

Compliance Report 2024

Electricity Transmission Ring-Fencing Guideline

17 April 2025



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1 Executive Summary

This Report has been prepared in accordance with clause 6.2 of the Ring-fencing Guideline for Electricity Transmission Version 4 (the Guideline) and provisions as outlined in the Compliance Reporting Best Practice Manual.

This Report covers the period 1 January 2024 to 31 December 2024 (the reporting period).

Specifically, the report outlines the measures ElectraNet has taken to comply with the following:

- obligations under Guideline Version 4, covering clauses 3.1(c), 4.4.1(a), 6.2.1, 6.2.2 and 6.3 for the entire reporting period (1 January 2024 to 31 December 2024),
- obligations under Guideline Version 4 for all other clauses applicable to the period from 1 March 2024 to 31 December 2024, and
- obligations under Guideline Version 3 except where superseded by Version 4.

This report, consistent with clause 6.2.1(b) covers the key reporting requirements as summarised in table 1.

As required by clause 6.2.1(c) of the Guideline, it is accompanied by an assessment of compliance by independent authority Ernst & Young (EY).

Table 1 – Summary Assessment

Report Requirements	ElectraNet’s Assessment
Measures to ensure compliance	Compliance is supported by annual online and face to face awareness and in-depth training sessions held across the company. In addition, periodic monitoring tasks are performed to ensure compliance.
Breaches of the Guideline	ElectraNet did not commit a breach of version 3 of the Guideline during the reporting period. ElectraNet did not commit a breach of version 4 of the Guideline during the reporting period.
Other service provided	ElectraNet does not provide other services as defined in the Guideline.
Purpose of transactions between TNSP and affiliated entities	ElectraNet has validated that the data demonstrates ElectraNet’s adherence to its Cost Allocation Methodology (CAM), effectively avoiding any cross-subsidies.

2 Overview

Clause 6A.21.1 of the National Electricity Rules (Rules) requires ElectraNet to comply with the Transmission Ring Fencing Guideline the Australian Energy Regulator (AER) makes from time to time in accordance with clause 6A.21.2 of the Rules.

On 1 March 2023 the AER published the Guideline. The Guideline requires ElectraNet to prepare a Ring-fencing compliance report each calendar year and submit it to the AER by 30 April the following year.

Consistent with the Compliance Best Practice Manual ElectraNet:

- reports on specific measures, areas of the business, or challenges, rather than describing compliance measures in general, vague, or abstract terms;
- reports on specific areas of the business that carry greater likelihood of breaches of the Guideline, or which have experienced previous breaches over the course of the regulatory year;
- avoids jargon and technical language where possible and keep compliance reporting clear and as 'plain English' as possible; and
- is as succinct as possible.

3 Measures to ensure compliance

This section sets out and addresses the information requirements specified in the Guideline in relation to compliance measures for the 2024 reporting period. Under the Guideline (clause 7a), ElectraNet was required to fully comply with the Guideline from 1 March 2024 (the compliance date).

3.1 Legal Separation

ElectraNet is the legal entity that operates as the primary Transmission Network Service Provider for South Australia. ElectraNet is currently registered as a proprietary limited (private) company with ASIC. Clause 3.1(a)

ElectraNet does not provide other services as defined in the Guideline. ElectraNet has reviewed the existing battery operating agreement for Dalrymple BESS noting it would require a waiver or transfer of ownership from ElectraNet to another entity on renewal. Clause 3.1(b)

ElectraNet's ring-fencing directive and procedures have been developed to reflect the prohibition of access by another legal entity to use ElectraNet's energy storage devices. Clause 3.1(c)

ElectraNet has not entered into any new agreement or modified any existing agreement that is material in nature, granting another legal entity the right to use any energy storage device owned, operated or controlled by us in the reporting period.

ElectraNet does provide other permissible services as described in clause 3.1(e) of the Guideline. ElectraNet provides telecommunication services under the following circumstances:

- Where ElectraNet is required, as part of the operational standards and performance requirements, to ensure the reliable operation of the transmission network (clause 5.1.4 and 6A.6.1 of the Rules). While telecommunications are not explicitly stated, they are implicitly required as part of these standards to support the reliable operation of the network.
- The AER Shared Asset Guideline provides ElectraNet with the ability to offer telecommunication services to third parties under certain conditions. This allows us to use excess capacity in a way that might be commercially beneficial but does not materially prejudice the provision of prescribed transmission services.
- Clause 8.1 of the Electricity Transmission Code issued by the Essential Services Commission of South Australia, which ElectraNet is obliged to comply with as a condition of its South Australian transmission licence, requires ElectraNet to provide rights to use or access the transmission network for telecommunications purposes in certain circumstances.

