

Endeavour Energy

Independent Assurance Report on Annual Ring- fencing Compliance

*for the period ended 31 December
2024*



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1. Executive summary

1.1 Introduction

Endeavour Energy Network Operator Partnership (Endeavour Energy) is a licensed electricity distribution network service provider (DNSP) that builds, maintains, and operates the electricity network in Sydney's Greater West, the Blue Mountains, Southern Highlands, Illawarra, and South Coast. Endeavour Energy operations are subject to the National Electricity Law (NEL) and National Electricity Rules (NER) which regulate the National Electricity Market (NEM).

The Australian Energy Regulator ("AER") is the economic regulator over distribution network service providers ("DNSPs") in the national electricity market ("NEM"). The role of the AER includes monitoring compliance with the Ring-fencing Guideline - Electricity Distribution Version 3 (the "Guideline") for Electricity Distribution on 30 November 2016 (subsequently revised in October 2017 and November 2021) under the National Electricity Rules, to provide for functional separation of regulated and competitive business activities to promote competition in the provision of electricity services.

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

- The measures the DNSP has taken to ensure compliance with its obligations under the Ringfencing Guideline;
- Any breaches of the Ring-fencing Guideline 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 Guideline; and
- 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.

1.2 Scope

Ernst and Young ("We" or "we") have been engaged to perform a "reasonable assurance engagement" as defined by Standards on Assurance Engagements, pursuant to Section 6.2.1 (c) Compliance Reporting of the Guideline to report on Endeavour Energy's compliance with the Guideline for the period 1 January 2024 to 31 December 2024.

1.3 Methodology

Endeavour Energy has prepared an annual compliance report under the Guideline for the period from 1 January 2024 to 31 December 2024.

We obtained an understanding of the Guideline and other engagement circumstances specific to Endeavour Energy, sufficient to enable the identification and assessment of the risk of non-compliance with the Guideline, that are not required to be specifically disclosed in the annual compliance report for the period from 1 January 2024 to 31 December 2024.

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

We performed an analysis of the 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 conducted sample testing over the identified controls to determine whether Endeavour Energy complied, in all material respects, with the Guideline for the period from 1 January 2024 to 31 December 2024.

We have reviewed the annual compliance report prepared by Endeavour Energy for the period ended 31 December 2024 as part of our process of understanding the overall compliance strategy, internal controls in place and findings reported during the year.

Compliance has been assessed to a level of reasonable assurance in accordance with *Standard on Assurance Engagement ASAE3100 Compliance Engagements*, based on sample sizes determined using professional judgement.

1.4 Overall observations

General Commentary

We have considered prior year observations as well as controls implemented by Management to effectively mitigate the risk of non-compliance for the period ended 31 December 2024. We have also placed additional focus on changes within Endeavour Energy, including staff changes in executive positions and the use of co-locations by the DNSP (Endeavour Energy) and related electricity service provider during the uplift of office space during the year.

Australian Energy Regulator (AER) focus

As part of our planning procedures for our audit we have also considered various materials published by the AER with relevance to DNSPs for the 2024 compliance regime, namely the *Annual Compliance and Enforcement Report 2023-24*, as well as the pre-assessment briefing presented to Endeavour Energy. We noted from this documentation that the AER places specific focus on the following compliance areas relevant to DNSPs such as Endeavour Energy:

- ▶ Breaches related to protection of ring-fenced information;
- ▶ Breaches related to branding and cross promotion;
- ▶ Instances of repeated non-compliance; and
- ▶ Breaches related to conduct of service providers.

As such we have given specific focus to these areas in the execution of our audit procedures and documentation of results.

1.5 Conclusion

Refer to Section 5 of the report for the full assurance conclusion.

2. Executive summary

2.1 Audit Findings 2024

This section provides a summary of the results of our procedures, including our assessment of the compliance rating, control effectiveness rating, observations and recommendations (where applicable) with regards to Endeavour Energy's ring-fencing obligations. Whilst we have identified areas of non-compliance and partially effective controls, in our opinion Endeavour Energy is, in all material respects, in compliance with the Guideline for the period of 1 January 2024 to 31 December 2024.

In section 3, we have commented on audit findings from the 2023 ring-fencing audit.

In section 4 of this report, we have provided a detailed overview of the work performed and our results.

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

Clause	Obligations	Compliance Rating	Control Effectiveness Rating	Observations	Recommendation
3.1	Obligation to not discriminate	Compliant	Effective		
3.2.1	Establish and maintain accounts Separate Accounts	Compliant	Effective		
3.2.2	Establish and maintain accounts Cost allocation and attribution	Compliant	Partially effective	<p><i>Cost allocation methodology:</i></p> <p>The AER approved Cost Allocation Methodology (CAM) which is used to allocate overhead costs from Endeavour Energy to Ausconex, defines cost allocators required to be used in this process.</p> <p>The estimates used in the cost allocators have not been updated or assessed as to whether an update is required based on current business developments.</p>	<p><i>Cost allocation methodology:</i></p> <p>We recommend Management assess the underlying estimates associated with the cost allocators in order to align the cost allocated to actual costs incurred annually or when a significant change occurs.</p> <p>We also recommend the timing of the review of the Annual recharge memo is</p>

Clause	Obligations	Compliance Rating	Control Effectiveness Rating	Observations	Recommendation
				<p>Although the methodology and results are aligned with the CAM, there is an opportunity to refine the process in order to more accurately reflect the proportion of actual or budgeted costs associated with the Ausconnex business.</p> <p>One of the key controls in this process is an annual review and preparation of the Annual recharge memo, which consist of reviewing the scope and prices of services that Endeavour Energy provide to Ausconnex. This control was performed on 30 September 2024 and thus not aligned with the Annual Ring-fencing reporting period.</p> <p><i>Update of the Cost Allocation Methodology:</i></p> <p>We noted that internal process documents as well as the approved CAM still refers to the predecessor Enterprise Resource Planning (ERP) systems and have not been updated to reflect the new system that was implemented in 2023. As of March 2025, we note that management have submitted the draft updated CAM to the AER for approval to ensure that the CAM reflects the current ERP system and cost allocation methodology.</p> <p>Refer to detailed observation in section 4.4</p>	<p>performed as part of the 30 June close process in order to comply with the financial year end and ring-fencing period end requirements.</p> <p><i>Update of the Cost Allocation Methodology:</i></p> <p>We understand that management is well progressed in the process of updating their CAM to reflect changes in the ERP system and is at the stage of seeking approval of the update from the AER.</p> <p>We note that the key principles of the CAM in management's updated draft remain consistent with the approved CAM currently in use.</p> <p>We recommend that the AER approval process is monitored to ensure the update has been published appropriately.</p>
4.1	Obligation to not discriminate	Compliant	Effective		
4.2.1	Physical separation / co-location	Compliant	Partially Effective	<p>During our site visit to Hoxton Park, we observed that although Endeavour Energy and Ausconnex employees have separate office buildings, security access has been granted to the Endeavour Energy building for both Endeavour Energy and Ausconnex employees.</p> <p>Notwithstanding access has been granted to Ausconnex employees, management has confirmed that the office space has not been used by Ausconnex to provide contestable electricity services as this is a field service office, and a clean desk policy is implemented to ensure no information can accidentally be shared.</p> <p>Refer to detailed observation 4.7.</p>	<p>We recommend that access to the Endeavour Energy building at Hoxton Park be restricted for Endeavour Energy employees only, and that a sign in registry be mandatory for all Ausconnex employees.</p>
4.2.2	Staff Sharing	Compliant	Effective		

