on 3 November 2021 to Version 3 and applicable for DNSPs from 3 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 2024.

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 2024.

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 2024 to 31 December 2024.

Summary of Findings

For the current reporting period of 1 January 2024 to 31 December 2024 we have not identified any material 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.



2. Assurance report

Independent assurance report to the Directors of Ausgrid

To the Directors of Ausgrid and the Australian Energy Regulator

Scope

In accordance with the terms of engagement letter dated 20 March 2025, we were engaged by Ausgrid to perform an independent reasonable assurance engagement in respect of Ausgrid's Statement of Compliance with the Ring-fencing Guideline, in all material aspects, under clause 6.17.2 of the National Electricity Rules ("the Criteria") throughout the 12-month period ended 31 December 2024.

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 controls 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 control

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.



2. Assurance report (continued)

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.

Our responsibility

Our responsibility is to express an opinion based on Ausgrid's Statement of Compliance with the Criteria, for the 12-month period ended 31 December 2024.

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

Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements (ASAE 3100): Compliance Engagements: (reissued September 2008), which outlines the required standards for the conduct of and reporting of assurance engagements in compliance to meet the emerging needs of key stakeholders. The purpose of our audit is to provide reasonable assurance that Ausgrid has complied with clause 6.17.2 in the Ring -Fencing guidelines developed by AER along with the rules outlined in NER.

Our procedures selected were based upon our judgement, including the identification and assessment of risks of material non- compliance with the Ring-Fencing guidelines. The engagement team conducted meetings with the client, to obtain an understanding of activity and controls to gain evidence about the compliance with current obligations, reviewed supporting documentation provided by the client and evaluated reasonable assurance about whether Ausgrid's Statement of Compliance is fairly presented in that Ausgrid has complied, in all material respects, with the Ring-fencing Guidelines and NER throughout the 12-month period ending 31 December 2024.

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

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.



2. Assurance report (continued)

A reasonable assurance engagement for the period ended 31 December 2024 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 was prepared for the use of the Directors of Ausgrid to assist them in fulfilling their reporting requirements to the AER in relation to the Annual Ring-fencing Compliance requirements and may not be suitable for any other purpose. Except as required by law the report may not be disclosed nor its contents published in any way (including on an internet website) without the prior written approval of PricewaterhouseCoopers. PricewaterhouseCoopers does not accept any responsibility or any liability to any party other than Ausgrid.

Conclusion

Unqualified opinion

In our opinion, in all material respects, Ausgrid has prepared its Statement of Compliance with the Ring-fencing Guideline, in all material aspects, in accordance with clause 6.17.2 of the National Electricity Rule for the period 1 January 2024 to 31 December 2024.

PricewaterhouseCoopers

Craig Thomason

28 April 2025





3. Assessment of obligations

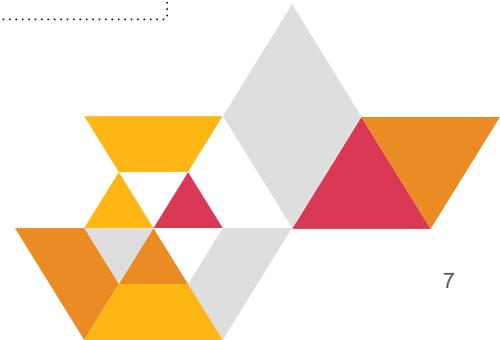
The Ausgrid Ring-fencing 12-month Compliance Report sets out the statement of compliance for the Regulatory period ended 31 December 2024. Our Independent Assurance Report to the Directors of Ausgrid and the Australian Energy Regulator is set out in Section 2 - Assurance report.

This report (Sections 3 to 5) 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 the work performed, results of our testing and any exceptions noted.

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.





3. Assessment of obligations

Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
3.1	Legal Separation	Compliant	Effective	
3.2.1	Separate accounts	Compliant	Effective	
3.2.2	Cost Allocation and attribution	Compliant	Effective	
4.1	Obligation to not discriminate	Compliant	Effective	
4.2.1	Physical separation/co-location	Compliant	Effective	
4.2.2	Staff sharing	Compliant	Effective	
4.2.3	Branding and cross-promotion	Compliant	Effective	See observation 1 in section 4 of our report
4.2.4	Office and staff registers	Compliant	Effective	
4.3.1	Protection of ring-fenced information	Compliant	Effective	



3. Assessment of obligations

Section	Obligation	Ausgrid assessed Compliance Rating	Control Effectiveness	Observations
4.3.2	Disclosure of information	Compliant	Effective	
4.3.3	Sharing of information	Compliant	Effective	
4.3.4	Information register	Compliant	Effective	
4.3.5	No waiver	Compliant	Effective	
4.4	Service providers	Compliant	Effective	
5	Waivers	Compliant	Effective	
6.1	Maintaining Compliance	Compliant	Effective	
6.2	Reporting	Compliant	Effective	
6.3	Compliance breaches	Compliant	Effective	



4. Observations noted

Through this year's assessment performed, we have identified one observation for Ausgrid.

Current year observations (12 months to 31 December 2024)				
Observation Reference	Obligation Reference	Ring-fencing Obligation	Observation	Comment
1	4.2.3(a)(iii)	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>On 24 April 2024, A PLUS ES LinkedIn advertisement was posted from the Ausgrid LinkedIn account. This was done by a new staff member who was still on probation at the time, who inadvertently and erroneously clicked on the Ausgrid account.</p> <p>This was noticed by an internal staff member who noticed the post within 30 minutes of posting and notified the relevant team to remove the post. The post was removed 45 minutes after posting. This was determined to be a breach on 30 April 2024 after an internal investigation.</p>	<p>Management informed us of the breach, which was reported to the AER on 20 May 2024, 14 days after determining it was a breach. While this is a breach of the Ring-fencing obligation 4.2.3(a)(iii), we do not consider it to be a material misstatement in Ausgrid's Statement of Compliance, as the breach was identified and remedied immediately and is not reasonably expected to influence the decision of the intended users of the report, and Ausgrid's overall compliance with the Ring-fencing Guidelines.</p> <p>We note that Ausgrid has been transparent on the matter and has self-reported the breach to the AER within the 15 business days requirement per Obligation 6.3. The post was made in error by a new staff member (who is no longer at Ausgrid) and was internally identified by another staff member and reported and taken down within 45 minutes. This demonstrates that Ausgrid's compensating controls such as controls 26. <i>Ring-fencing training program developed and implemented</i> and 27. <i>Ring-fencing email address maintained to deal with queries and escalations</i>, amongst others, are operating effectively to equip staff with the knowledge and ability to identify and report instances of Ring-fencing breaches. Furthermore, the post was visible for less than an hour, so it was unlikely to have been viewed by many people.</p> <p>Following this incident, Ausgrid implemented a control where the Digital Channels Team Lead, Brand & Marketing manager, and Social Media Officer meets twice a week to review and approve all social media content scheduled for posting over the week via Hootsuite (social media management dashboard). We have tested this control as part of this year's audit. We consider this control to be an effective way of picking up erroneous social media posts that may be in breach of the Ring-fencing Guidelines moving forward. Note that this control was put in place partway through the year in May 2024. Please see Control Ref. in Section 5 of this report for details (page 34).</p>



