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Energex Limited
Ring-fencing Guideline Compliance Report
31 December 2024

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Executive Summary

1. Introduction

The Australian Energy Regulator (the “AER”) published the *Ring-fencing Guideline – Electricity Distribution* on 30 November 2016 under the National Electricity Rules (the “NER”) with amendments made on 17 October 2017 and 3 November 2021 (the “Guideline”). The Guideline requires functional separation of regulated and competitive business activities to promote competition in the provision of contestable electricity services.

Under clause 6.2.1c of the Guideline, Deloitte Touche Tohmatsu (“Deloitte”) has been engaged per the engagement letter between Energex Limited and Deloitte dated 20th January 2025 as the qualified independent authority to provide a reasonable assurance opinion on whether Energex Limited’s Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2024 to 31 December 2024.

2. Summary of Findings

The following table summarises observations and recommendations against the Obligations where an exception was identified. The rating of each Obligation has been applied in accordance with *Section 1.3*.

Management responses to the observations and recommendations are included in the Appendix to this report. This information does not form part of the Independent Assurance Report. The information included in the Appendix has not been subjected to the test procedures performed, accordingly, Deloitte does not express an opinion on it.

No.	Guidance Obligation Reference	Results of Testing	Recommendations	Rating	Material Breach
1	4.3.2	Based on our testing performed, we have not identified any matters of exception of the disclosure of information, except of those reported under Guideline 6.3. Noting that it is not possible to completely mitigate the risk of human error in any process or activity. Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.	We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines through robust and timely training to reduce the risk of breaches.	No Exception	N/A
2	6.1	Based on our testing performed, we have not identified any matters of exception of the disclosure of information. We do however note the following improvement opportunity in line with the recommendation noted at obligation 4.3.2. Noting that it is not possible to completely mitigate the risk of	We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines through robust and timely training to reduce the risk of breaches.	No Exception	N/A

No.	Guidance Obligation Reference	Results of Testing	Recommendations	Rating	Material Breach
		human error in any process or activity. Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.			

1.3 Rating Applied

The ratings applied to the results of our testing are defined below based on Deloitte's interpretation of the Guideline. The evaluation of the results of our tests as they relate to the Obligations is based on applying our professional judgement and considering the available facts and circumstances.

No Exception	Requirements of the Obligation have been met with no or only minor improvement opportunities. Any findings noted are considered minor and require routine efforts to correct in the normal course of business.
Exception	The requirements of the Obligation have not been fully met. Findings noted require remedial action.

Independent Reasonable Assurance Report to the Directors of Energex Limited

Opinion

We have undertaken a reasonable assurance engagement on Energex Limited (“Energex”) Ring-fencing Compliance Report, with respect to compliance with 6.2.1a of the Guideline, as evaluated against 6.2.1b of the Guideline, in all material respects, for the period from 1 January 2024 to 31 December 2024.

In our opinion, the accompanying Energex’s Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2024 to 31 December 2024.

Basis for Opinion

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

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

Emphasis of Matter – Cost Allocation Methodology Regulatory Period Assessed

Without modifying our opinion, we draw attention to the regulatory period covered under Section 3.2.2 of the Guideline within this report being 1 January 2024 to 30 June 2024, which is different to the compliance period of 1 January 2024 to 31 December 2024. Compliance with the Cost Allocation Method for the remaining regulatory period from 1 July 2024 to 31 December 2024 will be covered under the Regulatory Information Notice (RIN) reporting for the 1 July 2024 to 30 June 2024 regulatory period. This approach is in line with Ring-Fencing guideline 6.2.1(d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2.

Our Independence and Quality Management

We have complied with the independence and relevant ethical requirements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, including those contained in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Our firm applies Australian Auditing Standard 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.