Clause	Obligations	Compliance Rating	Control Effectiveness Rating	Observations	Recommendation
4.2.3	Branding and cross-promotion	Compliant	Partially effective	<p>As part of our site visit, we observed that assets used by Ausconnex had Endeavour Energy branding on them and that the sign in register at the Ausconnex offices listed both Ausconnex and Endeavour Energy as the entities of the site.</p> <p>The guidance requires that the branding for direct control services is independent and separate from the branding used by a related electricity service provider for contestable electricity services such a reasonable person would not infer from the respective branding that Endeavour Energy and the related electricity service provider are related (clause 4.2.3 (i) in detailed observation 4.10)</p> <p>Whilst branding for Endeavour Energy was included on the same sign in register at Ausconnex offices and assets used by Ausconnex, we have concluded that this does not result in an instance of branding in such a way that a reasonable person would infer Endeavour Energy and Ausconnex are related. This is because the branding was not used to actively promote or market the relationship.</p> <p>Further, Clause 4.2.3(b)(iii) of the guidelines notes that branding in connection with the use of an asset used by the DNSP for contestable electricity services and direct control services does not apply. In the case of the assets used by Ausconnex which also had Endeavour Energy branding, we note that these assets are also used by Endeavour Energy for direct control services.</p> <p>Refer to detailed observation 4.10</p>	<p><i>Visitor registration sign in page</i></p> <p>We recommend that Ausconnex maintain a separate sign in sheets (which excludes any Endeavour Energy Branding) to monitor access and avoid any potential confusion as to which entity the visitor is dealing with.</p> <p><i>Branding</i></p> <p>We recommend Endeavour Energy branding included on the assets are removed before they are used/sold to Ausconnex customers.</p>
4.2.4	Office and staff register	Non - Compliant ¹	Partially effective	<p>In line with clause 4.2.4 (b), the office and staff register is required to be updated and published to the Endeavour Energy website each quarter, with Q4 required to be published by 15 January 2025.</p> <p>During the audit process, we identified that the Q4 staff sharing register was not published on the Endeavour Energy website by 15 January 2025.</p> <p>Whilst we have observed evidence that the Q4 staff sharing register was completed, approved by</p>	<p>We recommend that once a register is approved to be uploaded onto Endeavour Energy's website, an independent check is performed to ensure this has been actioned and the latest version is on the website.</p>

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Clause	Obligations	Compliance Rating	Control Effectiveness Rating	Observations	Recommendation
				<p>management internally and uploading to the website was attempted, due to a technological error, the Q4 staff sharing report was not uploaded until after this date.</p> <p>We do not consider failure to publish one quarter of the staff sharing register to be material to the overall compliance of Endeavour Energy as this was subsequently corrected and did not have a material change to the outcome of staff shared. Further, we have obtained evidence to support Endeavour Energy's attempts to upload the appropriate staff sharing register which did not have any adverse findings.</p> <p>Therefore, whilst a technological error precluded Endeavour Energy from uploading on the appropriate date, as there was both appropriate intent from management and the fact there were no adverse findings, we have concluded that this observation is not material to our overall opinion on Endeavour Energy's compliance to the ring fencing guidelines.</p> <p>Refer to detailed observation 4.11</p>	
4.3.2	Protection of confidential information	Compliant	Effective		
4.3.3	Disclosure of information	Compliant	Effective		
4.3.4	Sharing of information	Compliant	Effective		
4.3.5	Information register	Compliant	Effective		
5	Waivers	Compliant	Effective		
6.1	Maintaining compliance	Compliant	Effective		
6.2	Compliance reporting	Compliant	Effective		
6.3	Compliance breaches	Compliant	Effective		

2.2 Breaches 2024

This section below provides a summary of the breach that was identified during the period ended 31 December 2024.

Ring-fencing Guideline	Breaches	
	Breach reported	Matters resolved and action taken
4.2.4	<p>Obligation to publish Office and staff registers</p> <p>During the audit process, we identified that the updated Q4 staff sharing register was not published on the Endeavour Energy website by 15 January 2025.</p> <p>In line with the ring-fencing guideline, the Q4 register is required to be published on Endeavour Energy's website by 15 January 2025.</p> <p>The breach was reported by Endeavour Energy to the AER on 10 April 2025.</p> <p>Refer to detailed observation 4.11</p>	<p>Endeavour Energy published the Q4 2024 Staff Sharing Register (Q4 2024 Register) on the public website on 13 January 2025 (ahead of the required 15 January 2025 date) and checked that it was active and accessible. However, due to an unforeseen technical issue that occurred, the website reverted to the Q3 2024 Staff Sharing Register, such that the Q4 2024 Register was not accessible.</p> <p>Management subsequently corrected the error and re-uploaded the register to the Endeavour Energy website by 19 February 2025, which we have reviewed and concluded to be the updated version.</p> <p>The controls in place have been refined to include that the regulatory team will confirm the upload of registers to the Endeavour Energy website has been successful and the latest version is available on the website.</p>

No other breaches have been identified or reported during the period ended 31 December 2024.

3. 2023 Auditor Recommendations

As part of our assessment process, we have considered any recommendations made by the previous assessments and the subsequent actions taken by Endeavour Energy to address them. The previous assessment identified one opportunity for improvement and no external findings reported by the previous assessor. As there were no external findings, we have concluded that no additional procedures are required.