ElectraNet has developed its directive and procedures to ensure that it only provides services related to the use of excess capacity and to prohibit the provision of other non-permissible services. New contracts are reviewed to ensure they align with the definition of permissible services.

ElectraNet has provided deep dive training to key areas of the business involved in the preparation of new contracts, focusing on the complexities of permissible and non-permissible services.

3.2 Establish and maintain accounts

Under the Guidelines, ElectraNet must establish and maintain appropriate internal accounting procedures to ensure that we can demonstrate the extent and nature of transactions with our affiliates. There is also a requirement that ElectraNet must allocate or attribute its costs to transmission services in a manner consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology (CAM).

ElectraNet complies with these requirements through the preparation of both consolidated and individual entity accounts for its affiliates. All transactions are recorded in accordance with internal ring-fencing accounting and accounting consolidation procedures and costs are allocated to regulated and unregulated activities in accordance with the AER approved CAM effective from 15 August 2008. Transactions with affiliates are closely monitored by the Financial Accounting team and reviewed by Management on a half-yearly basis.

3.3 Functional separation

3.3.1 Obligations not to discriminate

ElectraNet has developed its directive and procedural documentation to reflect the principles of non-discrimination as described in the Guideline, to ensure that clear guidelines are in place for employees regarding the provision of prescribed transmission services. These updates ensure that all processes align with the obligation not to discriminate.

ElectraNet has implemented online awareness training across the business, which educates employees and contractors on identifying discriminatory behaviour and reinforces our commitment to non-discrimination in the provision of these services.

ElectraNet has published a Customer Charter that underscores our commitment to treating all customers fairly and without discrimination. The Charter clearly outlines our principles and obligations to provide equal and transparent access to transmission services, reinforcing our dedication to non-discriminatory practices in customer interactions.

In addition, ElectraNet has reviewed its Transmission Connection Agreements and associated templates to ensure that the terms and conditions are consistent across all agreements and that they are applied in like circumstances. This review ensures that no terms are discriminatory or unfairly favour certain customers, in line with the obligations of clause 4.1 of the Guideline.

ElectraNet does not discriminate in the provision of prescribed transmission services.

3.3.2 Information access and disclosure

ElectraNet has developed its directive and procedure documentation to clearly define the requirements for the protection and sharing of information in line with the Guideline. These updates ensure that employees are equipped with up-to-date and relevant guidelines on managing ring-fenced information and prevent any unintentional sharing between business units.

ElectraNet has rolled out awareness training across the business to ensure all employees understand the importance of information separation and the potential risks associated with improper sharing. This training educates staff on the types of information that cannot be shared between the part of the business providing prescribed transmission services and part providing contestable services.

In addition to general awareness training, ElectraNet has conducted periodic deep dive training for high-risk groups within the business who are the most likely to (1) handle ring fenced information and (2) engage with the part of the business offering contestable services. These sessions provide guidance on identifying and managing ring-fenced information and the regulatory implications of improper sharing.

ElectraNet has established a dedicated inbox to effectively track and manage all ring-fencing related queries.

ElectraNet has implemented periodic attestations as a key control measure to ensure compliance with the Guideline. These attestations are obtained from stakeholders across the business at regular intervals, confirming that no breaches have been witnessed during the reporting period.

As part of the ring-fencing implementation, ElectraNet conducted a comprehensive review of systems access to ensure that ring-fenced information is properly identified and segregated as appropriate. Access to systems containing ring-fenced information is restricted where possible to those who require it for operational purposes.

Where possible, ElectraNet has taken a proactive approach by restricting access to ring-fenced information in the first instance. This means limiting access to those employees who need it to perform their roles related to the provision of prescribed transmission services.

Where restricting access is not immediately feasible due to operational reasons, periodic¹ monitoring of access is conducted to ensure that information is being handled in accordance with the Guideline. Periodic² audits are performed to detect any potential breaches, and corrective actions are taken if necessary to maintain compliance.