Responsibilities of The Directors

The Directors are responsible for:

- a) providing the Ring-fencing Compliance Report with respect to the outcome of the evaluation of the compliance activity against 6.2.1a of the Guideline for the period from 1 January 2024 to 31 December 2024;
- b) the compliance activity undertaken to meet 6.2.1a of the Guideline;
- c) identifying suitable compliance requirements as specified in the Guideline as required by the AER;
- d) identifying risks that threaten compliance with 6.2.1a of the Guideline being met; and
- e) the identification, design and implementation of controls to enable compliance with 6.2.1a of the Guideline to be met and to monitor ongoing compliance.

Responsibilities of the Assurance Practitioner

Our responsibility is to express an opinion on Energex's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline, in all material respects, as evaluated against 6.2.1b of the Guideline for the period from 1 January 2024 to 31 December 2024. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether Energex's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guideline for the period from 1 January 2024 to 31 December 2024.

An assurance engagement to report on the Energex's Ring-fencing Compliance Report with respect to compliance with 6.2.1a of the Guideline involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet 6.2.1a of the Guideline. The procedures selected depend on our judgement, including the identification and assessment of risks of material deficiencies in the compliance framework or material misstatements in Energex's Ring-fencing Compliance Report.

Our procedures included, but were not limited to:

- Inquiring with Energex's personnel regarding controls in place to enable Energex to comply with the Obligations;
- On a sample basis, observing the control being performed, and/or inspecting documentation to evidence the design, implementation and effectiveness of the controls;
- Inquiring with management whether they are compliant with the Obligations, and corroborating our inquiry with the results of our test procedures.
- Evaluating the content of the Ring-fencing Compliance Report, to determine whether it is fairly presented, with respect to the evaluation of the compliance activities against 6.2.1b of the Guideline.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, deficiencies in the compliance framework or misstatements in Energex's Ring-Fencing Compliance Report may occur and not be detected.

A reasonable assurance engagement for the period from 1 January 2024 to 31 December 2024 does not provide assurance on whether compliance with the Guideline will continue in the future.

Restricted Use

This report has been prepared for use by Directors of Energex for the purpose of meeting the reporting requirements to the AER. We disclaim any assumption of responsibility for any reliance on this report to any person other than Energex or for any purpose other than that for which it was prepared. However, we understand that a copy of the report has been requested by the AER, in accordance with 6.2.1c of the Guideline. We agree that a copy of the report may be provided to the AER for their information in connection with this purpose but only on the basis that we accept no duty, responsibility or liability to the AER in relation to the report. We accept no duty, responsibility or liability to any party, other than Directors of Energex in connection with the report or this engagement.



DELOITTE TOUCHE TOHMATSU



Rowan Smith
Partner
Chartered Accountants

Brisbane, 17 April 2025

Detailed Findings

The descriptions of the tests of compliance that were performed, findings relating to the tests of compliance or particular aspects of the engagement, our recommendations and conclusion of whether there has been a breach of the requirements of the Guideline are described below.

The rating of each Obligation has been applied in accordance with *Section 1.3*.

