

Evoenergy

Annual Ring-fencing Compliance

*For the regulatory year ended 31
December 2024*



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1. Executive summary

1.1 Introduction

Icon Distribution Investments Ltd and Jemena Networks (ACT) Pty Ltd (trading as "Evoenergy") is part of the ActewAGL Joint Venture. Evoenergy owns, maintains and operates the electricity distribution network in the ACT and the gas network in the ACT and parts of NSW. Evoenergy operates within regulated and unregulated markets and is 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 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 NER, 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 of the Guideline
- ▶ The purpose of all transactions between the DNSP and an affiliated entity.

In accordance with clause 6.2.1(c) of the Guideline, 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 & Young ("We" or "we") have been engaged to perform a "reasonable assurance engagement" as defined by the Standard on Assurance Engagement *ASAE3100 Compliance Engagements*, pursuant to clause 6.2.1 (c) of the Guideline to report on Evoenergy's compliance with the Guideline for the period 1 January 2024 to 31 December 2024 (the 2024 Regulatory Year).

1.3 Methodology

Evoenergy has prepared an annual compliance report under the Guideline for the 2024 Regulatory Year.

We read Evoenergy's annual compliance report and obtained an understanding of the Guideline and other engagement circumstances specific to Evoenergy, sufficient to enable the identification and assessment of the risk of non-compliance with the Guideline.

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

We performed analysis of the key controls that management has put into place to comply with each obligation, to understand whether control gaps exist which could enable an obligation to remain unsatisfied.

We conducted limited sample testing over the identified controls to determine whether Evoenergy complied, in all material respects, with the Guideline for the period from 1 January 2024 to 31 December 2024.

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

This is the first year that EY has been engaged to assess for Evoenergy's ring-fencing compliance. We have considered prior year observations as well as controls implemented by Management to effectively mitigate the risk of non-compliance for the 2024 Regulatory Year.

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 Evoenergy.

We noted from this documentation that the AER places specific focus on the following compliance areas relevant to DNSPs such as Evoenergy:

- ▶ 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.

2. Executive summary: 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 Evoenergy's ring-fencing obligations.

Evoenergy was able to provide sufficient appropriate audit evidence over compliance with ring fencing obligations.

Controls for two (2) compliance obligation were assessed as partially effective.

Please refer to section 5 for our overall conclusion.

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	Effective		
4.1	Obligation to not discriminate	Compliant	Effective		
4.2.1	Physical separation / co-location	Compliant	Partially Effective	Evoenergy's breach register indicates control exceptions in relation to Related Electricity Service Provider (RESP) employees' physical access to ring-fenced locations. Evoenergy was however able to provide sufficient appropriate evidence of compliance, in all material respects, with its primary obligation under the Guideline.	Evoenergy should establish a protocol for immediate revocation of security passes upon conclusion of secondments and review processes for determining training locations available to RESP employees.

Clause	Obligations	Compliance Rating	Control Effectiveness Rating	Observations	Recommendation
				Refer to the detailed observations in section 4 below for further details.	Refer to the detailed recommendations in section 4 below for further details.
4.2.2	Staff Sharing	Compliant	Effective		
4.2.3	Branding and cross-promotion	Compliant	Effective		
4.2.4	Office and staff register	Compliant	Effective		
4.3.1	Protection of confidential information	Compliant	Partially Effective	<p>Evoenergy's breach register as well as the results of subsequent user access reviews indicate control exceptions in relation to RESP employees' access to Evoenergy data within its financial management information system for periods of time during the 2024 Regulatory Year.</p> <p>Evoenergy was however able to provide sufficient appropriate evidence of compliance, in all material respects, with its primary obligation under the Guideline.</p> <p>Refer to the detailed observations in section 4 below for further details.</p>	<p>Evoenergy should review its processes for performing regular comprehensive user access reviews for all key information systems containing ring-fenced information including ensuring the regulatory compliance team are involved in reviewing the results and subsequent corrective action to assess potential implications on ring-fencing obligations in a timely manner.</p> <p>Refer to the detailed recommendations in section 4 below for further details.</p>
4.3.2	Disclosure of information	Compliant	Effective		
4.3.3					
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		

3. 2023 Auditor Recommendations

As part of our engagement, we considered any recommendations made in prior years and the subsequent actions taken by Evoenergy. One external finding was reported in the prior year excluding those self-reported by Evoenergy as outlined below.