In accordance with the Guideline, to manage the sharing of information, ElectraNet has established an information sharing protocol. This protocol sets clear guidelines on what ring-fenced information is, what are our obligations and our approach to the sharing of ring-fenced information. ElectraNet's Information Sharing Protocol is available on its website [ElectraNet-Information-Sharing-Protocol-final_rebrand.pdf](#).

ElectraNet has introduced an Information Sharing Register which ensures that it provides access to any ring-fenced information that has been disclosed to the related electricity service provider (RESP) on an equal basis to other legal entities in accordance with 4.2.3(b). Requests for information can be logged through ElectraNet's website [ElectraNet-Requests-for-information_rebrand.pdf](#).

ElectraNet's Information Register is updated quarterly and is available on its website [ElectraNet-Information-Register-Jan-25.pdf](#).

¹ Bi-annually

3.3.3 Staff separation

ElectraNet does not have marketing staff for prescribed services.

3.3.4 Service providers

Under Clause 4.4.1 of the Guideline, ElectraNet

must ensure that any new or varied agreement between the TNSP and a service provider, for the provision of services to the TNSP that enable or assist the TNSP to provide prescribed transmission services, requires the service provider to comply, in providing those services, with clauses 4.1, 4.2.1 and 4.3 of this Guideline as if the service provider was the TNSP

In respect of this obligation, ElectraNet's service provider contracts contain a 'comply with laws' clause, requiring service providers to comply with all applicable laws. This has the effect of requiring service providers to comply with 6A.21.1 of the National Electricity Rules (NER), and therefore the Guideline.

Nonetheless, ElectraNet considers that an explicit reference to the Guideline in relevant contracts is appropriate in the circumstances. Therefore, updated its service provider terms and conditions where relevant, to make explicit reference to the service providers obligations under the Guideline as if they were ElectraNet.

ElectraNet considers that this makes us fully compliant with clause 4.4.1 of the Guideline.

3.4 Waivers

ElectraNet did not apply for any waivers during the reporting period.

ElectraNet's waiver register is updated quarterly and is available on its website [5.7-Waiver-Register.pdf](#)

4 Breaches of the Guideline

ElectraNet did not commit a breach of Version 4 of the Guideline during the reporting period.

Further ElectraNet did not commit a breach of Version 3 of the Electricity Transmission Ring Fencing Guideline during the reporting period.

5 Other services

The Guideline defines 'other services' as "services other than transmission services".

ElectraNet did not provide 'other services' other than those listed as permissible in section 3.1 of this report, during the reporting period.

6 Purpose of transactions with affiliated entities

ElectraNet Pty Ltd's affiliated entity comprises its wholly owned subsidiary, ElectraNet Transmission Investments Pty Ltd (ETI).

The nature of transactions between the entities includes the following:

- Maintenance – activities performed to maintain the transmission network and can be either corrective or preventative in nature.
- Design and Construction – activities performed to design and build network transmission assets.

7 Independent Compliant Assessment

Appendix A Compliance Measures

Table 2 – Compliance controls ElectraNet has implemented during the regulatory year.

Clause	Control Type	Control Detail
3.1(a)	Preventative	Maintain Australian Company status of the TNSP
	Preventative	Ensure Transmission Licence is valid and current
3.1(b)	Detective	Review existing shared asset contracts to ensure there are no shared assets leased that could prejudice provision of prescribed transmission services.
	Preventative	Prior to signing new contracts for shared assets, check to ensure it is transmission service and there is no material prejudice.
	Preventative	Documented procedure in place for review of shared asset services.
	Preventative	Ring-fencing training provided to business development staff to ensure any new services being developed are transmission services only.
	Detective	Metering Services analysis undertaken to determine service status (Negotiated Service).
3.1(c)	Detective	Review existing BESS agreement and ensure waiver application or transfer to affiliate arranged on contract renewal (2030).
3.2.1(a)	Preventative	Maintain internal accounting procedures that electronically separate ETI from ElectraNet accounts. Document the procedure for financial transfers between the entities, such as shared cost allocations.
3.2.2(a)(b)	Preventative	Summarise the purpose of transactions with ETI, in the Annual Ring-fencing Compliance report.
	Preventative	Apply the CAM monthly, quarterly, and annually as required by accounting practices. Ensure contestable service business units receive appropriate allocation of shared costs.
3.2.2(c)	Preventative	The Guideline allows the AER to request information, via a regulatory information instrument, about internal accounting procedures and transactions between ElectraNet and affiliated entities such as ETI. It is appropriate to use Australian accounting standards for these records.
4.1(a)-(b)	Preventative	Documented procedure in place to prevent discrimination
	Preventative	Non-discrimination included in ring-fencing training provided to all staff online and in detail in deep dive training to high-risk staff.
4.1(c)(i)	Preventative	Ring-fencing training includes appropriate examples including do's and don'ts on dealing with the RESP
	Detective	Annual review of training attendance
4.1(c)(ii)(iii)	Preventative	Establishment of Customer Charter including commitment to customers and approaches to connection application and management of outages ensuring equivalence in like circumstances.

