

Attachment A – Independent Assessment



Independent Reasonable Assurance Report

To the Directors of Power and Water Corporation

Conclusion

In our opinion, Power and Water Corporation's ("Power and Water") Statement of Compliance that the entity, with the exception of the non-compliances set out in the emphasis of matter paragraph below, has complied with its obligations under version 3 of the Ring-Fencing Guideline published by the Australian Energy Regulator ("AER") as derogated under clause 6.17.1B of the Northern Territory National Electricity Rules ("NT NER") published on 22 December 2021 ("Derogated Guideline") is, in all material respects, fairly presented for the regulatory period 1 January 2024 to 31 December 2024 ("Regulatory Period").

Emphasis of Matter

Without qualifying our conclusion, we draw attention to section 3 of Power and Water's Electricity Ring-Fencing Annual Compliance Report ("Annual Compliance Report"), which describes the clauses where compliance was not achieved for the Regulatory Period.

Non-Compliance with Clause 4.3.4(b) of the Derogated Guideline – Information register

The Guideline requires that Power and Water maintain and publish an information register as required by Clause 4.3.4(b). The information requests made by Power and Water internal related electricity service providers (RESPs) and part RESPs has not been maintained and published on Power and Water's information register. This non-compliance remains ongoing at reporting date.

Non-Compliance with Clause 6.1 of the Derogated Guideline – Maintaining compliance

Clause 6.1 of the Guideline requires a Distributed Network Service Provider ("DNSP") establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Derogated Guideline.

By virtue of the non-compliance in clauses 4.3.4(b) and 6.2.3, Power and Water has not maintained appropriate internal procedures to comply with the Guideline.

Non-Compliance with Clause 6.2.3 of the Derogated Guideline – Regulated stand-alone power system reporting

The Guideline requires Power and Water to maintain and publish a register for stand-alone power systems. Power and Water has neither maintained nor published such a register. Power and Water has consulted with the AER and the AER has responded that no action will be taken at this time whilst the AER's position may alter in the future.

Scope

Power and Water engaged KPMG to perform a reasonable assurance engagement on whether Power and Water's Statement of Compliance that the entity has complied with its obligations under the Derogated Guideline is, in all material respects, fairly presented for the Regulatory Period. This Statement of Compliance accompanies our report, for the purpose of reporting to the Directors of Power and Water and the AER.

Basis for our conclusion

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- used our professional judgement to plan our procedures and assess the risk of material misstatement in Power and Water's Statement of Compliance that the entity has, with the exception of the Non-Compliance identified and reported to the AER complied with its obligations under the Derogated Guideline;
- considered internal controls implemented to meet the compliance requirements of the Derogated Guideline; however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of procedures performed, findings and observations

In Appendix A, we provide an overview of the key procedures, observations and findings in relation to each of the Derogated Guideline's requirements. This overview is provided at the request of the AER to provide greater transparency over the work we performed. Our conclusion is not modified in this respect.

In Appendix B, we have summarised performance improvement observations. Our conclusion is not modified in respect of these observations.

How we define reasonable assurance and material misstatement

- Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement in Power and Water's Statement of Compliance when it exists.
- Instances of misstatement in Power and Water's Statement of Compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of Power and Water's compliance with the requirements of the Derogated Guideline.

Inherent limitations

- Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error, or material misstatement in Power and Water's Statement of Compliance may occur and not be detected.
- Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement in Power and Water's Statement of Compliance when it exists. Misstatements, including omissions, are considered material if, individually or in the aggregate, could reasonably be expected to influence relevant decisions of the Directors of Power and Water.
- A reasonable assurance engagement for the Regulatory Period does not provide assurance on whether compliance with the requirements of the Derogated Guideline will continue in the future.

Use of this assurance report and matters relating to electronic publication

This report has been prepared for the Directors of Power and Water and the AER for the purpose of compliance with the Derogated Guideline and may not be suitable for another purpose.

We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Annual



Compliance Report. We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Annual Compliance Report. If users of the Annual Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Annual Compliance Report to confirm the information contained in the website version of the Annual Compliance Report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Power and Water and the AER, or for any other purpose other than that for which it was prepared.

Management's responsibility

Management is responsible for:

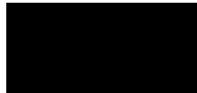
- the compliance activities including identifying, designing and implementing controls to meet the requirements of the Derogated Guideline;
- identification of the risks that threaten Power and Water's compliance with the Derogated Guideline from being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance;
- preparing an Annual Compliance Report and providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activity against the Derogated Guideline, which accompanies this Independent Assurance Report; and
- identification of any additional compliance requirements not identified by the Derogated Guideline/law and regulation.

Our responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to Power and Water's Statement of Compliance with the Derogated Guideline for the Regulatory Period and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

Our independence and quality management

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG

Matt Ward

Partner

Darwin

30 April 2025



Appendix A - Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect of Power and Water's compliance activities with the relevant requirements of version three of the Ring-fencing Guideline for the regulatory period 1 January 2024 to 31 December 2024.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our conclusion reported in the Independent Reasonable Assurance Report.

We performed the following general procedures to assess Power and Water's overall compliance with the Guideline:

- read the Ring-fencing Annual Compliance Report to check that Power and Water's overall compliance measures and internal controls for Ring-fencing had been documented for the purposes of this audit;
- conducted interviews and inquires to obtain an understanding of changes to the regulatory business activities and related compliance management approach;
- inspected supporting evidence which included policies, procedures and practices undertaken to embed Ring-fencing compliance measures during the regulatory period; and
- performed sample testing (where considered appropriate) to test effectiveness of the compliance measures for the regulatory period.