Ref	Regulatory Period 2023 Audit Findings	Regulatory Period 2024 Audit Findings
Breach of Clause 6.2.3 of the Ring-fencing Guideline - Regulated Stand-Alone Project Systems (SAPS)	<p>The Ring-fencing Guideline requires Evoenergy to maintain a SAPS register and publish an updated version of the register on its website on a quarterly basis, no later than 15 January, 15 April, 15 July and 15 October each year.</p> <p>Consistent with the finding from the 2022 Annual Compliance Report there was a breach of clause 6.2.3 of the Guideline as information in the SAPS register published in March 2023 for quarter 1 (January - March 2023) was not accurate. In line with recommendations made in 2022, management implemented a revised process to monitor, update and review registers published on its website on a quarterly basis from April 2023 onwards.</p>	<p>Findings resolved. Please refer to clause 6.2.3 within Section 4. Detailed Observations for further details.</p>

4. Detailed Observations

Obligation: Prevention of cross subsidies - Section 3 of the Guideline

Guidance Assessment Criteria and Assessment Controls

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
3.1(a)	A DNSP must be a legal entity.	<ul style="list-style-type: none"> ▶ Evoenergy maintains a separate Australian Business Number (ABN) ▶ A clearly defined Legal Entity Structure for Evoenergy is maintained 	<ul style="list-style-type: none"> ▶ Obtained and inspected the legal entity structure provided by management for Evoenergy and its Related Electricity Service Providers (RESPs) and other affiliates. ▶ Obtained Equifax reports for Evoenergy and its RESPs and as well as performed an ABN Lookup for each entity. 	<p>Observations: The initial organisational structure provided, which includes Evoenergy's affiliates and RESPs, was not up-to-date as it referred to RESPs that were no longer controlled or affiliated with the Group during 2024.</p> <p>Recommendation: Management should review processes and responsibilities for maintaining documentation of the legal and organisational structure required by its ringfencing compliance manual to ensure there are clear roles and responsibilities for regular reviews and updates for changes as required.</p>
3.1(b)	A DNSP may provide distribution services and transmission services but must not provide other services.	<ul style="list-style-type: none"> ▶ Refer to section 5 for management controls in relation to waivers. ▶ Evoenergy's Distribution Licence under the <i>Utilities Act 2000</i> (ACT) is current ▶ Evoenergy prepares an Annual Planning Report to inform other network service providers, market participants and consumers of near-term constraints impacting network and outlines plans and projects. ▶ Evoenergy website is maintained to enable 	<ul style="list-style-type: none"> ▶ Refer to section 5 for procedures performed in relation to waivers. ▶ Obtained and inspected Evoenergy's Distribution Licence. ▶ Obtained and inspected L.1. ▶ Obtained and inspected Evoenergy's 2024 Annual Planning Report and compared it to L.1. ▶ Accessed and inspected the Evoenergy website. 	Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
		<p>customers to find information and services.</p> <ul style="list-style-type: none"> ▶ A Classification of Services Flowchart (L.1) has been established and implemented to assess how all Evoenergy services are classified as either regulated distribution services, unregulated distribution services or other services 		
3.2.1	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"> ▶ The nature, extent, and attribution of transactions between Evoenergy and its affiliates are defined and applied in accordance with the Intercompany and Related Party Accounting Policy (A.1), which supports Evoenergy's approved Cost Allocation Method (A.2) 	<ul style="list-style-type: none"> ▶ Obtained and inspected A.1 and A.2 and conducted interviews of management in relation to the extent and nature of transactions between Evoenergy and its affiliated entities. ▶ EY are the audit service provider for the ACT Auditor-General's Office in connection with the audit of the financial statements of the ActewAGL Joint Venture (which encompasses Evoenergy). Whilst performed for the purpose of a separate engagement on the financial statements we have performed audit procedures over intercompany and related party transactions for the financial year ended 30 June 2024. ▶ Interviewed management in relation to any changes to internal accounting procedures and inspected records demonstrating Evoenergy's cost allocation processes.
3.2.2	<p>(a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services</p> <p>(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</p>	<ul style="list-style-type: none"> ▶ An annual review is undertaken of the Intercompany and Related Party Accounting Policy ▶ Annual Regulatory Information Notices and Financial Statements are audited by an external third party annually 		Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>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>			