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
1	Legal separation	3.1 (a)	A DNSP must be a legal entity.	<p>Key Control(s):</p> <ul style="list-style-type: none"> • All EQL Group companies have separate ABNs and are registered with ASIC • Energex Registered Australian Business Number (ABN) • Energex Constitution. <p>Test Performed:</p> <ul style="list-style-type: none"> • Parent: Performed a search of the ASIC register for Energy Queensland Limited using the ABN 966125355583 • DNSP: Performed a search of the ASIC register for Energex Limited using the ABN 40078849055 (trading name: Energex) • Performed a search on the ASIC register for Yurika Pty Ltd using the ABN 19100214131 • Cross checked the registered ABN against the Distribution Network Services Provider License. • We inspected the Energex Constitution 	Based on the testing performed we have not identified any matters of exception against the obligation	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
2	Legal separation	3.1 (b)	A DNSP may provide distribution services and transmission services, but must not provide other services.	<p>Key Control(s):</p> <ul style="list-style-type: none"> A separate affiliated entity Yurika was established to perform "other services" outside distribution services which are performed by Energex. <p>Test Performed:</p> <ul style="list-style-type: none"> Tested a sample of Energex revenue transactions to detect instances of other services being provided by the DNSP. Reviewed the customer feedback and complaints register for any indication that Energex has been providing other services 	Based on the testing performed we have not identified any matters of exception against the obligation	N/A	No Exception
3	Separate accounts	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>Key Control(s):</p> <ul style="list-style-type: none"> SAP accounting system which contains separate general ledger accounting rules for recording transactions between Energex and its affiliated entities. A monthly reconciliation is performed of transactions between affiliated entities. <p>Test Performed:</p> <ul style="list-style-type: none"> Performed a process walk through to understand the process in place to understand financial system configuration to accurately records the entire range of transactions between the affiliated entities. 	Based on the testing performed we have not identified any matters of exception against the obligation.	N/A	No Exception
4	Cost allocation and attribution	3.2.2 (a), (b)	(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	<p>Key Control(s):</p> <ul style="list-style-type: none"> Cost are allocated using the AER approved Energex Cost Allocation Methodology (CAM) 	Based on the testing performed, we have not identified any matters of exception against the obligation	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>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>(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>	<ul style="list-style-type: none"> Monthly journal transfers and reconciliation process. A monthly review of general ledger accounts is performed to confirm costs have been allocated in accordance with the CAM <p>Test Performed:</p> <ul style="list-style-type: none"> We have inspected the CAM to confirm that it addresses the allocation of costs between Energex and its affiliated entities. From the population of monthly reconciliation reports, we selected a sample to determine whether transactions were treated in accordance with the CAM 	<p>Compliance with the Cost Allocation Methodology is assessed every regulatory period as part of the AER Regulatory Information Notices (RINs). This was most recently conducted for 1 July 2023 - 30 June 2024 regulatory period with our conclusion submitted to AER in our report dated 31 October 2024. The compliance with the CAM for the remaining period from 1 July 2024 -31 December 2024 will be covered under the RINS for the 1 July 2024 to 30 June 2025 regulatory period. Our procedures on the CAM per the purpose of attesting compliance with the guideline therefore is limited to the period 1 January 2024 - 30 June 2024. This approach is in line with Ring-Fencing guideline 6.2.1 (d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2</p>		