5. Details and testing results

The 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 2024, including any breaches or other areas for improvement in policies, procedures or controls identified at Ausgrid.

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
3.1 (a) A DNSP must be a legal entity. 3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	1	Maintain Australian Company status of the DNSP	Preventative	<ul style="list-style-type: none"> We obtained and inspected the Legal Entity Structure for Ausgrid and PLUS ES. This outlines the separation between the Ausgrid Operator Partnership and the PLUS ES Partnership based on the Corporate Services Agreement. We independently conducted an ABN and an ACN lookup for Ausgrid and PLUS ES to validate that they are separate entities. The ASIC search validated that Ausgrid and PLUS ES are separate legal entities with separate ABN and ACN numbers 	Based on the procedures performed we have not identified any matters of exception.
	17	Ensure Distributor's Licence remains valid and current	Preventative	<ul style="list-style-type: none"> We obtained and inspected the Distributors License issued to Ausgrid from IPART signed by the Minister for Industry, Resources, and Energy on 28 November 2016. We noted that the license is issued to the legal entity of Ausgrid Operator Partnership under the Electricity Supply Act 1995 (NSW). We also inspected the variation to the Licence dated 7 September 2023, which was signed by the Minister of Energy. 	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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>3.1 (a) A DNSP must be a legal entity.</p> <p>3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services</p>	14	Vulnerable customer protocol is applied by Field Operations Group	Preventative	<ul style="list-style-type: none"> We noted that Ausgrid had a vulnerable customer protocol (VCP) 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 contestable jobs performed throughout the year. We did not find any instances in which the Vulnerable Customer Protocol was enacted during the year. 	<p>During our investigation, we found a single contestable job where the time taken appeared to be 70 minutes. Upon further corroboration with the field manager, we found that the extended time taken was due to travel, and additional time taken to run an extension lead from a neighbor's property. The actual time taken for the contestable work was less than 30 minutes.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
	36	Corporate Services Agreement clearly defines the services the DNSP entity will provide, and what the affiliate will provide	Preventative	<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. As part of our walkthroughs, we identified shared corporate service arrangements between Ausgrid and PLUS ES under the Corporate Services Agreement. These services were clearly defined with appropriate processes in place to maintain separation between Ausgrid and PLUS ES to maintain compliance with the ringfencing guidelines. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	12	Ausgrid's website assists customers to find an ASP to perform contestable services	Preventative	<ul style="list-style-type: none"> We inspected the Ausgrid website and searched 'contestable services'. We noted two key pages - one which provided a list of Accredited Service Providers (ASPs) who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services and informs customers that Ausgrid does not perform contestable services, the second directs customers looking for ASPs to the Energy NSW website. 	Based on the procedures performed we have not identified any matters of exception.
	13	Contact Centre scripts include generic references to contestable service providers	Preventative	<ul style="list-style-type: none"> We inspected the documentation of Call Centre scripts and validated references and reminders within the scripts to contestable services and the restrictions of discriminating against other service providers. We noted references in the script to specific ring-fencing guidelines and guidance on reporting and breaches, and no specific mention of PLUS ES as a service provider. We also noted references in the script to promotion of competition in the contestable market. We obtained two samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes. Each month, 4 calls are randomly selected by the system for quality officers to monitor, and the review process includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. Based on our samples tested, we verified there were no instances of breaches to ring-fencing guidelines for the samples tested. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	21	Metering Services Agreements in place between Ausgrid and PLUS ES	Preventative	<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 (SLA) quality review for June 2024 and September 2024 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 (June 2024 and September 2024) 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. Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
3.1 (b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services	47	Annual Compliance Review of '30 Minute jobs' data in CASS	Detective	<ul style="list-style-type: none"> We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was performed by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the Computer Aided Service System (CASS) pertaining to the reporting period. We performed further validation procedures by using the CASS listing to identify jobs performed during the reporting period by field operators that were outside the acceptable threshold of 30 minutes. 	<p>We obtained evidence that the annual compliance review of the 30 Minute jobs data in CASS was reviewed by the ARC team in March 2025 for the year ended 31 December 2024, and appropriate probing questions were asked by the ARC team to investigate any potential issues found.</p> <p>Using the jobs listing from CASS, we identified 36 instances of contestable services provided by Ausgrid during 2024 with recorded durations of over 60 minutes*. However, for all 36 jobs identified, we obtained explanations from Ausgrid to justify that the actual time taken to perform the contestable service was less than the 30-minute determination. These explanations included longer than expected durations due to delays caused by site access issues, additional time taken for technical diagnosis of faults, delays caused by waiting for access crews to arrive etc. We were able to corroborate a sample of these jobs to further explanations provided by Field Managers, which we consider to be sufficient evidence that our observation has not resulted in a breach of this obligation.</p> <p>*Jobs over 60-minute durations were targeted from the CASS listing because management explained that on average, 30 minutes of the recorded duration is needed for initial diagnostic of the problem when on site. Therefore the 36 jobs identified were at a higher risk to have taken more than 30 minutes to perform the contestable service.</p>