Obligation: Functional separation - Section 4 of the Guideline

Guidance Assessment Criteria and Assessment Controls

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
4.1(b)	<p>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"> ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. ▶ Education and awareness is provided to employees to enhance their understanding and compliance with the Guideline and Evoenergy maintains a ring-fencing intranet site to support employee awareness ▶ Established policies and procedures set out the obligations for AAD staff when interacting with RESPs and other contestable energy service providers including the Obligation not to Discriminate Flowchart (O.2) and the documents listed at 4.4.1. ▶ Evoenergy's Information Sharing Protocol (I.2) governs the process for managing electricity information requests ▶ Information Sharing Register (I.3) including all requirements of the Guidelines (4.3.4) is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually 	<ul style="list-style-type: none"> ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Obtained and inspected the ring-fencing online training module provided to staff. ▶ Obtained and inspected training completion records for the period from 1 January to 31 December 2024. ▶ Assessed the accuracy and completeness of the training records by comparing them with the Headcount reports from the payroll system. ▶ Obtained and inspected the O.2 and 1.2. ▶ Accessed and inspected I.3 published on the Evoenergy website and inspected I.2. 	Based on the procedures performed we have not identified any exceptions or instances of non-compliance.
4.1(c)	<p>Without limiting its scope, clause 4.1(b) requires a DNSP to:</p> <ul style="list-style-type: none"> 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); 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; iii. in like circumstances, provide substantially the same quality, reliability and timeliness of service to a related electricity service provider and a competitor (or 			

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>iv. potential competitor) of the related electricity service provider;</p> <p>V. 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>			
4.1(d)	A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.			
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"> ▶ Refer to section 4.1 for management controls in relation to education and awareness ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures ▶ The Office Sharing Register (O.5) is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually ▶ Evoenergy maintain separate physical locations from RESPs providing Contestable Electricity Services 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for procedures performed in relation to education and awareness. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Accessed O.5 via Evoenergy's website and inspected the classes of offices listed to which physical separation or co-location requirements have not been applied. ▶ Visited select office locations, obtained and inspected office floor maps and conducted interviews of management related to services provided at each location. 	<p>Observation:</p> <ul style="list-style-type: none"> ▶ Evoenergy's Security Pass & ID Card Procedure requires annual audits for physical access levels to offices and quarterly audits for data centres. We observed that the records of the Greenway ACT office physical access audit were not retained. ▶ In accordance with Evoenergy's protocols, visitors arriving at the Greenway location for emergency works are issued a visitor pass upon signing into the visitor kiosk. The documentation for these visitor passes is paper-based, capturing only the visitor's name, signature, and time of entry and exit. Paper based records are inherently subject to greater risk of human error. ▶ Evoenergy's breach register indicates that a RESP staff member seconded to Evoenergy did