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
5	Cost allocation and attribution	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>Key Control(s):</p> <ul style="list-style-type: none"> Cost are allocated using the AER approved Energex Cost Allocation Methodology (CAM) Monthly journal transfers and reconciliation process. A monthly review of general ledger accounts is performed to confirm costs have been allocated in accordance with the CAM <p>Test Performed:</p> <ul style="list-style-type: none"> We have inspected the CAM to confirm that it addresses the allocation of costs between Energex and its affiliated entities. From the population of monthly reconciliation reports, we selected a sample to determine whether transactions were treated in accordance with the CAM 	Based on the testing performed we have not identified any matters of exception against the obligation. Consistent with our observation in 3.2.2 (a), (b), our procedures were limited to the regulatory period 1 January 2024 to 30 June 2024.	N/A	No Exception
6	Obligation not to discriminate	4.1(b), (d)	<p>(b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <ol style="list-style-type: none"> direct control services by the DNSP (whether to itself or to any other legal entity); and / or contestable electricity services by any other legal entity. <p>(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> All tender documents are reviewed and approved and incorporate ring-fencing requirements. Audits of tender documents are performed on an ad hoc basis to ensure compliance of the DNSP tender processes for contestable services consider ring- fencing obligations. Ring-fencing training <p>Test Performed:</p> <ul style="list-style-type: none"> Inquired of management and reviewed procurement policies to gain an understanding of the processes. 	Based on the testing performed we have not identified any matters of exception against the obligation	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			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.	<ul style="list-style-type: none"> • Inquired of management whether Yurika tendered to provide services to Energex during the year. • Inspected a sample of signed procurement contracts executed during the period to determine whether ring-fencing requirements for service providers have been included; and agreements have been signed and executed. • Inspected the online ring-fencing training module for evidence that the obligation not to discriminate is explained in clear terms. 			
7	Offices, staff, branding and promotions	4.2.1(a)	A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Individual office security arrangements are based on type of offices (RESP only, DNSP only, mixed DNSP/RESP, regional) • Staff re-located based on roles – DNSP / Corporate / RESP <p>Test Performed:</p> <ul style="list-style-type: none"> • Inspected Energex's policies in relation to offices, staff, branding and promotions. • For the staff seconded over the period we inspected their physical access records across Energex and the affiliate offices to determine whether they were restricted from entering secure floors or offices across Energex's offices whilst on secondment at the affiliate. 	Based on the testing performed we have not identified any matters of exception against the obligation	N/A	No Exception
8	Staff sharing	4.2.2(a)	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	<p>Key Control(s):</p> <ul style="list-style-type: none"> • EQL employee induction and training material includes ringfencing awareness requirements. 	Based on the testing performed we have not identified any matters of	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			of contestable electricity services by a related electricity service provider.	<ul style="list-style-type: none"> HR Notifications are sent to Digital to identify start and end dates for staff movements and access to confidential information is controlled depending on whether the employee is DNSP, RESP or corporate support staff. <p>Test Performed:</p> <ul style="list-style-type: none"> Reviewed the training content and noted it covered staff sharing obligations. For a sample of staff, we obtained the HR notifications and confirmed their access to confidential information is consistent with their role (DNSP, RESP or corporate) 	exception against the obligation		
9	Staff sharing	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.	<p>Key Control(s):</p> <ul style="list-style-type: none"> Performance Framework User Guide Remuneration template is ring-fencing compliance based on staff position <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the Official Performance Framework User Guide to confirm that Leaders or staff were not incentivised for growth in revenue for an unregulated service For a sample of Employees, we have inspected the approved remuneration framework and ensured there is no incentives to act in a manner that is contrary to the DNSPs Obligations 	Based on the testing performed we have not identified any matters of exception against the obligation	N/A	No Exception
10	Branding and cross-promotion	4.2.3(a)	A DNSP: i. must use branding for its direct control services that is independent	<p>Key Control(s):</p> <ul style="list-style-type: none"> Ring-Fencing training 	Based on the testing performed we have not identified any matters of	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related.</p> <p>ii. must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion).</p> <p>ii. must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	<ul style="list-style-type: none"> • DNSP/RESP fleet follow approved ring-fencing brand guidelines. • EQL email signature guidelines are available on the EQL Brand Centre • Contract templates have been updated to reflect ring-fencing requirements where applicable. <p>Test Performed:</p> <ul style="list-style-type: none"> • Inquired and inspected Energex's policies relating to branding and cross promotion, including fleet branding • Reviewed the training content and noted it covered the branding and cross-promotion requirements. • Reviewed the customer complaints and queries register and investigated for evidence of customer complaints regarding branding or cross-promoting. 	exception against the obligation		
11	Office and staff registers	4.2.4 (a), (b)	<p>(a) A DNSP must establish, maintain and keep a register that identifies:</p> <p>(i) the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.;</p> <p>(ii) the staff positions (including a description of the roles, functions and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d);</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Review of the office and staff sharing registers • Staff system access records. <p>Test Performed:</p> <ul style="list-style-type: none"> • Observed that the office and staff register is publicly available on the Energex website. • Inspected evidence of review of the registers in line with the required timeline of this guideline. 	Based on the testing performed we have not identified any matters of exception against the obligation.	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>(iii) the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p> <p>(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>				
12	Protection of ring-fenced information	4.3.1	<p>A DNSP must:</p> <p>(a) keep ring-fenced information confidential; and</p> <p>(b) only use ring-fenced information for the purpose for which it was acquired or generated.</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Ring Fencing Training • Approval of Access for RESPs to Ring-Fenced information, including SharePoint sites. • Detective system access controls are in place for shared staff • Periodic testing is performed by the compliance team to determine whether any 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>RESPs staff have access to DNSPs ring-fenced information</p> <p>Test Performed:</p> <ul style="list-style-type: none"> • Inspected the online ring-fencing training module for evidence that the obligation of protection of information is explained in clear terms. • For a sample, obtained and inspected evidence of the audit of RESP access to ring-fenced information. 			
13	Disclosure of information	4.3.2	<p>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</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Periodic testing is performed by the compliance team to determine whether any RESPs staff have access to DNSPs ring-fenced information. • Information sharing protocol. <p>Test Performed:</p> <ul style="list-style-type: none"> • Inspected the online ring-fencing training module for evidence that the obligation of protection of information is explained in clear terms. • For a sample, obtained and inspected evidence of the audit of RESP access to ring-fenced information. • We have reviewed the information sharing protocol for consistency with the requirements of the Guideline. • Inspected the customer complaints register for evidence of customer complaints that 	<p>Based on our testing performed, we have not identified any matters of exception of the disclosure of information, except of those reported under Guideline 6.3. Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.</p>	<p>We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines to reduce the risk of breaches.</p>	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>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>	indicate the disclosure of ring-fenced information.			
14	Sharing of information	4.3.3 (a) - (e)	<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</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> Information sharing protocol and information sharing register is publicly available 	Based on the testing performed we have not identified any matters of exception against the	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>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>(c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.3(a) to (e).</p> <p>(d) Without limiting clause 4.3.4(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</p>	<p>Test Performed:</p> <ul style="list-style-type: none"> • Reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • Sighted the information register is publicly available on the Energex website. • Reviewed the emails received to the information sharing mailbox to challenge the completeness of the information in the information register. • Enquired with management and confirmed that all requests received were added to the information register. • Reviewed the customer complaints and queries register for evidence of customer complaints that indicate the disclosure of ring-fenced information. 	<p>obligation in addition to the findings above.</p>		