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	3	AER approved Cost Allocation Methodology in place	Preventative	<ul style="list-style-type: none"> We inquired with the Commercial Finance team on the Ausgrid and PLUS ES Cost Allocation Methodology (CAM) review process and performed a walkthrough to understand the internal CAM approval process before it is provided to the AER for approval. We inspected the approvals from the AER on the CAM. This included the original CAM approved in November 2014, and the latest CAM, which was approved in October 2022. 	Based on the procedures performed we have not identified any matters of exception.
<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> <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> <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>	35	Separate SAP accounting for affiliates	Preventative	<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 obtained evidence of month-end journal transfers and intercompany reconciliations which clearly demonstrated the use of separate accounting systems, separate financial reporting processes. 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	37	Services Agreement established between the parent and affiliate entities deals with apportionment of costs for shared services	Preventative	<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 conducted the following tests: <ol style="list-style-type: none"> Ensured the invoice clearly identified the services performed by Ausgrid for PLUS ES and the nature of work performed. Obtain evidence of the review and approvals over the costs and journals processed in the month-end reconciliation process, including whether the correct GL codes were used. Ensured that the invoice demonstrated the permissibility of the service being performed under the Corporate Services Agreement (CSA) Ensured costs allocated were in line with the Cost allocation methodology (CAM) requirements Ensured the invoice was initiated, recorded and processed in line with the CSA, Labour Services Agreement (LSA) & CAM requirements 	Based on the procedures performed we have not identified any matters of exception.
<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>					
<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>					
<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>					

5. Details and testing results (continued)



Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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> <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> <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> <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>	44	Finance team regularly reviews the Labour Services Agreement and on-loan arrangement invoices	Detective	<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 is validated through a review of on-loan and secondelement 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 3 samples of on-loan and secondelement 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; Review over the transactions were consistently undertaken; 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.
	46	Annual review of the application of the CAM Cost Allocation Methodology is undertaken	Detective	<ul style="list-style-type: none"> We obtained evidence of the annual review undertaken over the CAM by the Commercial Finance team as part of the annual Line of Business (LOB) review. The annual LOB review process evaluates both directly attributable and shared cost allocators for Ausgrid. The majority of Ausgrid's shared costs originate from the support divisions and are allocated based on an appropriate allocator. The CAM categorises cost drivers depending on whether there is a direct or indirect relationship to underlying expenditure. 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 performed an annual audit over the regulatory information notice submitted to the AER, and as part of the work performed for FY24, 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 FY24 regulatory audit. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	18	Documented process in place for storage of affiliate related transactions/ invoices	Preventative	<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 PLUS ES. • We inspected the screenshots of the system which showed the separate location for PLUS ES storage of their own month end journals which is only accessible by PLUS ES Finance Team. • We inspected a screenshot showing intercompany related journals stored separately with the 'Head Office' Financial Control team location. • We obtained evidence that Ausgrid and PLUS ES maintain separate accounting systems with appropriate user access restrictions. 	Based on the procedures performed we have not identified any matters of exception.
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.					
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).					



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	12	Ausgrid's website assists customers to find an ASP to perform contestable services	Preventative	<ul style="list-style-type: none"> We inspected the Ausgrid website and searched "contestable services". We noted two key pages - one which provided a list of Accredited Service Providers (ASPs) who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services and informs customers that Ausgrid does not perform contestable services, the second directs customers looking for ASPs to the Energy NSW website. 	Based on the procedures performed we have not identified any matters of exception.
	13	Contact Centre scripts include generic references to contestable service providers	Preventative	<ul style="list-style-type: none"> We inspected the documentation of Call Centre scripts and validated references and reminders within the scripts to contestable services and the restrictions of discriminating against other service providers. We noted references in the script to specific ring-fencing guidelines and guidance on reporting and breaches, and no specific mention of PLUS ES as a service provider. We also noted references in the script to promotion of competition in the contestable market. We obtained two samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes. Each month, 4 calls are randomly selected by the system for quality officers to monitor, and the review process includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. Based on our samples tested, we verified there were no instances of breaches to ring-fencing guidelines for the samples tested. 	Based on the procedures performed we have not identified any matters of exception.

5. Details and testing results (continued)



Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>4.1 (c) (i) Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>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>	24	Plus ES has its own policy on how it manages RF risk in its dealings with Ausgrid	Preventative	<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.
<p>4.1 (c) (i) Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <p>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>	12	Ausgrid's website assists customers to find an ASP to perform contestable services	Preventative	<ul style="list-style-type: none"> We inspected the Ausgrid website and searched "contestable services". We noted two key pages - one which provided a list of Accredited Service Providers (ASPs) who can perform contestable work outside of the scope of Ausgrid's transmission and distribution services and informs customers that Ausgrid does not perform contestable services, the second directs customers looking for ASPs to the Energy NSW website. 	Based on the procedures performed we have not identified any matters of exception.
<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>	21	Metering Services Agreements in place between Ausgrid and Plus ES	Preventative	<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 set 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 (SLA) quality review for June 2024 and September 2024 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 (June 2024 and September 2024) 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	4	Plus ES staff do not have access to Ausgrid Electricity Information	Preventative	<ul style="list-style-type: none"> We confirmed via walkthroughs that PLUS ES staff do not have access to any content shared on Ausgrid's intranet site. This is to ensure Plus ES staff do not have access to Ausgrid's confidential information which could give them an unfair advantage over their competitors. We tested one sample of a PLUS ES employee attempting to access the Ausgrid "The Wire" internal website and the access was blocked. We did the same for a sample of one Ausgrid employee attempting to access the PLUS ES intranet, and the access was also blocked. We also performed physical separation test in for Control Ref 11 and confirmed that the restriction of access for PLUS ES staff is in line with Accommodation procedure throughout 2024. 	Based on the procedures performed we have not identified any matters of exception.
	5	Allowable uses of confidential information stored in ICT systems defined	Preventative	<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. The policies included: 'Procedure - User Access Control and Review', 'Procedure - Information Security', and 'Procedure - Information Classification, Labelling and Handling' 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	19	ICT system access is permissioned based on Critical Operational Analysis	Preventative	<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 a sample of employees that their IT access was in line with their role-based criteria. We obtained samples from the population of terminated and 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 	Based on the procedures performed we have not identified any matters of exception.
	33	Role based system access requirements defined for PLUS ES staff	Preventative	<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 selected 5 samples of PLUS ES employees who require access to the Ausgrid system to verify that user access is maintained based on defined roles and permissible per the user access policy. We also assessed that any terminated or seconded employee were not provided access. 	Based on the procedures performed we have not identified any matters of exception.
	38	User access control and review regularly undertaken by Cyber team following documented procedure	Preventative	<ul style="list-style-type: none"> We obtained the User Access Review guidelines 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 perform testing over a sample of employee movements to ensure that user access for those employees is appropriately reviewed, validated in line with the user access guidelines. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	42	Identify Access Management (IAM) application automatically updates access based on role	Preventative	<ul style="list-style-type: none"> We performed a walkthrough to understand the end-to-end annual user review and the end-to-end process for user access changes. We also obtained the IAM Application Playbook as part of our walkthrough. We obtained evidence of the annual user access review performed in Saviynt. Through control ref. 33, we tested a sample of employees to ensure the accuracy of the access levels provided for a sample of employees who started new roles during the testing period, and that their access per their previous role was terminated. 	Based on the procedures performed we have not identified any matters of exception.
	43	The ICT team applies the documented information security incident management procedure for all information security incidents	Preventative	<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 discussed with management the single incident reported during the year and discussed if the incident was managed in line with the information security incident management procedure. 	We discussed the single information security incident with management and found that it was not recorded in the information security register as it was not considered to be sufficiently significant. However, as the incident was not related to ring-fencing and was highly unlikely to have resulted in a breach of the Ring-fencing guidelines, we did not consider the results of our control test to impact the overall compliance with this obligation.