4. Detailed Observations

Obligation: Prevention of cross subsidies – Section 3

Guidance Assessment Criteria and Assessment Controls

Nr	Section	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
4.1	3.1(a)	A DNSP must be a legal entity.	<ul style="list-style-type: none"> • Endeavour Energy maintains an Australian Business Number (ABN) (RF.3.001) • A clearly defined Legal Entity Structure for the Endeavour Energy is maintained (RF.3.003). 	<ul style="list-style-type: none"> • Obtained and inspected the Legal Entity Structure for Endeavour Energy and Ausconnex through inquiry of management and review of supporting documentation. • Conducted an ABN lookup of Endeavour Energy and Ausconnex. • Performed an Australian Securities and Investments Commission (ASIC) search on Endeavour Energy and Ausconnex using their Australian Company Number (ACN). 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
4.2	3.1(b)	A DNSP may provide distribution services and transmission services but must not provide other services.	<ul style="list-style-type: none"> • The Endeavour Energy website is maintained to enable customers to find information an Accredited Service Providers for Contestable Works (RF.3.004) • Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in the Business Support Agreement signed by both parties (RF.3.005) • Endeavour Energy's Distribution Licence under the Electricity Supply Act 1995 (NSW) is current (RF.3.002). 	<ul style="list-style-type: none"> • Obtained and inspected the Business Support Agreement between Endeavour Energy and Ausconnex, verifying that corporate services and asset sharing contractual arrangements have been defined and are in place, and are consistent with this obligation. • Obtained a listing of ongoing projects that are in progress or completed during the year, future projects and considered whether all services provided by the DNSP is in relation to distribution services only. • Reviewed the Endeavour Energy website and confirmed that any customer would be guided to a 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Section	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
				selection of Accredited Service Providers for Contestable work.	
4.3	3.2.1(a)	(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.	<ul style="list-style-type: none"> Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in the Business Support Agreement signed by both parties (RF.3.005) The nature, extent, and attribution of transactions between Endeavour Energy and Ausconnex are defined and applied in accordance with the Accounting for Ausconnex Fundamentals, which supports Endeavour Energy's approved Cost Allocation Methodology. (RF.3.006) An annual review is undertaken by Finance of the Accounting for Ausconnex Fundamentals document. (RF.3.008) Separate Financial and Accounting records are maintained for Endeavour Energy and Ausconnex. (RF.3.009) Annual Regulatory Information Notices and Financial Statements are audited by an external third party annually. (RF.3.010) 	<ul style="list-style-type: none"> Reviewed the business support agreement between Endeavour Energy and Ausconnex for the range of services offered. Reviewed Endeavour Energy's accounting practices in accordance with the Accounting for Ausconnex Fundamentals and confirmed that it adheres to the Ring-Fencing guidelines. As part of our assessment, we also verified that the document was updated as of June 2024, confirming that an annual review of the Accounting for Ausconnex Fundamentals was performed. Reviewed the audited financial statements and consolidation workings of the Endeavour Energy Group, which demonstrated that the entities maintained separate accounting records that were combined to create Endeavour Energy Group's financial statements. The financial statements are also audited by EY. Reviewed the corporate structure, separate accounting companies in the ERP system (SAP), and business support agreements to ensure that each entity was distinctly identified. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
4.4	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	<ul style="list-style-type: none"> The nature, extent, and attribution of transactions between Endeavour Energy and Ausconnex are defined and applied in accordance with the Accounting for Ausconnex 	<ul style="list-style-type: none"> Reviewed the Cost Allocation Methodology (CAM) and the Corporate Recharge Memorandum which outlines the attribution of costs between 	<p>Observations:</p> <p><i>Cost allocation methodology</i></p> <ul style="list-style-type: none"> We observed that the costs allocated to Ausconnex are based on the Annual recharge

Nr	Section	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
		<p>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>(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>(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). (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>Fundamentals, which supports Endeavour Energy's approved Cost Allocation Methodology. (RF.3.006)</p> <ul style="list-style-type: none"> The allocation and attribution of costs are applied in accordance with Endeavour Energy's Cost Allocation Methodology, which is approved by the AER and published on the website. (RF.3.007) An annual review is undertaken by Finance of the Accounting for Ausconnex Fundamentals document. (RF.3.008) Annual Regulatory Information Notices and Financial Statements are audited by an external third party annually. (RF.3.010) 	<p>Endeavour Energy and Ausconnex in line with the CAM.</p> <ul style="list-style-type: none"> Reviewed Endeavour Energy's accounting practices in accordance with the Accounting for Ausconnex Fundamentals and confirmed that it adheres to the Ring-Fencing guidelines. As part of our assessment, we also verified that the document was updated as of June 2024, confirming that an annual review of the Accounting for Ausconnex Fundamentals was performed. Selected a sample of intercompany recharge invoices throughout the year ended 31 December 2024, to confirm that costs related to Ausconnex had been re-allocated. Invoices obtained included costs directly attributable to Ausconnex and a portion related to the corporate recharge estimate for the year. Reviewed the audited financial statements and consolidation workings of the Endeavour Energy Network Operator Partnership group. The group financial statements are also audited by EY. 	<p>memo, which consist of reviewing the scope and prices of services that Endeavour Energy provide to Ausconnex. This control was performed on 30 September 2024 and thus not aligned with the Annual Ring-fencing reporting period.</p> <ul style="list-style-type: none"> The existing approach for using the allocators as defined in the appendix of the CAM and is based on estimating the current year's allocated costs based on 2018 calculation and applying an annual Consumer Price Index (CPI) increase to account for inflation. <p><i>Updating the Cost Allocation Methodology</i></p> <ul style="list-style-type: none"> The approved CAM refers to Ellipse (Endeavour Energy's predecessor ERP up to 30 September 2021) and related financial controls within that system. Whilst both the Accounting for Ausconnex internal procedure document and the CAM document remain relevant at a principal level, the documents should be updated to reflect the use of the SAP accounting system and be made specific to post ERP implementation process controls. We also identified that The Accounting for Ausconnex internal procedure document refers to Ellipse (Endeavour Energy's ERP predecessor ERP up to 30 September 2021) and Xero (Ausconnex's separate accounting system up to 30 September 2021). <p><i>Recommendation:</i></p> <p><i>Cost allocation methodology</i></p> <ul style="list-style-type: none"> We recommend Management assess the underlying estimates associated with the cost allocators in order to align the cost allocated to actual costs incurred annually or when a significant change occurs. We also recommend the timing of the review of the Annual recharge memo is performed as part of the 30 June close process in order to comply with

Nr	Section	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
					<p>the financial year end and ring-fencing period end requirements.</p> <p><i>Update of the Cost Allocation Methodology</i></p> <ul style="list-style-type: none"> • We understand that management is in the process of updating their CAM to reflect changes in the ERP system as the current document refers to Ellipse as opposed to SAP. • Notwithstanding this point, we note that the key principles of the CAM in management's updated draft remain consistent with the approved CAM. • We recommend that the AER approval process is monitored to ensure the update has been published appropriately.