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>protocol publicly available on its website.</p> <p>(e) Where a DNSP discloses information referred to in clause 4.3.4(a) to any other legal entity under this clause 4.3.4, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.2 and 4.3.3(a) to (d) in relation to that information as if the other legal entity was a DNSP.</p>				
15	Information register	4.3.4 (a) - (c)	<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; <p>who request access to information identified in clause 4.3.4(a), and must make the register publicly available on its website.</p> <p>(b) For each legal entity that has requested that a DNSP provide access to information identified in clause 4.3.4(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the legal entity; and ii. describe the kind of information requested by the legal entity in sufficient detail to enable other legal 	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Information sharing protocol and information sharing register is publicly available <p>Test Performed:</p> <ul style="list-style-type: none"> • Reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline • Sighted the information register is publicly available on the Energex website. • Reviewed the emails received to the information sharing mailbox to challenge the completeness of the information in the information register. • Enquired with management and confirmed that all requests received were added to the information register. 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>entities to make an informed decision about whether to request that kind of information from the DNSP.</p> <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 4.3.4(a), and the DNSP must comply with that request.</p>	<ul style="list-style-type: none"> Reviewed the customer complaints and queries register for evidence of customer complaints that indicate the disclosure of ring-fenced information. 			
16	Conduct of service providers	4.4.1 (a)	<p>A DNSP:</p> <p>(a) must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:</p> <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and</p> <p>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>	<p>Key Control(s):</p> <ul style="list-style-type: none"> The EQL standard terms and conditions within contract templates include compliance with ring-fencing requirements. These standard terms and conditions are included in all new and amended contracts, where necessary Ad hoc audits are undertaken of executed contracts to assess compliance with the ring-fencing obligations. <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the standard terms and conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline. Selected a sample of service providers with new contracts entered into in the year and confirmed that the Standard Terms and Conditions attached to the contract contained the requirement to comply with 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline. Inspected evidence of the contract audits undertaken during the year and selected a sample of contracts to confirm against the audit results. 			
17	Conduct of service providers	4.4.1 (b)	<p>A DNSP:</p> <p>(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.</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> The EQL standard terms and conditions within contract templates include compliance with ring-fencing requirements. These standard terms and conditions are included in all new and amended contracts, where necessary Ad hoc audits are undertaken of executed contracts to assess compliance with the ring-fencing obligations. <p>Test Performed:</p> <ul style="list-style-type: none"> We reviewed the standard terms and conditions and checked that it requires service providers to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline. Selected a sample of service providers with new contracts entered into in the year and confirmed that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline. Inspected evidence of the contract audits undertaken during the year and selected a sample of contracts to confirm against the audit results. 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
18	Waiver register	5.7 (a)	A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website.	<p>Key Control(s):</p> <ul style="list-style-type: none"> Waiver register is publicly available on the Energex Website <p>Test Performed:</p> <ul style="list-style-type: none"> We cross-checked the details contained on the Waiver Register against the waiver decisions published on the AER website. Challenged the completeness of the waiver register. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation with key points(s) below:</p> <ul style="list-style-type: none"> Energex has maintained its waiver register publicly and it can be accessed via the Energex Website. Energex maintains 4 waivers in the assessable period (0 new during the period) The Energex waiver register includes terms and conditions as set out in the AER's written decision, provided by the AER to the DNSP. 	N/A	No Exception