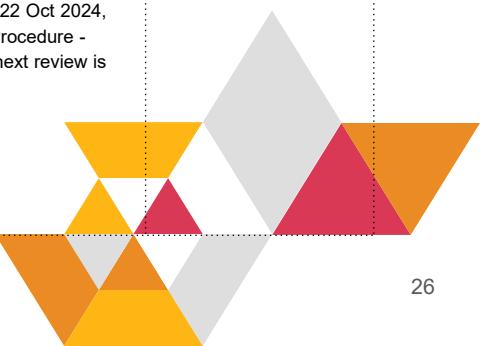


5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	51	Legally Approved Templates (LATs) used for the provision of services for all parties including PLUS ES.	Preventative	<ul style="list-style-type: none"> We performed walkthroughs to inspect that the Ring-fencing clauses included in the procurement templates have been approved by the legal team, and the contracts are assigned to the lawyers for further review. The procurement templates are accessibility in the internal SharePoint. We also inspected the approved contract templates used for procurement during the reporting period to ensure that they contained the appropriate Ring-Fencing clauses. 	Based on the procedures performed we have not identified any matters of exception.

5. Details and testing results (continued)



Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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> <ul style="list-style-type: none"> i. offices for staff who, in the course of their duties: <ul 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; or 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 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. 	9	Accommodation Procedure established on a risk-based approach.	Preventative	<ul style="list-style-type: none"> • We inspected the policy document that provides a consistent co-location accommodation approach for Ausgrid and PLUS ES staff. The policy provides guidance on when Ausgrid and PLUS ES staff can be co-located in Accommodation whilst maintaining compliance with ring-fencing requirements. The policy indicates that there is a Risk assessment Matrix maintained for categorising Ausgrid and PLUS ES Teams to the level of risk and if physically segregation is required. We confirmed that the Accommodation Procedure is established on a risk-based approach. • We obtained and inspected the latest High-Risk Staff Register and confirmed that it is in line with the Accommodation and Security procedures. 	<p>The policy indicates a risk assessment matrix that is maintained for categorising employees to the level of risk and physical segregation requirements.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
	10	High-Risk Staff Locations register maintained and reviewed annually	Preventative	<ul style="list-style-type: none"> • We obtained and inspected the latest High-Risk Staff Locations Register and confirmed that it is in line with the Accommodation and Security procedures. • We obtained evidence that the latest register was reviewed and approved by the appropriate delegates on 22 Oct 2024, which is in line with the approval structure in "Procedure - PLUS ES Accommodation and Security". The next review is scheduled for November 2025. 	<p>Based on the procedures performed we have not identified any matters of exception.</p> 