Obligation: Functional separation - Section 4

Guidance Assessment Criteria and Assessment Controls

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
4.5	4.1(b)	<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> <ul style="list-style-type: none"> i. direct control services by the DNSP (whether to itself or to any other legal entity); and / or ii. Contestable electricity services by any other legal entity. 	<ul style="list-style-type: none"> • Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by Regulatory Assurance to support employee awareness. (RF.0.001) • The Endeavour Energy website is maintained to enable customers to find information an Accredited Service Providers for Contestable Works. (RF.3.004) 	<ul style="list-style-type: none"> • Obtained and reviewed the online training module (Competing Fairly 3.0 - Training Module) mandatory for all employees to complete and remain accessible via SuccessFactors. • Performed testing on a sample of new starters and agreed the completion of their online training module. • Review Senior Leaders Monthly Training Slides for February 2024, June 2024, January 2025 as part of understanding training provided to staff performing shared services including the ELT. • Inspected that all Endeavour Energy employees have access to the ringfencing intranet site at any time, with updates reported on the site regarding the latest Ring-fencing guidance. • Reviewed a sample of arrangements entered into where Ausconnex was used as a service provider on an Endeavour Energy project and noted that the letter of intent confirms that the Developer has selected the Accredited Service provider for the unregulated work to be performed. It also notes the service provider selected was Ausconnex, and the agreement specifically states the individual roles between what Ausconnex and Endeavour Energy is responsible for. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>Opportunity for improvement observation:</p> <ul style="list-style-type: none"> • The training model was last rolled out in 2023 and mandatory to be completed by all employees in 2023. • For 2024, only new starters were required to complete the training as part of the broader onboarding ring-fencing programme for new starters. <p>Recommendations:</p> <ul style="list-style-type: none"> • Education and awareness training is a key control that helps maintain awareness, supports ongoing ring-fencing compliance, and can be monitored by Endeavour Energy. • Whilst compliant with the ring-fencing obligation and framework, we recommend that training is rolled out on an annual basis and completion is compulsory for all employees annually.

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
				<ul style="list-style-type: none"> Reviewed the Short Form Professional Service Agreement (PSA) in place which formalise existing and future arrangements for contestable electricity services provided by affiliated entities to Endeavour Energy. The Professional Service Agreement (PSA) was developed based on a third-party contract format, to ensure the terms and conditions set out are not discriminating against an external party and is varied based on scenarios of the nature the service contract relates to. Reviewed the Endeavour Energy website and confirmed that any customer would be guided to a selection of Accredited Service Providers for Contestable work. 	
4.6	4.1(c-d)	<p>(c) 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> <p>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>iii. in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or</p>	<ul style="list-style-type: none"> The Endeavour Energy website is maintained to enable customers to find information an Accredited Service Providers for Contestable Works. (RF.3.004) Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.017) Company Procedure GAM1100 outlines the process for managing electricity information requests as well as supporting the Information Sharing Protocol and Approach published on the website. (RF.4.014) Identity Access Management software provides role-based access as per defined security definitions for ring-fencing. (RF.4.015) Endeavour Energy's Information Sharing Protocol and Approach 	<ul style="list-style-type: none"> Obtained a sample of the Statement of Works (SOW) agreements entered into between Endeavour Energy and service providers during the year. Verified that all relevant information within the ring-fencing clause has been included in the SOW including the requirement that tie supplier should comply with the Ring-Fencing Guidelines. Assessed the procurement and tender process undertaken by Endeavour Energy. We obtained and inspected the decision-making framework Endeavour Energy adheres to demonstrate its compliance against this obligation. Obtained and reviewed copies of Company procedure GAM1100 - Electricity Information Requests (GAM1100) and ascertained the principles align to the Ring-Fencing Guidelines. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p>

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		<p>potential competitor) of the related electricity service provider;</p> <p>iv. subject to clause 4.3.2(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p> <p>(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	<ul style="list-style-type: none"> outlines how information may be accessed and is published on the website. (RF.4.016) User access reviews are carried out in accordance with the ICT Security Calendar and identifies anomalies with employee movements. (RF.4.018) 	<ul style="list-style-type: none"> Confirmed the information sharing, staff sharing, office sharing) registers are published on the Endeavour Energy's website. Obtained a sample of the user access reviews performed across the year confirming that users who obtained access were adequately pre-approved in line with the user access policy. We reviewed the configuration of the role-based user access setup confirming that users would only have access to systems and information appropriate for their role and company, preventing unauthorized access and appropriately restricted across the population of Endeavour Energy and Ausconnex employees. 	
4.7	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.	<ul style="list-style-type: none"> A licence is executed between Endeavour Energy and Ausconnex for lease of office and workshop space. (RF.4.001) The Office Sharing Register is updated on a quarterly basis and published on the website no later 	<ul style="list-style-type: none"> Inspected the Endeavour Energy website to ensure that the Office Sharing Register is readily available and is the most current version. Performed a site visit at Endeavour Energy Head office in Parramatta Square, and Glendenning and Hoxton Park sites where 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p> <p>Observation: <i>Parramatta Square</i></p>

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
			<p>than 15 January, 15 April, 15 July and 15 October annually. (RF.4.002)</p> <ul style="list-style-type: none"> • Ausconnex maintain separate physical locations from Endeavour Energy staff providing Direct Control Services. (RF.4.003) • Ausconnex physical access reviews are carried out monthly to identify any anomalies with employee movements. (RF.4.004) • Site inspections are carried out at the Ausconnex office locations to ensure compliance with the Guideline. (RF.4.005) 	<p>Ausconnex is located and ensured the compliance with the guidelines.</p> <ul style="list-style-type: none"> • Obtained details of Ausconnex employees who were provided with physical access to Endeavour Energy's head office. • Selected a sample of new physical access profiles for Endeavour Energy and Ausconnex which were granted during the regulatory period, inspected approvals to confirm that they followed proper protocol. • For a sample of two months, obtained and inspected monthly access reviews performed at Endeavour Energy, to confirm the access reviews were performed and assessed whether the access review met requirements and was performed by suitable personnel. Where discrepancies were identified by the review, determined whether these were addressed appropriately. 	<p>We note that Ausconnex employees don't have access to the designated Endeavour Energy areas within the Parramatta Square building but can still access the visitor area and shared general office space. Included in the shared space are reminders to be vigilant that this is shared space.</p> <p>No exceptions or instances of non-compliance have been identified.</p> <p><i>Hoxton Park</i></p> <p>During our site visit to Hoxton Park, we observed that although Endeavour Energy and Ausconnex employees have separate office buildings, access has not been restricted to the Endeavour Energy building.</p> <p>Notwithstanding access is not restricted, management has confirmed that the office space has not been used by Ausconnex to provide contestable electricity services as this is a field service office, and a clean desk policy is implemented to ensure no information can accidentally be shared.</p> <p>Recommendation:</p> <p>We recommend that access to the Endeavour Energy building at Hoxton Park be restricted for Endeavour Energy employees only, and that a sign in registry be mandatory for all Ausconnex employees.</p>
4.8	4.2.2	(a) Subject to this clause 4.2.2, a DNSP must ensure	<ul style="list-style-type: none"> • The nature, extent, and attribution of transactions between Endeavour Energy and Ausconnex are defined 	<ul style="list-style-type: none"> • Inquired with HR Business Partnering Manager to confirm that the review of job descriptions has occurred according to the 	Based on the procedures performed we have not identified any exceptions or