19	Waiver register	5.7 (b)	The register established under clause 5.7(a) must include: <ol style="list-style-type: none"> the description of the conduct to which the waiver or interim waiver applies; and 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. 	<p>Key Control(s):</p> <ul style="list-style-type: none"> Waiver register is publicly available on the Energex Website <p>Test Performed:</p> <ul style="list-style-type: none"> We cross-checked the details contained on the Waiver Register against the waiver decisions published on the AER website. Challenged the completeness of the waiver register 	<p>Based on the testing performed we have not identified any matters of exception against the obligation with key points(s) below:</p> <ul style="list-style-type: none"> Energex has maintained its waiver register publicly and it can be accessed via the Energex Website. Energex maintains 4 waivers in the assessable period (0 new during the period) 	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<ul style="list-style-type: none"> We have performed a walk through of the methodology applied and inspected the underlying source data utilized to report on comparison of battery uses to comply with the terms and conditions set out in the AER's written decision, dated 2 June 2022 on Energex's Battery Waiver application. 	<ul style="list-style-type: none"> The Energex waiver register includes terms and conditions as set out in the AER's written decision, provided by the AER to the DNSP. The comparison of the uses of the battery that differentiates between Energex and the RESP is accurate 		
20	Maintaining compliance	6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its Obligations under this Guideline.	<p>Key Control(s):</p> <ul style="list-style-type: none"> Confidential Information Policy includes ring-fencing obligations; Compliance Management Policy includes ring-fencing obligations; Mandatory training on ring-fencing requirements for all new starters. An informative ring-fencing SharePoint site is maintained with relevant awareness and guidance materials for staff; A mailbox is maintained by the Regulatory Compliance team for staff to request advice on ring-fencing; <p>Test Performed:</p> <ul style="list-style-type: none"> Obtained and reviewed the key compliance and confidential information policies. Obtained the training report indicating the employees who completed the training and overall rate of completion. Reviewed the emails received in the general ring-fencing mailbox 	<p>Based on the testing performed we have not identified any matters of exception against the obligation. We do however note the following improvement opportunity: Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.</p>	We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines to reduce the risk of breaches.	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
21	Annual compliance report	6.2.1 (a), (b) (c)	<p>a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>b) The annual compliance report must identify and describe, in respect of the regulatory year to which the report relates:</p> <ul style="list-style-type: none"> i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline; ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP; and 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. <p>c) The annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Annual Ring-Fencing Compliance report <p>Test Performed:</p> <ul style="list-style-type: none"> • Reviewed the annual ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (Version 3), including submission within four months. • Obtained and reviewed the sign off by Head of Regulation on the final compliance report. 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
22	Timing of Annual compliance reporting	6.2.2	<p>(a) Subject to clause 7.2, a DNSP must submit its annual compliance report to the AER within four months of the end of the calendar year to which the compliance report relates.</p> <p>(b) A DNSP is not required to submit an annual compliance report for its regulatory year in which this Guideline commences."</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> Annual Ring-Fencing Compliance report <p>Test Performed:</p> <ul style="list-style-type: none"> Reviewed the annual ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (Version 3), including submission within four months. Obtained and reviewed the sign off by Head of Regulation on the final compliance report. 	Based on the procedures performed we have not identified any matters of exception against the obligation	N/A	No Exception
23	Regulated stand-alone power systems reporting	6.2.3 (a), (b)	<p>(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> <ol style="list-style-type: none"> the local government area in which the regulated stand-alone power system is deployed; the number of premises served by the regulated stand-alone power system; the maximum demand, in kW, served by the regulated stand-alone power system; the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system; 	<p>Key Control(s):</p> <ul style="list-style-type: none"> Not Applicable <p>Test Performed:</p> <ul style="list-style-type: none"> Inquired with Management and confirmed that no regulated stand-alone power systems are used by Energex. 	N/A	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
			<p>v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p> <p>(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>				
24	Compliance breaches	6.3	<p>A DNSP must notify the AER in writing within 15 (fifteen) business days of becoming aware of a material breach of its obligations under this Guideline.</p>	<p>Key Control(s):</p> <ul style="list-style-type: none"> • Ring-fencing Breach Register is created, maintained and updated. • A mailbox is maintained by the Regulatory Compliance team to report any potential breaches • Mandatory training on ring-fencing requirements for all new starters. 	<p>Based on the procedures performed we have not identified any matters of exception against the obligation</p>	N/A	No Exception