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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> <ul style="list-style-type: none"> i. offices for staff who, in the course of their duties: <ul 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; or 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 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. 	11	Physical access granted to sites/offices based on approved High-Risk Staff Locations Register	Preventative	<ul style="list-style-type: none"> • We enquired with Management on the process of restriction deployment across system user access and physical security restrictions and its alignment with the Accommodation Policy. • We obtained system access logs for January to October to ensure physical controls are operating effectively and no unauthorized entries were noted. • We carried out an on-site inspection of the effectiveness of physical segregation by testing random staff passes selected from the high-risk register to ensure that the control has been operating effectively since November. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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> <ul style="list-style-type: none"> i. a member of staff who, in the course of their duties: 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 the extent necessary to respond to an event (such as an emergency) that is beyond a 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 authorised 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>	8	Staff Sharing Procedure established on a risk-based approach.	Preventative	<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 that the Register has been reviewed and is up to date. 	Based on the procedures performed we have not identified any matters of exception.
	40	Staff sharing requests can be routed to ARC team for advice/ analysis/ approval	Preventative	<ul style="list-style-type: none"> • We performed a walkthrough with the ARC team and understand that staff can obtain advice from ARC if they are unsure of the RF implications or risks associated with staff sharing or other ring-fencing issues. This would typically be done via the [REDACTED] email. Upon receipt of such enquiry ARC liaise with Legal and Regulatory Affairs where required before providing advice on how the arrangement can be progressed in a manner consistent with the Ring-fencing guidelines. • We tested that this process is in place by sending an email to [REDACTED] inbox. • We obtained the most up-to-date Staff Sharing register published on Ausgrid's website on 18 March 2025. Website address: https://www.ausgrid.com.au/Industry/Regulation/Ring-Fencing. In the register, it specifies the staff sharing related request can be sent to [REDACTED] email. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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> <ul style="list-style-type: none"> i. a member of staff who, in the course of their duties: <ul 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 the extent necessary to respond to an event (such as an emergency) that is beyond a 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 authorised 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>	41	Staff profile changes readily identified via HR MyGrid system	Preventative	<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 from accessing both Ausgrid and PLUS ES systems, thus preventing access to protected information and maintains distinction between Ausgrid employees and PLUS ES employees. • We selected two samples of employee role changes during the reporting period. We were able to obtain evidence to confirm that the staff roles and access credentials in HR system are updated and monitored, and there is a clear audit trail of position changes in the HR System. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	6	Ausgrid has a Performance and Recognition Guideline. Its terms are designed to ensure that any award of remuneration, incentives and other benefits (financial or otherwise) takes account of whether the person has adhered to all regulatory requirements, including to the Ring-fencing Guideline (RFG).	Preventative	<ul style="list-style-type: none"> We performed a walkthrough to understand the performance and recognition guidelines. We understand that Ausgrid has an annual corporate scorecard designed to measure the quality of the performance of staff and their units. The scorecard could have implications for the remuneration, incentives, and other benefits rewarded to staff if the staff member has not adhered to all regulatory requirements, including to the ring-fencing guidelines. We obtained the annual employee scorecard review performed by management for the reporting period and identified no evidence of regulatory non-compliance. 	Based on the procedures performed we have not identified any matters of exception.
	8	Staff Sharing Procedure established on a risk-based approach.	Preventative	<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 that the Register has been reviewed and is up to date. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	20	Measures used to assess staff performance do not support cross-subsidisation	Preventative	<ul style="list-style-type: none"> We performed a walkthrough to understand the performance and recognition guidelines. We understand that Ausgrid has an annual corporate scorecard designed to measure the quality of the performance of staff and their units. The scorecard could have implications for the remuneration, incentives, and other benefits rewarded to staff if the staff member has not adhered to all regulatory requirements, including to the ring-fencing guidelines. We obtained the annual employee scorecard review performed by management for the reporting period and identified no evidence of regulatory non-compliance. 	Based on the procedures performed we have not identified any matters of exception.
	40	Staff sharing requests can be routed to ARC team for advice/analysis /approval	Preventative	<ul style="list-style-type: none"> We performed a walkthrough with the ARC team and understand that staff can obtain advice from ARC if they are unsure of the RF implications or risks associated with staff sharing or other ring-fencing issues. This would typically be done via the [REDACTED] email. Upon receipt of such enquiry ARC liaise with Legal and Regulatory Affairs where required before providing advice on how the arrangement can be progressed in a manner consistent with the Ring-fencing guidelines. We tested that this process is in place by sending an email to [REDACTED] managed inbox. We obtained the most up-to-date Staff Sharing register published on Ausgrid's website on 18 March 2025. Website address: https://www.ausgrid.com.au/Industry/Regulation/Ring-Fencing. In the register, it specifies the staff sharing related request can be sent to [REDACTED] 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
4.2.3 (a) (i) A DNSP: i. 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	8	Staff Sharing Procedure established on a risk-based approach.	Preventative	<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 that the Register has been reviewed and is up to date. 	Based on the procedures performed we have not identified any matters of exception.
	34	Separate branding guidelines established for Plus ES	Preventative	<ul style="list-style-type: none"> To verify the Ring-Fenced branding guidelines, we obtained the Ausgrid Ring-Fencing policy and the PLUS ES Ring-Fencing policy. We performed the following procedures to ensure branding guidelines were adhered to: Conduct physical site inspections at a depot comprising of both Ausgrid and PLUS ES staff <ul style="list-style-type: none"> Inspect Ausgrid and PLUS ES websites Inspect company assets and equipment Inspect employee ID cards 	Based on the procedures performed we have not identified any matters of exception.
	40	Staff sharing requests can be routed to ARC team for advice/ analysis/ approval	Preventative	<ul style="list-style-type: none"> We performed a walkthrough with the ARC team and understand that staff can obtain advice from ARC if they are unsure of the RF implications or risks associated with staff sharing or other ring-fencing issues. This would typically be done via the [REDACTED] email. Upon receipt of such enquiry ARC liaise with Legal and Regulatory Affairs where required before providing advice on how the arrangement can be progressed in a manner consistent with the Ring-fencing guidelines. We tested that this process is in place by sending an email to [REDACTED] managed inbox. We obtained the most up-to-date Staff Sharing register published on Ausgrid's website on 18 March 2025. Website address: https://www.ausgrid.com.au/Industry/Regulation/Ring-Fencing. In the register, it specifies the staff sharing related request can be sent to [REDACTED] email. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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);	8	Staff Sharing Procedure established on a risk-based approach.	Preventative	<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 that the Register has been reviewed and is up to date. 	Based on the procedures performed we have not identified any matters of exception.
	29	Ring-fencing issues highlighted in Contact Centre Management Reports	Detective	<ul style="list-style-type: none"> We obtained samples of monthly quality control reviews undertaken by call centre management. The results of these quality control reviews are reported in the Contact Centre Management reports. These reviews 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. We verified there were no instances of breaches to ring-fencing guidelines for the samples tested. 	Based on the procedures performed we have not identified any matters of exception.
	40	Staff sharing requests can be routed to ARC team for advice/ analysis/ approval	Preventative	<ul style="list-style-type: none"> We performed a walkthrough with the ARC team and understand that staff can obtain advice from ARC if they are unsure of the RF implications or risks associated with staff sharing or other ring-fencing issues. This would typically be done via the [REDACTED] email. Upon receipt of such enquiry ARC liaise with Legal and Regulatory Affairs where required before providing advice on how the arrangement can be progressed in a manner consistent with the Ring-fencing guidelines. We tested that this process is in place by sending an email to [REDACTED] managed inbox. We obtained the most up-to-date Staff Sharing register published on Ausgrid's website on 18 March 2025. Website address: https://www.ausgrid.com.au/Industry/Regulation/Ring-Fencing. In the register, it specifies the staff sharing related request can be sent to [REDACTED] email. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	13	Contact Centre scripts include generic references to contestable service providers	Preventative	<ul style="list-style-type: none"> We inspected the documentation of Call Centre scripts and validated references and reminders within the scripts to contestable services and the restrictions of discriminating against other service providers. We noted references in the script to specific ring-fencing guidelines and guidance on reporting and breaches, and no specific mention of PLUS ES as a service provider. We also noted references in the script to promotion of competition in the contestable market. We obtained two samples of monthly quality control reviews undertaken by call centre management to validate that calls are monitored for quality and training purposes. Each month, 4 calls are randomly selected by the system for quality officers to monitor, and the review process includes identifying non-compliance to ring-fencing related clauses needing to be addressed in accordance with the script. Based on our samples tested, we verified there were no instances of breaches to ring-fencing guidelines for the samples tested. 	Based on the procedures performed we have not identified any matters of exception.
	29	Ring-fencing issues highlighted in Contact Centre Management Reports	Detective	<ul style="list-style-type: none"> We obtained samples of monthly quality control reviews undertaken by call centre management. The results of these quality control reviews are reported in the Contact Centre Management reports. These reviews 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. We verified there were no instances of breaches to ring-fencing guidelines for the samples tested. 	Based on the procedures performed we have not identified any matters of exception.
	52	Twice weekly meetings held to review upcoming social media posts for accuracy and approved.	Preventative	<ul style="list-style-type: none"> This was implemented following the breach in May 2024 (see page 10 of our report). We obtained an understanding of how this control operates, and how review and approval over the scheduled social media posts is performed during the twice weekly meetings. We obtained evidence of this meeting occurring twice-weekly over 3 different weeks during 2024. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>4.2.4 (a) A DNSP must establish, maintain and keep a register that identifies:</p> <ul style="list-style-type: none"> 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.; 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)ii. or 4.2.2(d); 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. 	48	Office, Staff Sharing, Information Sharing, Waivers and Standalone Power System registers are published on Ausgrid's external website and periodically reviewed for accuracy	Detective	<ul style="list-style-type: none"> • We obtained evidence of ARC team's quarterly review in Q2 and Q4 of 2024 of all Ring-fencing registers which includes the physical access registers. • 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.
<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>					