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		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>and applied in accordance with the Accounting for Ausconnex Fundamentals, which supports Endeavour Energy's approved Cost Allocation Methodology. (RF.3.006)</p> <ul style="list-style-type: none"> • Staff Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.006) • A Staff Sharing Flowchart has been established to assess the application of ring-fencing clauses 4.2.2(a), (b), and (d). (RF.4.007) • Staff Segment Definitions define the classification of positions according to the nature of services being provided, access to information and the ability to discriminate within the context of their role. (RF.4.008) • Contractual arrangements between Endeavour Energy and Ausconnex are formally defined in the Business Support Agreement signed by both parties (RF.3.005) 	<p>appropriate and agreed upon frequency for each BU. Confirmed for situations where the review identified roles or activities which should be discontinued, ensure that these required actions were implemented within the review period.</p> <ul style="list-style-type: none"> • Obtained the Staff Sharing Register off of the Endeavour Energy website and inspected to confirm it complies with the Ring-Fencing Guideline. • Confirmed that the Staff Sharing Register is reviewed on a quarterly basis to consider and incorporate potential changes to the Ring-Fencing Guidelines and current company procedure GRG0013 Compliance reporting. • Conducted testing to confirm that the Staff Sharing Register on the website is the most current version and has been reviewed during the regulatory period. • Obtained Company Procedure GRG0013 Compliance Reporting and staff sharing flowchart and confirmed the procedure contained principles in relation to staff sharing as per the Ring-Fencing Guideline. • Inspected the Classification of Positions documentation to confirm that all branches are included within the classification. Confirmed that the Classification of Positions includes a colour code system according to the nature of services, access to electricity information, and ability to discriminate. • Reviewed the Business Support Agreement for nature of the services and staff shared and ensured that the business support agreement is signed from the client. 	instances of non-compliance.
4.9	4.2.2	(c) The remuneration, incentives, and other benefits	<ul style="list-style-type: none"> • Endeavour Energy's At Risk Reward Scheme for Contract Staff does not 	<ul style="list-style-type: none"> • Reviewed Endeavour Energy's Enterprise Bargaining Agreement and the At Risk Reward Scheme for EBA staff and concluded 	Based on the procedures performed we have not identified any exceptions or

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		(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.	<ul style="list-style-type: none"> include any remuneration, incentive or other benefit for staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations. (RF.4.009) Endeavour Energy's Enterprise Bargaining Agreement for EBA staff does not include any remuneration, incentive or other benefit to staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations. (RF.4.010) 	<p>that it does not include any remuneration, incentive or other benefit to staff to act in a manner that is contrary to Endeavour Energy's regulatory obligations.</p> <ul style="list-style-type: none"> Inquired with Chief Data, People and Sustainability Officer about the scorecards for senior management, staff and ELTs and whether there is incentive included in Short Term Incentives (STI's) and Long-Term Incentives (LTI's). Obtained the scorecard for STI's and LTI's and considered the performance objectives and measures required in order to meet the requirements. 	instances of non-compliance.
4.10	4.2.3	<p>(a) A DNSP:</p> <ul style="list-style-type: none"> 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 branding that the DNSP and the related electricity service provider are related; 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); iii. must not advertise or promote contestable electricity services provided by a related electricity service 	<ul style="list-style-type: none"> Endeavour Energy Brand Guidelines outline the independent and separate representation of the regulated business, supported by the implementation of separate collateral, website, and social media platforms. (RF.4.011) Separate uniforms, personal protective equipment, identification cards and vehicle signage have been issued. (RF.4.012) Regulatory Assurance undertake a periodic review of Endeavour Energy and Ausconnex corporate social media platforms and websites to ensure compliance with Guideline. (RF.4.013) Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by 	<ul style="list-style-type: none"> Reviewed the Endeavour Energy Brand Guidelines to understand the branding requirements for the DNSP. We also reviewed the Ausconnex Branding requirements for the logo to understand independent branding requirements for the RESP. We compared the brand logos to confirm that the two brands and branding guidelines were distinct, with no overlap nor cross branding. Inquired with management to understand the process undertaken to identify all branded items and their use in providing Contestable Electricity Services (CES) and/or Direct Control Services (DCS) e.g. uniforms, vehicles, signage, invoicing, manuals, etc. Performed site visits and observed operations of both the Endeavour Energy and Ausconnex to confirm that adequate segregation of staff, equipment and branded items are maintained. Reviewed the respective websites and performed media searches confirming that both brands were advertised or marketed separately in compliance with the Endeavour 	<p>Observations:</p> <p>We performed site visits at office locations where both Endeavour Energy (DNSP) and Ausconnex staff have access. As part of our site visit Glendenning and Hoxton Park, we observed that the foyer has a visitor registration sign in page and QR codes which states "Welcome to Endeavour Energy". This is required to be completed by all visitors of Ausconnex. We further noted at the Glendenning site that some of the Endeavour Energy assets (cable drum roller) are used to store Ausconnex inventory. These assets are utilised by Ausconnex customers who purchased the inventory on the cable drum with the Endeavour Energy branding still on the assets.</p> <p>Based on the observations, we believe that a reasonable person could infer from the branding that the entities are related.</p> <p>Recommendations:</p> <p><i>Visitor registration sign in page</i></p>