No.	Category	Ref.	Guideline Obligation	Key Controls and Testing	Results of Testing	Recommendation	Rating
				<p>Test Performed:</p> <ul style="list-style-type: none"> • Obtained the training report indicating the employees who completed the training and overall rate of completion. • Reviewed the emails reviewed in the general ring-fencing mailbox for the year ended 31 December 2024 • Obtained and reviewed the key breach reporting policies for appropriateness. • We inspected a copy of Energetex's Ring-fencing Breach Register for reportable breaches and identification of the reporting date of the breaches being within the acceptable mandated window to determine whether breaches and/or near misses were captured during the period. 			

Appendix – Management Responses to Findings

4. Management Response(s)

The following table provides management response(s) against each identified exception. This information does not form part of the Independent Assurance Report. The information included in this appendix has not been subjected to the test procedures performed, accordingly, Deloitte does not express an opinion on it.

No.	Category	Ref.	Guidance Obligation	Results of Testing	Rating	Material Breach	Management Comment
1	Disclosure of information	4.3.2	A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless: (a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates; (b) the disclosure is required by, or for the purpose of complying with any law; (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); (d) the information has been requested by or on behalf of a customer, or potential customer, of another legal	<p>Based on our testing performed, we have not identified any matters of exception of the disclosure of information, except of those reported under Guideline 6.3. Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.</p> <p>We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines to reduce the risk of breaches.</p>	No Exception	N/A	<p>We are committed to continually improving our ring-fencing controls. We will review our ring-fencing training program and explore developing a process to support refresher training that suits our operational requirements and complexities of our organisation.</p>

No.	Category	Ref.	Guidance Obligation	Results of Testing	Rating	Material Breach	Management Comment
			<p>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>				

No.	Category	Ref.	Guidance Obligation	Results of Testing	Rating	Material Breach	Management Comment
			(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.				
2	Maintaining compliance	6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its Obligations under this Guideline.	<p>Based on the testing performed we have not identified any matters of exception against the obligation. We do however note the following improvement opportunity: Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested.</p> <p>We recommend that a process is implemented to regularly refresh and reinforce employees' understanding of Ring-fencing guidelines to reduce the risk of breaches.</p>	No Exception	N/A	We are committed to continually improving our ring-fencing controls. We will review our ring-fencing training program and explore developing a process to support refresher training that suits our operational requirements and complexities of our organisation.