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
4.3.1 Subject to this clause 4.3, a DNSP must: (a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.	4	Plus ES staff do not have access to Ausgrid Electricity Information	Preventative	<ul style="list-style-type: none"> We confirmed via walkthroughs that PLUS ES staff do not have access to any content shared on Ausgrid's intranet site. This is to ensure Plus ES staff do not have access to Ausgrid's confidential information which could give them an unfair advantage over their competitors. We tested one sample of a PLUS ES employee attempting to access the Ausgrid "The Wire" internal website and the access was blocked. We did the same for a sample of one Ausgrid employee attempting to access the PLUS ES intranet, and the access was also blocked. We also performed physical separation test in for Control Ref 11 and confirmed that the restriction of access for PLUS ES staff is in line with Accommodation procedure throughout 2024. 	Based on the procedures performed we have not identified any matters of exception.
	5	Allowable uses of confidential information stored in ICT systems defined	Preventative	<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. The policies included: 'Procedure - User Access Control and Review', 'Procedure - Information Security', and 'Procedure - Information Classification, Labelling and Handling' 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	22	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.	Preventative	<ul style="list-style-type: none"> We obtained the Information Sharing Protocol from Ausgrid's external facing website and inspected the terms and conditions 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. We obtained evidence of operational contact details via a testing email to verify that the protocol is in place. 	Based on the procedures performed we have not identified any matters of exception.
	33	Role based system access requirements defined for Plus ES staff	Preventative	<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 selected 5 samples of PLUS ES employees who require access to the Ausgrid system to verify that user access is maintained based on defined roles and permissible per the user access policy. We also assessed that any terminated or seconded employee were not provided access. 	Based on the procedures performed we have not identified any matters of exception.
	38	User access control and review regularly undertaken by Cyber team following documented procedure	Preventative	<ul style="list-style-type: none"> We obtained the User Access Review guidelines 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 perform testing over a sample of employee movements to ensure that user access for those employees is appropriately reviewed, validated in line with the user access guidelines. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	42	Identify Access Management (IAM) application automatically updates access based on role	Preventative	<ul style="list-style-type: none"> We performed a walkthrough to understand the end-to-end annual user review and the end-to-end process for user access changes. We also obtained the IAM Application Playbook as part of our walkthrough. We obtained evidence of the annual user access review performed in Saviynt. Through control ref. 33, we tested a sample of employees to ensure the accuracy of the access levels provided for a sample of employees who started new roles during the testing period, and that their access per their previous role was terminated. 	Based on the procedures performed we have not identified any matters of exception.
	43	The ICT team applies the documented information security incident management procedure for all information security incidents	Preventative	<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 discussed with management the single incident reported during the year and discussed if the incident was managed in line with the information security incident management procedure. 	We discussed the single information security incident with management and found that it was not recorded in the information security register as it was not considered to be sufficiently significant. However, as the incident was not related to ring-fencing and was highly unlikely to have resulted in a breach of the Ring-fencing guidelines, we did not consider the results of our control test to impact the overall compliance with this obligation.

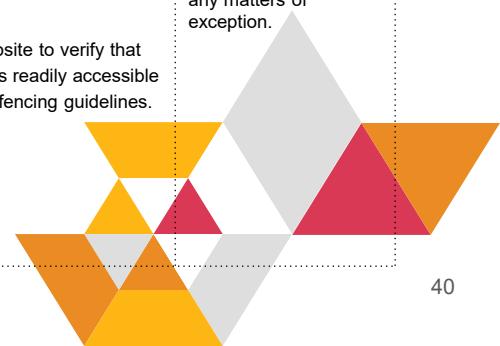


5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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>	19	ICT system access is permissioned based on Critical Operational Analysis	Preventative	<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 a sample of employees that their IT access was in line with their role-based criteria. We obtained samples from the population of terminated and 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 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>4.3.3</p> <p>(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>(b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ul style="list-style-type: none"> i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. 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>(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>(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>	22	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.	Preventative	<ul style="list-style-type: none"> • We obtained the Information Sharing Protocol from Ausgrid's external facing website and inspected the terms and conditions 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. • We obtained evidence of operational contact details via a testing email to verify that the protocol is in place. 	<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>
	48	Office, Staff Sharing, Information Sharing, Waivers and Standalone Power System registers are published on Ausgrid's external website and periodically reviewed for accuracy	Detective	<ul style="list-style-type: none"> • We obtained evidence of ARC team's quarterly review in Q2 and Q4 of 2024 of all Ring-fencing registers which includes the physical access registers. • 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. 	<p>Based on the procedures performed we have not identified any matters of exception.</p> 