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
		<ul style="list-style-type: none"> ▶ Physical access reviews are carried out quarterly to identify any anomalies with employee movements. ▶ Security Pass and ID Card Procedure (O.1) is in place to ensure all persons are clearly identified as being an employee of Evoenergy or a contractor working for Evoenergy and are provided access as appropriate to complete their duties. 	<ul style="list-style-type: none"> ▶ Inspected physical access records for all offices and compared this to O.5. ▶ Inquired with management whether there were any restructures that may have impacted ring-fencing compliance ▶ Inspected a sample of physical access records to ring-fenced offices including security and visitor passes records, paper-based check in/out records and the Kiosk Sine System. ▶ Obtained and inspected O.1. 	<p>not have their access pass to an Evoenergy office revoked following the end of their secondment. This allowed inappropriate access to a ring-fenced location and access records show the individual attended a ring-fenced location for training on one (1) occasion during the 2024 Regulatory Year.</p> <p>▶ Evoenergy's breach register indicates two RESP staff members attended a training session at a ring-fenced location on one (1) occasion during the 2024 Regulatory Year.</p> <p>▶ Evoenergy provided an assessment against its compliance obligation including the roles of each of the RESP staff, areas of the ring-fenced location accessed by each of the RESP staff and representations from Evoenergy that RESP staff were escorted. Accordingly, Evoenergy was able to provide sufficient appropriate evidence, in all material respects, of compliance with its primary obligation under the Guideline.</p> <p>Recommendation: Evoenergy should:</p> <ul style="list-style-type: none"> ▶ review its procedures and clarify requirements to retain all physical access audit documentation including a designated centralised storage locations and regular reporting and review processes to monitor compliance. ▶ consider implementing a digital tracking system for visitor passes to replace the paper-based method. This system would facilitate better record-keeping and provide easier access to visitor information. Regular assessments of the digital system should be conducted to ensure its effectiveness and reliability. ▶ establish a protocol for immediate revocation of security passes upon conclusion of secondments, including automated notifications to relevant personnel to prevent unauthorised access and conducting regular reporting and reviews to monitor compliance. ▶ review processes for determining training locations and options available to RESP employees when enrolling for training, approvals required for RESP employees to attend training at ring-fenced locations and regular reviews of