Clause	Control Type	Control Detail
	Detective	Review Transmission Connection Agreement terms for outages to ensure equivalence in like circumstances or similar terms.
4.1(c)(iv)	Preventative	Online ring-fencing training for all staff includes information sharing examples.
	Preventative	Deep dive ring-fencing training includes confidential information and cross references other controls already in place including customer privacy/commercial in confidence and ElectraNet's use of information directive and procedure.
4.2.1(a) (b)	Corrective	Review and identification of ICT systems containing ring-fenced information and access.
	Preventative	RESP staff separate from prescribed services staff.
	Preventative	RESP staff access limited.
	Preventative	Folder access restricted for RESP Bid and project work.
	Preventative	Documented procedure in place to cover quarantining of information.
	Preventative	Ring-fencing training covers protection of ring-fenced information.
	Detective	RESP and staff dealing with RESP to report breaches to regulation email
4.2.2	Preventative	Documented procedure which covers the disclosure of information to a RESP including examples of exemptions.
	Preventative	Ring-fencing training covers disclosure of ring-fenced information and allowable disclosures i.e. exemptions.
4.2.3	Preventative	Documented procedure including in the information sharing protocol.
	Preventative	Ring-fencing training includes appropriate examples including do's and don'ts on dealing with the RESP.
4.2.4	Detective	Information sharing register published on ElectraNet's external website and periodically reviewed for accuracy.
	Preventative	Regulation team perform quarterly review of registers.
4.3 (a),(b)	n/a	ElectraNet does not have marketing staff for prescribed services.
4.4.1(a),(b)	Preventative	Service provider contract templates used by Legal and Procurement updated to include ring-fencing clause.
	Preventative	Ad-hoc ring-fencing communications issued to service providers.
5.7(a)	Detective	Waiver register published on ElectraNet's external website and periodically reviewed for accuracy.
	Detective	Regulation team perform quarterly review of registers.
6.1	Preventative	Ad-hoc ring-fencing communications issued to staff.
	Preventative	Ring-fencing directive and procedures documenting allowable behaviours published on internal website.

Clause	Control Type	Control Detail
	Corrective	Controls reviewed and updated following external audit action items and/or non-compliance.
	Corrective	Controls reviewed and updated following regulatory changes.
	Preventative	Regulation team issue ring-fencing compliance awareness materials.
	Preventative	Ring-fencing training program developed and implemented.
	Preventative	Regulation team email address established for queries, information sharing requests and breach reporting.
	Detective	Training compliance report generated and reviewed periodically.
6.2.1	Preventative	Regulatory Reporting calendar established and monitored.
	Detective	Periodic review of systems, training and registers.
	Detective	Periodic review of RESP Business, as supplier of contestable services.
	Detective	Independent assessment of compliance.
6.3	Detective	Regulation team email address set up for queries and breach reporting.
	Detective	Documented procedure included in the Ring-fencing directive and procedures.
	Detective	Any breach or potential breach monitored and investigated by the regulation team.
	Detective	Actual breaches to be reported to the regulatory by the regulation team.
6.4	Preventative	Documented complaints resolution policy available on external website.

Control	Type	Description	3.1	3.2.1	3.2.2	4.1	4.2	4.2.1	4.2.2	4.2.3	4.2.4	4.2.5	4.3	4.4.1	5.7	6.1	6.2.1	6.3
Independent Assessment of Compliance	Detective	This engagement is in accordance with section 6.2.1(c). It verifies what is reported in the annual compliance report and serves as a mechanism to detect any weaknesses in controls that would lead to non-compliance.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