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>4.3.4</p> <p>(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>(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>(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>	48	Office, Staff Sharing, Information Sharing, Waivers and Standalone Power System registers are published on Ausgrid's external website and periodically reviewed for accuracy	Detective	<ul style="list-style-type: none"> • We obtained evidence of ARC team's quarterly review in Q2 and Q4 of 2024 of all Ring-fencing registers which includes the physical access registers. • 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>4.4.1 (a) A DNSP 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:</p> <ul style="list-style-type: none"> i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 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. <p>4.4.1 (b) must not, directly or indirectly, encourage or incentivise 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.</p>	30	Ring-fencing related clauses included in legally approved templates used for procurement	Preventative	<ul style="list-style-type: none"> • We performed walkthroughs to inspect that the Ring-fencing clauses included in the procurement templates have been approved by the legal team, and the contracts are assigned to the lawyers for further review. The procurement templates are accessibility in the internal SharePoint. • We also inspected the approved contract templates used for procurement during the reporting period to ensure that they contained the appropriate Ring-Fencing clauses. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>
	39	Purchase Order Terms and Conditions addresses RF matters	Preventative	<ul style="list-style-type: none"> • We understand that the Purchase Order Terms and Conditions communicates Ausgrid's expectations of our external partners and their supply chains in providing goods and services to Ausgrid. Ausgrid and PLUS ES are supported by the same procurement team as a shared service since approximately October 2023. • We obtained the Procurement Terms and Conditions, which outlines rules and obligations of service providers engaging with Ausgrid and PLUS ES, including the Ring-Fencing guidelines. This exists to help prevent ring-fencing misconduct while engagement with external service providers. 	<p>Ausgrid has adequately documented the Ring-Fencing guidelines to prevent any ring-fencing misconduct while engaging with service providers.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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; details of the service, or services, in relation to which the DNSP is applying for the waiver;</p> <p>(c) the proposed commencement date and expiry date (if any) of the waiver and the reasons for those dates;</p> <p>(d) 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; and</p> <p>(h) 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>	31	Ring-fencing waiver templates used, based on guideline requirements	Preventative	<ul style="list-style-type: none"> We enquired with management and noted the waiver template is standardised and available through the AER website. When Ausgrid applies for a waiver, it will be done using the standardised template and recorded on the AER website. We inspected the AER website which confirmed Ausgrid had no current waivers or any under application. All historic waivers and applications were completed in the standardised format. 	Based on the procedures performed we have not identified any matters of exception.
	32	Ring-fencing waivers are published on Ausgrid's external website and periodically reviewed for accuracy	Detective	<ul style="list-style-type: none"> We inspected the Ausgrid website on 11 March 2025 and found no current/open Ringfencing class waivers. The AER shows consistent waivers available. We obtained attestation from management confirming Ausgrid did not submit a request to the AER for an Ausgrid specific ring-fencing waiver during 1 January 2024 and 31 December 2024. This is in line with our understanding as there were no Ausgrid specific RF waivers. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>5.7 (a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.</p> <p>5.7 (b) The register established under clause 5.7(a) must include:</p> <ul style="list-style-type: none"> i. the description of the conduct to which the waiver or interim waiver applies; and ii. the terms and conditions of the waiver or interim waiver; 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. 	48	Office, Staff Sharing, Information Sharing, Waivers and Standalone Power System registers are published on Ausgrid's external website and periodically reviewed for accuracy.	Detective	<ul style="list-style-type: none"> • We obtained evidence of ARC team's quarterly review in Q2 and Q4 of 2024 of all Ring-fencing registers which includes the physical access registers. • 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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 procedures does not affect the DNSP's obligations under this Guideline.	2	Ad-hoc ring-fencing communications issued to staff	Preventative	<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 in September and November 2024, which reminded staff on their Ring-Fencing Guideline obligations and how they can comply with the guidelines. 	<p>Ausgrid has appropriate internal procedures to communicate Ring-Fencing Guidelines to staff via email and associated channels to ensure compliance with obligations.</p> <p>Based on the procedures performed we have not identified any matters of exception.</p>
	7	Code of Conduct addresses various matters related to RFG	Preventative	<ul style="list-style-type: none"> We enquired with Management regarding the content 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 Organisation's policies. The policy also outlined how to make Ausgrid aware of any potential breaches and the possible consequences of any breaches. We inspected Code of Conduct to ensure compliance with Ring Fencing Guidelines are covered. 	<p>Based on the procedures performed we have not identified any matters of exception.</p>



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>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 procedures does not affect the DNSP's obligations under this Guideline.</p>	16	Controls reviewed and updated by SME's following regulatory changes.	Preventative	<ul style="list-style-type: none"> We enquired with Management on the steps taken to ensure compliance with new or changes in regulations. During 2024, there were no changes in the Ring-Fencing Guidelines since Version 3 which was effective from 3 February 2022. In the year ended 31 December 2024, management made changes to the Ringfencing control register (though this was not driven by regulatory change). We have performed a reconciliation to ensure the controls have full coverage over the ringfencing obligations. 	Based on the procedures performed we have not identified any matters of exception.
	25	Responsibilities of DNSP entity staff to support ring-fencing compliance documented in a policy	Preventative	<ul style="list-style-type: none"> We enquired with management on the Ring-Fencing Policies and how the obligations under the Ring-Fencing Guidelines are communicated to staff. We inspected the Ausgrid and PLUS ES Ring-Fencing Policies and the External Code of Conduct to ensure all areas of required communication are included. We noted that the Ring-Fencing Policies outlines the Ring-Fencing market competition guidelines per the AER. 	Based on the procedures performed we have not identified any matters of exception.
	26	Ring-fencing training program developed and implemented	Preventative	<ul style="list-style-type: none"> We enquired with Management on the training available to Ausgrid and PLUS ES staff regarding the Ring-Fencing Guidelines. The training covers background of the guidelines, its application, obligations and a quiz for staff to test their knowledge. The training program is mandated for all staff members. We understand all the staff members must complete Ring Fencing training annually for the relevant division they belong to in addition to the above RF Essential program. We inspected the following Ring-fencing training is available to Ausgrid and PLUS ES staff: <ol style="list-style-type: none"> 1. Ausgrid Ring Fencing Essentials – Essential training for all Ausgrid staff except contracted services 2. Ring Fencing – Plus ES – Essential training for all PLUS ES and EES staff 3. Ring Fencing Customer Division / Vulnerable Customers / Program Delivery – not assigned but available in the library 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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 procedures does not affect the DNSP's obligations under this Guideline.	27	Ring-fencing email address maintained to deal with queries and escalations	Preventative	<ul style="list-style-type: none"> We enquired with Management about existence of the Ring-Fencing email address and how it is used and monitored. We obtained an understanding that Ausgrid actively maintains this dedicated Ring-Fencing email address to monitor and internal or external reports of breaches. We tested the Ring-Fencing email address by sending a test email to ensure the inbox is operational. 	Based on the procedures performed we have not identified any matters of exception.
	28	Ring-fencing intranet page provides information	Preventative	<ul style="list-style-type: none"> We inspected Ausgrid's dedicated Ring-Fencing page for staff access on the Ausgrid 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. We obtained screenshots of the materials relating to the ring-fencing guidelines on the Ausgrid Intranet to understand what materials are made available to employees. 	Based on the procedures performed we have not identified any matters of exception.
	45	Training compliance report generated and reviewed weekly	Detective	<ul style="list-style-type: none"> We performed a walkthrough to obtain an understanding on how staff training compliance is tracked. We obtained the training compliance PowerBI dashboard which the ARC team uses to monitor compliance with training requirements. The dashboard shows the current status of training compliance for Ausgrid and PLUS ES staff across all areas. We also obtained and inspected two examples of email reminders sent to staff when the deadline for allocated training was approaching 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<p>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 procedures does not affect the DNSP's obligations under this Guideline.</p>	49	Ring-fencing Operational Forum set up	Preventative	<ul style="list-style-type: none"> We inspected a sample of the monthly Ring-fencing Operation Forum meeting minutes that detail key discussions between key managers across the business surrounding issues, the risks associated with potential breaches of ring-fencing requirements, and the impact of such breaches. The minutes also outline the subsequent actions to be taken. 	Based on the procedures performed we have not identified any matters of exception
	50	Ring-fencing compliance checklist used in new initiatives and for changes to existing activities which have a RF impact.	Detective	<ul style="list-style-type: none"> We enquired with Management regarding the compliance checklist and its application in new initiatives and changes to existing activities that have a Ring-fencing impact. We inspected a sample of the compliance checklist being used in a proposed activity that has a Ring-fencing impact. 	Based on the procedures performed we have not identified any matters of exception