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
				employees enrolled in training at ring-fenced locations prior to the training commencing.
4.2.2	(a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services (DCS) are not also involved in the provision or marketing of contestable electricity services CES by a RESP.	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for management controls in relation to education and awareness. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. ▶ Staff Register (O.3) is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. ▶ A Physical Separation and Staff Sharing Flowchart (O.2) has been established and implemented to assess the application of ring-fencing clauses 4.2.2(a), (b), and (d). 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for procedures performed in relation to education and awareness. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Accessed O.3 via Evoenergy's website and inspected the nature of the positions to which separation of marketing for DCS and CES services have been applied. ▶ Obtained and inspected O.2 and conducted interviews of management related to separation of marketing for DCS and CES services as well as staff sharing and secondment processes. ▶ Inquired with management about staff sharing, transfers and secondments between Evoenergy and RESPs during the 2024 Regulatory Year. ▶ Inspected a sample of physical access records to ring-fenced offices for seconded employees during the 2024 Regulatory Year. 	Based on procedures performed we have not identified any matters of exception.
4.2.2	(c) The remuneration, incentives, and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.	<ul style="list-style-type: none"> ▶ Evoenergy'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 Evoenergy's regulatory obligations. ▶ Evoenergy has established Personal Performance Development Plans as a tool to support career growth for its employees and as a basis to achieve performance targets. 	<ul style="list-style-type: none"> ▶ Obtained and inspected Evoenergy's Enterprise Bargaining Agreement and conducted interviews of management in relation to ring-fencing requirements related to remuneration, incentives and other benefits. ▶ Inspected a sample of Personal Performance Development Plans 	Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
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 provider other than the DNSP itself. 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for management controls in relation to education and awareness. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. ▶ Evoenergy's Branding and Cross-Promotion flowchart (O.4) captures the branding and cross-promotion requirements for Evoenergy's direct control services separately to that used by a RESP for contestable electricity services. ▶ Separate corporate logos, uniforms, personal protective equipment, identification cards, email domains and office and vehicle signage are in place. 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for procedures performed in relation to education and awareness. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Obtained and inspected O.4. ▶ Conducted interviews of management, accessed the separate Evoenergy and RESP websites and sighted a sample of the use of separate corporate logos on uniforms, personal protective equipment, identification cards, emails and office and vehicle signage. 	Based on procedures performed we have not identified any matters of exception.
4.2.4	<p>(a) A DNSP must establish, maintain and keep a register that identifies:</p> <ul style="list-style-type: none"> i. the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii. ii. the staff positions (including a description of the roles, functions, and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); iii. the staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in 	<ul style="list-style-type: none"> ▶ Refer to section 4.2.1 for management controls in relation to office separation. ▶ Refer to section 4.2.2 for management controls in relation to staff separation. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. 	<ul style="list-style-type: none"> ▶ Refer to section 4.2.1 for procedures performed in relation office separation. ▶ Refer to section 4.2.2 for management controls in relation to staff separation. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. 	Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p> <p>(b) No later than 15 January, 15 April, 15 July and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>			
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"> ▶ Refer to section 4.1 for management controls in relation to education and awareness and information sharing. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for procedures performed in relation to education and awareness and information sharing. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Obtained and inspected I.1 and I.7. ▶ Interviewed management in relation to Evoenergy's approach to information sharing and restricting access to ring-fenced information. ▶ Obtained and inspected documentation of annual user access reviews for key information systems. ▶ Obtained and inspected a user access listing for Evoenergy's financial information management system. 	<p>Observation:</p> <ul style="list-style-type: none"> ▶ Following the implementation of Evoenergy's new financial information management system (Oracle Fusion) in July 2024, six (6) RESP staff members were provided the ability to access Evoenergy data within Oracle Fusion for periods of time during the 2024 Regulatory Year. Further relevant details are as follows: ○ One (1) was self-identified and the matter was recorded on Evoenergy's breach register. This individual accessed Evoenergy data on 2 August 2024 and had the ability to access from 12 July 2024 to 19 September 2024, ○ One (1) was identified following the initial breach investigation mentioned above. This individual had the ability to access Evoenergy data from 9 August 2024 to 22 August 2024; and ○ A further four (4) were identified during a sample-based desktop user access review. These individuals had the ability to access Evoenergy data ranging from 15 July 2024 to 19 September 2024.
4.3.2	A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless an exemption applies.			
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</p>	<ul style="list-style-type: none"> ▶ Evoenergy has established and implemented a Confidential Information Flowchart (I.1) to aid in identifying electricity information and confidential information. ▶ Evoenergy's Privacy Policy (I.7) sets out that confidential information is kept confidential, and that confidential information is only used for the purpose for which it was acquired or generated ▶ Key information system user access reviews are carried out 		

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>information) to other legal entities on an equal basis.</p> <p>(b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ul style="list-style-type: none"> i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services. <p>(c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(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>	<p>on at least an annual basis to identify inappropriate access.</p>		<ul style="list-style-type: none"> ▶ Evoenergy provided an assessment against its compliance obligation including the roles of each of the RESP staff who had access, the Evoenergy data within Oracle Fusion that was accessible to each of the RESP staff, an audit log of changes to user access and representations from each of the RESP staff that the Evoenergy data was not accessed. Accordingly, Evoenergy provided sufficient appropriate evidence, in all material respects, of compliance with its primary obligation under the Guideline. <p>Recommendation: Evoenergy should review its processes for performing regular comprehensive user access reviews for all key information systems containing ring-fenced information including ensuring the regulatory compliance team are involved in reviewing the results and subsequent corrective action to assess potential implications on ring-fencing obligations in a timely manner. This review should also require implementation of the following steps:</p> <ul style="list-style-type: none"> i. ensure all reports reviewed are complete and accurate by retaining the screenshots of the parameters used to extract the reports, the record counts and the first and last row of the report; ii. filters applied to the reports review must be indicated in the review documentation. The rationale for exclusionary filters should also be indicated in the documentation; iii. establish the criteria or a user access matrix so the reviewer can have a basis for determining the appropriateness of users in the application; iv. modifications to users and other review comments must be clearly indicated in the review documentation and addressed promptly. Screenshots of the actions performed must also be retained in the review documentation; v. where inappropriate access is identified, a risk assessment with reference to Evoenergy's obligations under the