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		provider other than the DNSP itself.	Regulatory Assurance to support employee awareness. (RF.0.001)	<p>Energy Branding Guidelines. In judgemental instances where potential overlap was noted in our searches, we performed further enquiries with management to understand the rationale with which these posts were adjudicated and obtained evidence of approval of the posts in line with Endeavour Energy's internal procedures.</p> <ul style="list-style-type: none"> Selected a random sample from the quarterly reviews performed, obtaining evidence of review of the Ausconnex website and Endeavour Energy website and other social media sites to confirm the review control was operating effectively. Reviewed the branding policies to evaluate whether Ring-fencing requirements were adequately addressed in the policies. All policies were accessible on both the Endeavour Energy and Ausconnex Intranet sites. Policies reviewed included: <ul style="list-style-type: none"> Advertising, Communication and Promotional Materials (14.1) Company Procedure: Producing advertisements, communication and promotional materials (GMM 0001) Company Procedure: Purchase, Use and issue of Branded promotional products (GMM 0003) Branding and Cross Promotion - Social Media Ring-fencing Fact Sheet 	<p>We understand the purposes of the sign in page is due to Endeavour Energy having an obligation to protect the security and resilience of the network and must implement measures to reduce risks to the security of critical infrastructure, including physical threats.</p> <p>We recommend that Ausconnex maintain a separate sign sheets (excluding Endeavour Energy Branding) to monitor access and avoid any potential confusion as to which entity the visitor is dealing with.</p> <p><i>Branding on assets</i></p> <p>We recommend the Endeavour Energy branding included on the assets are removed before they are used to sell inventory sold to Ausconnex customers.</p>
4.11	4.2.4	(a) A DNSP must establish, maintain and keep a register that identifies: 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.;	<ul style="list-style-type: none"> Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) The Office Sharing Register is updated on a quarterly basis and published on the website no later 	<ul style="list-style-type: none"> Inspected the availability of Staff Sharing Register on Endeavour Energy website. Conducted testing to confirm that the Staff Sharing Register on the website is the most current version and has been reviewed during the regulatory period. Inspected the Endeavour Energy website to ensure that the Office Sharing Register is 	<p>Observation:</p> <p>Based upon the discussions held and procedures performed, one exception was noted with Endeavour Energy's compliance against the obligation:</p> <ul style="list-style-type: none"> In line with clause 4.2.4 (b), the office and staff register is required to be updated and published to the Endeavour Energy website each

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		<p>ii. the staff positions (including a description of the roles, functions, and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d);</p> <p>iii. the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p> <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</p>	<p>than 15 January, 15 April, 15 July and 15 October annually. (RF.4.002)</p> <ul style="list-style-type: none"> Staff Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.006) 	<p>readily available and is the most current version.</p>	<p>quarter, with Q4 required to be published by 15 January 2025.</p> <ul style="list-style-type: none"> During the audit process, we identified that the Q4 staff sharing register was not published on the Endeavour Energy website by 15 January 2025. Whilst we have observed evidence that the Q4 staff sharing register was completed, approved by management internally and uploading to the website was attempted, due to a technological error, the Q4 staff sharing report was not published until after this date. We also do not consider the technical failure to publish of one quarter to be material to the overall compliance of Endeavour Energy as this was subsequently corrected and did not have a material change to the outcome of staff shared. <p>Recommendations:</p> <p>We recommend that once a register is approved to be uploaded onto Endeavour Energy's website, an independent check is performed to ensure this has been actioned and the latest version is on the website.</p>
	4.3.1	<p>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>	<ul style="list-style-type: none"> Ausconnex physical access reviews are carried out monthly to identify any anomalies with employee movements. (RF.4.004) Company Procedure GAM1100 outlines the process for managing electricity information requests as well as supporting the Information Sharing Protocol and Approach published on the website. (RF.4.014) 	<ul style="list-style-type: none"> Performed site visits at shared sites such as; Parramatta Square, Glendenning and Hoxton Park and observed the physical access protocols to evaluate compliance with Ring-fencing guidelines. Obtained details of Ausconnex employees who were provided with physical access to Endeavour Energy's head office. Selected a sample of new physical access profiles for Endeavour Energy and Ausconnex which were granted during the regulatory period, inspected approvals to confirm that they followed proper protocol. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p>

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
			<ul style="list-style-type: none"> Identity Access Management software provides role-based access as per defined security definitions for ring-fencing. (RF.4.015) Endeavour Energy's Information Sharing Protocol and Approach outlines how information may be accessed and is published on the website. (RF.4.016) Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.017) User access reviews are carried out in accordance with the ICT Security Calendar and identifies anomalies with employee movements. (RF.4.018) Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by Regulatory Assurance to support employee awareness. (RF.0.001) 	<ul style="list-style-type: none"> Obtained and reviewed copies of Company procedure GAM1100 - Electricity Information Requests (GAM1100) and ascertained the principles align to the Ring-Fencing Guidelines. Reviewed the configuration of the role-based user access setup confirming that users would only have access to systems and information appropriate for their role and company, preventing unauthorized access and appropriately restricted across the population of Endeavour Energy and Ausconnex employees. Confirmed the information sharing, staff sharing, office sharing) registers are published on the Endeavour Energy's website. For a random sample of quarters, we reviewed the contents of the information sharing register confirming that access to information where approval was granted was in line with the Ring-fencing guideline principles. Our procedure also included obtaining all the information sharing registers for the year. For a random sample of months, we reviewed the monthly User Access Review logs and inspected that users that were granted access were adequately authorised and had roles that warranted access to databases with ringfenced information. Reviewed a sample of user access reviews conducted throughout the year, confirming that access was granted only to users who received proper pre-approval in accordance with the user access policy. 	
4.12	4.3.2	A DNSP must not disclose ring-fenced information to any person, including a related	<ul style="list-style-type: none"> Ausconnex physical access reviews are carried out monthly to identify any anomalies with employee movements. (RF.4.004) 	<ul style="list-style-type: none"> Performed site visits at shared sites such as; Parramatta Square, Glendenning and Hoxton Park and observed the physical access 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		electricity service provider, unless an exemption applies.	<ul style="list-style-type: none"> Company Procedure GAM1100 outlines the process for managing electricity information requests as well as supporting the Information Sharing Protocol and Approach published on the website. (RF.4.014) Identity Access Management software provides role-based access as per defined security definitions for ring-fencing. (RF.4.015) Endeavour Energy's Information Sharing Protocol and Approach outlines how information may be accessed and is published on the website. (RF.4.016) Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.017) User access reviews are carried out in accordance with the ICT Security Calendar and identifies anomalies with employee movements. (RF.4.018) Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by Regulatory Assurance to support employee awareness. (RF.0.001) 	<p>protocols to evaluate compliance with Ring-fencing guidelines.</p> <ul style="list-style-type: none"> Obtained details of Ausconnex employees who were provided with physical access to Endeavour Energy's head office. Selected a sample of new physical access profiles for Endeavour Energy and Ausconnex staff which were granted during the regulatory period, inspected approvals to confirm that they followed proper protocol. Obtained and reviewed copies of Company procedure GAM1100 - Electricity Information Requests (GAM1100) and ascertained the principles align to the Ring-Fencing Guidelines. Reviewed the configuration of the role-based user access setup confirming that users would only have access to systems and information appropriate for their role and company, preventing unauthorized access and appropriately restricted across the population of Endeavour Energy and Ausconnex employees. Confirmed the information sharing, staff sharing, office sharing) registers are published on the Endeavour Energy's website. For a random sample of quarters, we reviewed the contents of the information sharing register confirming that access to information where approval was granted was in line with the Ring-fencing guideline principles. Our procedure also included obtaining all the information sharing registers for the year. For a random sample of months, we reviewed the monthly User Access Review logs and inspected that users that were granted access were adequately authorised and had 	