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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.	23	Regulatory Reporting calendar established and monitored	Preventative	<ul style="list-style-type: none"> • We enquired with management about the establishment of a regulatory reporting calendar. • We inspected regulatory reporting calendar, which outlined required reporting deadlines, responsible SME's, reporting dates to the AER and associated reporting required under Ring-Fencing Guidelines. 	Ausgrid has a Regulatory Reporting Calendar which is monitored by the ARC team and contains all relevant dates and reporting requirements to ensure compliance with Ring-Fencing Guidelines.
6.2.1 (b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates: <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; and iv. the purpose of all transactions between the DNSP and an affiliated entity. 					Based on the procedures performed we have not identified any matters of exception
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.					
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.					
6.2.1 (e) Annual compliance reports may be made publicly available by the AER.					
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.					
6.2.2 (b) A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences.					



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
<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:</p> <ul style="list-style-type: none"> 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 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>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>	48	Office, Staff Sharing, Information Sharing, Waivers and Standalone Power System registers are published on Ausgrid's external website and periodically reviewed for accuracy	Detective	<ul style="list-style-type: none"> • We obtained evidence of ARC team's quarterly review in Q2 and Q4 of 2024 of all Ring-fencing registers which includes the physical access registers. • 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.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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. 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.	15	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. Controls reviewed and updated by SME's following non-compliance incidents	Detective	<ul style="list-style-type: none"> We enquired with management on the avenues for reporting of non-compliance. There are multiple avenues through Enablon, internal audit and whistle-blower and external complaints. The Primarily compliance team use Enablon portal to record any breaches and incidents of non-compliance. We noted that the process is company-wide, but ARC oversee and co-ordinate and is responsible for reporting any non-compliance or breach to AER. We inspected the reports from Enablon, and non-compliance/breaches register and found 1 instances of non-compliance. We confirmed that the 1 instance of non-compliance has been reported to the AER. See section 4 for details. 	Based on the procedures performed we have not identified any matters of exception. See section 4 for the breach reported during the reporting period.
	27	Ring-fencing email address maintained to deal with queries and escalations	Preventative	<ul style="list-style-type: none"> We enquired with Management about existence of the Ring-Fencing email address and how it is used and monitored. We obtained an understanding that Ausgrid actively maintains this dedicated Ring-Fencing email address to monitor and internal or external reports of breaches. We tested the Ring-Fencing email address by sending a test email to ensure the inbox is operational. 	Based on the procedures performed we have not identified any matters of exception.



5. Details and testing results (continued)

Compliance requirement	Ausgrid Control Ref	Management Control	Type of control	Measures and testing	Observations and findings
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. 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.	47	Annual Compliance Review of '30 Minute jobs' data in CASS	Detective	<ul style="list-style-type: none"> We obtained evidence of the Annual Compliance Review of the '30 Minute jobs' data which was performed by the ARC team. The review demonstrated a detailed review and analysis of all jobs logged in the Computer Aided Service System (CASS) pertaining to the reporting period. We performed further validation procedures by using the CASS listing to identify jobs performed during the reporting period by field operators that were outside the acceptable threshold of 30 minutes. 	<p>We obtained evidence that the annual compliance review of the 30 Minute jobs data in CASS was reviewed by the ARC team in March 2025 for the year ended 31 December 2024, and appropriate probing questions were asked by the ARC team to investigate any potential issues found.</p> <p>Using the jobs listing from CASS, we identified 36 instances of contestable services provided by Ausgrid during 2024 with recorded durations of over 60 minutes*. However, for all 36 jobs identified, we obtained explanations from Ausgrid to justify that the actual time taken to perform the contestable service was less than the 30-minute determination. These explanations included longer than expected durations due to delays caused by site access issues, additional time taken for technical diagnosis of faults, delays caused by waiting for access crews to arrive etc. We were able to corroborate a sample of these jobs to further explanations provided by Field Managers, which we consider to be sufficient evidence that our observation has not resulted in a breach of this obligation.</p> <p>*Jobs over 60-minute durations were targeted from the CASS listing because management explained that on average, 30 minutes of the recorded duration is needed for initial diagnostic of the problem when on site. Therefore the 36 jobs identified were at a higher risk to have taken more than 30 minutes to perform the contestable service.</p>



Thank You