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
				<p>Guidelines and the user's actions should be performed covering the period between the time their access became inappropriate and when that access was revoked; if applicable, the review should be performed by multiple reviewers to avoid instances of self-review; and formal signoffs must be attached to the review documentation upon review completion.</p> <p>vi.</p> <p>vii.</p>
4.3.4	<p>(a) A DNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; i. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP; <p>who request access to information identified in clause 4.3.4(a), and must make the register publicly available on its website.</p> <p>(b) For each legal entity that has requested that a DNSP provide access to information identified in clause 4.3.4(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the legal entity; and ii. describe the kind of information requested by the 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</p>	<ul style="list-style-type: none"> ▶ Refer to section 4.3.1 to 4.3.3 for management controls in relation to information sharing. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. ▶ Evoenergy's Listed Legal Entities (I.4) was established to provide the record of listed legal entities via a publicly available website ▶ Evoenergy has Register Inclusion Form (I.6) and Information Request Form (I.5) to provide to legal entities seeking to apply for access to information identified on the information register, such that they can be assessed by Evoenergy. 	<ul style="list-style-type: none"> ▶ Refer to section 4.3.1 to 4.3.3 for procedures performed in relation to information sharing. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Obtained and inspected I.4, I.5 and I.6. 	<p>Based on procedures performed we have not identified any matters of exception.</p>

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	information that the DNSP is required to provide under clause 4.3.4(a), and the DNSP must comply with that request.			
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 ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP, as if the service provider was the DNSP. <p>(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>	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for management controls in relation to education and awareness. ▶ Refer to section 6.1 for management controls in relation to internal compliance procedures. ▶ Ring-fencing requirements are included in the terms and conditions of all relevant contracts. ▶ Procurement Management Manual - Phase 2 Sourcing and Selection (D.1) provides guidance on the sourcing and selection phase of Evoenergy's procurement process including requirements to source quotes from at least one non-affiliated entity. ▶ A Ring-fencing Fact Sheet for Evoenergy Service Providers (P.1) is maintained for internal purposes to provide employees with guidance on service providers. ▶ Conduct of Service Providers-Flowchart (P.2) has been established and implemented to outline obligations for conduct of service providers under the Guidelines. 	<ul style="list-style-type: none"> ▶ Refer to section 4.1 for procedures performed in relation to education and awareness. ▶ Refer to section 6.1 for procedures performed in relation to internal compliance procedures. ▶ Obtained and inspected D.1, P.1 and P.2. ▶ Inspected a sample of procurement contracts executed during the period. 	Based on procedures performed we have not identified any matters of exception.

Obligation: Waivers - Section 5

Guidance Assessment Criteria and Assessment Controls

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
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"> ► Waivers Register (W.1) including all requirements of the Guidelines (5.7(b)) is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. 	<ul style="list-style-type: none"> ► Accessed and inspected W.1 published on the Evoenergy website. 	Based on procedures performed we have not identified any matters of exception.