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
				<p>roles that warranted access to databases with ringfenced information.</p> <ul style="list-style-type: none"> Reviewed a sample of user access reviews conducted throughout the year, confirming that access was granted only to users who received proper pre-approval in accordance with the user access policy. 	
4.13	4.3.3	<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. 	<ul style="list-style-type: none"> Ausconnex physical access reviews are carried out monthly to identify any anomalies with employee movements. (RF.4.004) Company Procedure GAM1100 outlines the process for managing electricity information requests as well as supporting the Information Sharing Protocol and Approach published on the website. (RF.4.014) Identity Access Management software provides role-based access as per defined security definitions for ring-fencing. (RF.4.015) Endeavour Energy's Information Sharing Protocol and Approach outlines how information may be accessed and is published on the website. (RF.4.016) Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.017) User access reviews are carried out in accordance with the ICT Security Calendar and identifies anomalies with employee movements. (RF.4.018) 	<ul style="list-style-type: none"> Performed site visits at shared sites such as; Parramatta Square, Glendenning and Hoxton Park and observed the physical access protocols to evaluate compliance with Ring-fencing guidelines. Obtained details of Ausconnex employees who were provided with physical access to Endeavour Energy's head office. Selected a sample of new physical access profiles for Endeavour Energy and Ausconnex which were granted during the regulatory period, inspected approvals to confirm that they followed proper protocol. Obtained and reviewed copies of Company procedure GAM1100 - Electricity Information Requests (GAM1100) and ascertained the principles align to the Ring-Fencing Guidelines. Reviewed the configuration of the role-based user access setup confirming that users would only have access to systems and information appropriate for their role and company, preventing unauthorized access and appropriately restricted across the population of Endeavour Energy and Ausconnex employees. Confirmed the information sharing, staff sharing, office sharing) registers are published on the Endeavour Energy's website. 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p>

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		<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 4.3.2(a) to (e).</p> <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>	<ul style="list-style-type: none"> Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by Regulatory Assurance to support employee awareness. (RF.0.001) 	<ul style="list-style-type: none"> For a random sample of quarters, we reviewed the contents of the information sharing register confirming that access to information where approval was granted was in line with the Ring-fencing guideline principles. Our procedure also included obtaining all the information sharing registers for the year. For a random sample of months, we reviewed the monthly User Access Review logs and inspected that users that were granted access were adequately authorised and had roles that warranted access to databases with ringfenced information. Reviewed a sample of user access reviews conducted throughout the year, confirming that access was granted only to users who received proper pre-approval in accordance with the user access policy. 	
4.14	4.3.4	<p>(a) A DNSP must establish, maintain and keep a register of all:</p> <p>i. related electricity service providers;</p> <p>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 4.3.4(a), and must make the</p>	<ul style="list-style-type: none"> Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline, with the Ring-fencing Intranet site maintained by Regulatory Assurance to support employee awareness. (RF.0.001) Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) 	<ul style="list-style-type: none"> Refer to section 4.1.b) for procedures performed on Staff training. Inspected Company procedure GRG0013 - Compliance Reporting outlining the waiver process. Inquired of management to understand how often the periodic review of approved waivers occurs. Inspected the Endeavour Energy website to ensure that the Waiver Register is readily available. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		<p>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 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 4.3.4(a), and the DNSP must comply with that request.</p>	<ul style="list-style-type: none"> • Endeavour Energy's Information Sharing Protocol and Approach outlines how information may be accessed and is published on the website. (RF.4.016) • Information Sharing Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.4.017) 	<ul style="list-style-type: none"> • Conducted testing (via comparison to supporting documentation, etc.) to ensure that the Waiver Register on the website is the most current version. • Reviewed the configuration of the role-based user access setup confirming that users would only have access to systems and information appropriate for their role and company, preventing unauthorized access and appropriately restricted across the population of Endeavour Energy and Ausconnex employees. • Confirmed the information sharing, staff sharing, office sharing) registers are published on the Endeavour Energy's website. • For a random sample of quarters, we reviewed the contents of the information sharing register confirming that access to information where approval was granted was in line with the Ring-fencing guideline principles. 	
4.15	4.4.1	<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> <ul style="list-style-type: none"> i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and 	<ul style="list-style-type: none"> • Endeavour Energy's standard terms and conditions reflect the requirements of the Guideline, with any new or varied contracts that deviate requiring approval from the Legal team (RF.4.019) 	<ul style="list-style-type: none"> • Enquired of management whether standard terms/conditions/contracts are utilised with service providers. • Selected a sample of new/ varied contracts for the period tested and confirm that the contracts have the required clauses. • Where standard terms/conditions/contracts were not utilised, verified that approval processes were followed. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Ref	Compliance Obligation	Management Controls	Procedures performed	Observations and recommendations
		<p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP.</p> <p>as if the service provider was the 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 under clause 4 of this Guideline.</p>			

Obligation: Waivers - Section 5

Guidance Assessment Criteria and Assessment Controls

Nr	Ref	Compliance Obligation	Management control	Procedure Performed	Observation and recommendation
4.16	5.7	<p>(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>(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. 	<ul style="list-style-type: none"> • Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) • The Waiver Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.5.001) 	<ul style="list-style-type: none"> • Inspected Company procedure GRG0013 - Compliance Reporting outlining the waiver process. • Inquired of management to understand how often the periodic review of approved waivers occurs. • Inspected the Endeavour Energy website to ensure that the Waiver Register is readily available. • Conducted testing (via comparison to supporting documentation, etc.) to ensure that the Waiver Register on the website is the most current version. • Reviewed the following information for the battery trial in line with the granted waiver requirements: <ul style="list-style-type: none"> ➤ The total quantified benefit derived from the deployment of the battery energy storage systems from all services over the most recent financial year. ➤ The total quantified benefit derived from the deployment of the battery energy storage systems from direct control services over the most recent financial year. ➤ The total quantified benefit derived from the deployment of the battery energy storage systems from other distribution services and other services over the most recent financial year; and 	<p>Based on the procedures performed we have not identified any exceptions or instances of non-compliance.</p>

Nr	Ref	Compliance Obligation	Management control	Procedure Performed	Observation and recommendation
				<ul style="list-style-type: none"> ➤ A comparison of uses (volume and frequency) of the battery that confirms the usage by Endeavour Energy and by its retail partner, including the initial proposed allocation as a baseline against which actual usage of the battery energy storage systems can be compared. 	