Obligation: Compliance and enforcement - Section 6

Guidance Assessment Criteria and Assessment Controls

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
6.1	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made, or assurance given by the AER concerning the adequacy of the DNSP's compliance procedures does not affect the DNSP's obligations under this Guideline.	<ul style="list-style-type: none"> ▶ Compliance and Risk Management System (ARIA) (C.1) is in place to document end-to-end processes for new and amended legislation including monitoring of operational compliance against obligations. ▶ A Compliance Management Manual (C.2) has been established and implemented to provide tools and knowledge of practices for ongoing compliance with legal and regulatory obligations. ▶ Incident Management Manual (C.3) outlines the process for all incident management within Evoenergy. ▶ Ring-fencing Staff Information and Compliance Manual (C.1) has been established to provide all staff with resources for ring-fencing protocols and compliance requirements under the Guideline. ▶ Corporate Procedure Ring-fencing (G.3) is in place to set out AAD's requirements to comply with the guidelines. 	<ul style="list-style-type: none"> ▶ Obtained and inspected C.1 to C.3 and G.1 to G.3. 	<p>Observation: Procedural guidance for updating the following compliance registers has not been formalised:</p> <ul style="list-style-type: none"> • Office • Staff • Information • Listed Legal Entities • Waivers • Stand-Alone Power System • Breach <p>Recommendation: Evoenergy should develop formalised procedures in relation to updating all key compliance registers including guidance linked to the Guideline and Evoenergy policies as well as roles and responsibilities.</p>
6.2.1	<p>(a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ol style="list-style-type: none"> i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline; 	<ul style="list-style-type: none"> ▶ Evoenergy's Annual Ring-fencing Compliance Report prepared in accordance with the requirements of the Guideline is submitted to the Australian Energy Regulator annually and accompanied by an assessment of compliance by a suitably qualified independent authority. 	<ul style="list-style-type: none"> ▶ Obtained and inspected Evoenergy's Annual Ring-fencing Compliance Report for the 2024 Regulatory Year. ▶ We have been engaged by Evoenergy to perform a reasonable assurance engagement on compliance with the guideline. 	Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP;</p> <p>iii. all other services provided by the DNSP in accordance with clause 3.1; and</p> <p>iv. the purpose of all transactions between the DNSP and an affiliated entity.</p> <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, the entirety of that regulatory year.</p> <p>(e) Annual compliance reports may be made publicly available by the AER.</p>			
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>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</p>	<ul style="list-style-type: none"> ▶ The Regulated Stand-alone Power System Register (C.4) including all requirements of the Guidelines (6.2.3) is updated on a quarterly basis and published on the website no later than 15 January, 15 April, 15 July and 15 October annually. 	<ul style="list-style-type: none"> ▶ Accessed and inspected C.4 published on the Evoenergy website. 	Based on procedures performed we have not identified any matters of exception.

Ref	Compliance Obligation	Management Controls	Procedures Performed	Observations and findings
	<p>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 Opinion



Independent Assurance Report to the Partners of Icon Distribution Investments Ltd and Jemena Networks (ACT) Pty Ltd

Opinion

We have undertaken a reasonable assurance engagement on Icon Distribution Investments Ltd and Jemena Networks (ACT) Pty Ltd's (trading as Evoenergy) (the "Partnership's") compliance, in all material respects, with the compliance requirements as evaluated against 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 ("AER").

In our opinion, drawing attention to Section 2: *Executive Summary: audit findings* of our report, the Partnership's has complied, in all material respects with the compliance requirements 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.

The Partnership's responsibilities

The Partnership is responsible for:

- a. Providing a Ring-fencing Annual Compliance Report with respect to the outcome of the evaluation of the compliance activity against the compliance requirements, which accompanies this independent assurance report
- b. Identification of the compliance requirements if not identified by law and regulation
- c. 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.



**Shape the future
with confidence**

Assurance practitioner's responsibilities

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

An assurance engagement to report on the Partnership'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 Partnership's Ring-fencing Annual Compliance Report.

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 the Partnership, 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 of 1 January 2024 to 31 December 2024 does not provide assurance on whether compliance with the Guideline 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 the Partnership and the AER (collectively the "Recipients"), and should not be distributed to parties other than the Recipients. A party other than the Recipients accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report.

Ernst & Young
Canberra
30 April 2025