Obligation: Compliance and enforcement – Section 6

Guidance Assessment Criteria and Assessment Controls

Nr	Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and recommendations
4.17	6.1	<p>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.</p> <p>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>	<ul style="list-style-type: none"> • Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) • An annual review is undertaken by Finance of the Accounting for Ausconex Fundamentals document. (RF.3.008) • Company Procedure GAM1100 outlines the process for managing electricity information requests as well as supporting the Information Sharing Protocol and Approach published on the website. (RF.4.014) 	<ul style="list-style-type: none"> • Obtained and perused the Ring-fencing procedure which demonstrates that it complies with AER's requirement on compliance procedures. • Obtained and inspected the Ring-fencing issues Log maintained by the Compliance team which includes input from responsible person. • Obtained and inspected the compliance calendar utilised by the Compliance team which includes all the reminder to submit the report. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
4.18	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.	<ul style="list-style-type: none"> • Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) • An annual attestation of compliance with the Guideline is completed via 	<ul style="list-style-type: none"> • Obtained and inspected Endeavour Energy's Ringfencing Annual Compliance Report (1 January 2024 – 31 December 2024) the regulatory year for compliance with the requirements of the guideline. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and recommendations
		<p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ul style="list-style-type: none"> i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline; ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP; iii. all other services provided by the DNSP in accordance with clause 3.1; 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 with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.</p> <p>(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,</p>	<p>Resolver (online compliance management tool) by key stakeholders and their respective management team. (RF.6.001)</p> <ul style="list-style-type: none"> • A bi-annual update on compliance with the Guideline is provided to the Board's Regulatory Committee. (RF.6.002) • Endeavour Energy's Annual Ring-fencing Compliance Report is submitted to the Australian Energy Regulator annually and accompanied by an assessment of compliance by a suitably qualified independent authority. (RF.6.003) • Regulatory Assurance maintain a regulatory reporting calendar to monitor compliance with all mandatory reporting obligations, including Ring-fencing. (RF.6.004) • Endeavour Energy's breach register is supported by copies of the ring-fencing breach report and cover letter submitted to the Australian Energy Regulator for each identified breach. (RF.6.007) 	<ul style="list-style-type: none"> • Endeavour Energy has engaged Ernst and Young as the independent authority to assess its annual compliance report. 	

Nr	Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and recommendations
		<p>the entirety of that regulatory year.</p> <p>(e) Annual compliance reports may be made publicly available by the AER.</p>			
4.19	6.2.2	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.	<ul style="list-style-type: none"> Company Procedure GRG0013 outlines compliance reporting requirements in line with the obligations set out in the Ring-fencing Guideline. (RF.0.002) Endeavour Energy's Annual Ring-fencing Compliance Report is submitted to the Australian Energy Regulator annually and accompanied by an assessment of compliance by a suitably qualified independent authority. (RF.6.003) Regulatory Assurance maintain a regulatory reporting calendar to monitor compliance with all mandatory reporting obligations, including Ring-fencing. (RF.6.004) 	<p>Obtained and inspected the timeline plan for Endeavour Energy's Ring-fencing Annual Compliance Report (1 January 2024 – 31 December 2024) and confirmed the report is planned to be submitted within 4 months of the end of calendar year.</p> <p>Confirmed the Endeavour Energy's Ring-fencing Annual Compliance Report for the period ended 31 December 2023 was submitted within 4 months of the calendar year.</p>	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
4.20	6.2.3	<p>Regulated stand-alone power systems reporting</p> <p>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> <p>i. the local government area in which the regulated stand-alone power system is deployed;</p> <p>ii. the number of premises served by the regulated stand-alone power system;</p>	<p>The Regulated Stand-alone Power System Register is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. (RF.6.005)</p>	<ul style="list-style-type: none"> Endeavour Energy had no regulated stand-alone power systems in place in the 2024 compliance year. The regulated stand-alone power system register is formally reviewed on a quarterly basis by the Compliance team. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.

Nr	Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and recommendations
		<p>iii. the maximum demand, in kW, served by the regulated stand-alone power system;</p> <p>iv. the aggregated annual average energy consumption, in kWh, of the premises served by the regulated stand-alone power system;</p> <p>v. the revenue earned by the DNSP for providing other services by means of the regulated stand-alone power systems in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP). No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of the register referred to in clause 6.2.3(a).</p> <p>The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>			

5. Assurance Report

Independent assurance report to the members of Endeavour Energy

Opinion

We have undertaken a reasonable assurance engagement, as defined by Standards on Assurance Engagements, to report on whether the Annual Compliance Report of Endeavour Energy Network Operator Partnership's ("Endeavour Energy's" or the "Entity") presents fairly the Entity's compliance, in all material respects, with the compliance requirements ("compliance requirements") of the *Ring-fencing Guideline – Electricity Distribution Version 3* (the "Guideline"), for the period of 1 January 2024 to 31 December 2024 for the purpose of reporting to the Australian Energy Regulator.

In our opinion Endeavour Energy's Annual Compliance Report that states the Entity has complied with the compliance requirements is, in all material respects, fairly presented as evaluated against the Guideline for the period of 1 January 2024 to 31 December 2024.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* 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.

Endeavour Energy's responsibilities

The Entity is responsible for:

- a. Preparation of an Annual Compliance Report for the period of 1 January 2024 to 31 December 2024, which sets out the measures Endeavour Energy has taken to ensure compliance with its obligations under the Guideline;
- b. Providing a Statement with respect to the outcome of the evaluation of the Entity's compliance against the compliance requirements, which accompanies this independent assurance report;
- c. Completion of the compliance activity undertaken to meet the compliance requirements; and
- d. Identification and implementation of controls which will mitigate those risks that prevent the compliance requirements being met and monitor ongoing compliance.

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.

The firm applies 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.

Assurance practitioner's responsibilities

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

An assurance engagement to report on Endeavour Energy's Annual Compliance report with respect to the entity's compliance with the compliance requirements involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatements in the Annual Compliance Report are likely to arise.

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.

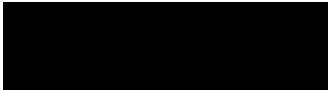
Our methodology involved obtaining an understanding of the Guideline, identifying the obligation clauses as per the Guideline applicable to Endeavour Energy, and designing and performing procedures to determine whether management controls are in place to satisfy the obligation clauses as per the Guideline. 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.

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

Restriction on distribution

This assurance report has been prepared in accordance with the requirements of the Guideline. Our report is intended solely for Endeavour Energy and Australian Energy Regulator (collectively the "Recipients") pursuant to the terms of our engagement agreement dated 31 January 2025.

We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.


Ernst & Young
Sydney
17 April 2025