The following table provides a summary of procedures, observations, and findings for each Ring-fencing guideline requirement:

Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
3 Prevention of cross subsidies			
3.1 Legal Separation	Power and Water has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER. For this reason, no further work has been performed by KPMG.		
3.2.1 Separate Accounts 3.2.2 Cost allocation and attribution	<p>Power and Water has the following:</p> <p>Preventative controls</p> <ul style="list-style-type: none"> Cost Allocation Methodology (CAM) as approved by the AER. Cost Allocation Management Program and Principles. Accounting and Cost Allocation Procedure. AER Ring-fencing Information Sharing Protocol published on the website. <p>Detective control</p> <ul style="list-style-type: none"> Cost Allocation Model reviewed and validated annually by an external regulatory consultant. 	<ul style="list-style-type: none"> We obtained and inspected the Cost Allocation Methodology (CAM) approved by the AER to verify its existence. Obtained an understanding of the CAM to check the CAM applied is consistent to that approved by the AER. Inquired with management if any changes were made to the CAM. Inspected the cost allocation accounting procedure manual and performed the following: <ul style="list-style-type: none"> Inspected a sample of CAM journals that were prepared according to the AER approved CAM. Inspected a sample of CAM journal sample to ensure journals were appropriately approved. Accessed Power and Water's Ring-fencing website to sight the publication of its information sharing protocol. 	<p>Status: Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Per the inspection of the sample of the applied monthly CAM journals processed, controls were operating effectively.</p> <p>On 4 November 2024, KPMG issued review reports (Estimated Historical Financial Information and the Non-Financial Information) and Agreed-upon procedures report (Actual Financial Data) for the 12-month period ended 30 June 2024, in connection with our review and agreed upon procedures of the Power and Water Electricity Distribution Regulatory Information Notices ("RINs").</p> <p>Based on our inquiries of management and walkthrough performed no changes to the AER approved CAM post 30 June 2024 were identified.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
4 Functional Separation			
4.1 Obligation to not discriminate (B and C)	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> • AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2023 to 2026 reporting periods • PWC's AER Ring-fencing website (external facing). • PWC's AER Ring-fencing guidelines Fact Sheet (external facing). • Mandatory online training on AER Ring-fencing in ELMO system. • AER Ring-fencing Explanatory Guide (internal facing) outlines the assessment of contestable services. • AER Ring-fencing guidelines Fact Sheet (internal facing). • Standard Conditions of Contract Suite with contract clauses to ensure compliance with AER Ring-fencing guidelines. • Contracts with external service providers that include standard terms and conditions. • Procurement templates approved by Legal for the use of all procurement activities. • Enterprise electronic document 	<ul style="list-style-type: none"> • Accessed Power and Water's Ring-fencing website to sight the publication of Ring-fencing guidelines / protocols. • Inspected Power and Water's online training portal (ELMO) for Ring-fencing training materials in place, assessed training content relating to Ring-fencing guidelines, training completion records across Power and Water for the reporting period and sighted evidence of monitoring of non-completion by senior management. • Obtained and inspected Power and Water's internal facing guideline for assessment of contestable services. • Inspected a sample of procurements from 1 January 2024 to 31 December 2024 to check: <ul style="list-style-type: none"> ◦ the revised Conditions of Contract is being used in new procurement contract terms. ◦ standard procurement templates were used ◦ a peer review was conducted to ensure segregation of duties in procurement activities. • Obtained an understanding on restricting access to procurement documentation in Content Manager and inspected a sample of Content Manager folders to check restricted access. • Obtained and inspected AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2024 to 2026 reporting periods. 	<p>Status:</p> <p>Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Staff training compliance</p> <p>Inspection of the mandatory training completion records showed that 90.13% of staff completed the annual Ring-fencing training module.</p> <p>We noted from inquiries that 9.24% of staff did not complete the training module, while 0.63% of staff are exempted. Each month, a report identifying the staff that have not completed the training is issued to senior managers to ensure that overdue training is completed. The overall status of training is monitored by a Board committee.</p> <p>Procurement sample outcomes</p> <p>Procurement testing performed noted no exceptions and the following:</p> <ul style="list-style-type: none"> - PWC has appropriately included Standard Terms and conditions to contracts subject to ring-fencing guideline. - Based on samples tested, restricting access of procurement documents within Content Manager is operating effectively as all user access is managed via approvals. - For samples selected, we sighted evidence of checks performed by peers over procurements to ensure segregation of duties in procurement



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<p>management system, content manager 9, has access restrictions on sensitive records.</p> <p>Detective controls:</p> <ul style="list-style-type: none"> • A peer review process was conducted during the Reporting Period to ensure the segregation of duties in procurement activities, reinforcing transparency and compliance with internal controls. 		activities.
4.2.1 Physical separation / co-location	Power and Water Corporation has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER. For this reason, no further work has been performed by KPMG.		
4.2.2 Staff sharing	Power and Water Corporation has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER. For this reason, no further work has been performed by KPMG.		
4.2.3 Branding and cross-promotion	Power and Water Corporation has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER. For this reason, no further work has been performed by KPMG.		
4.2.4 Office and staff registers	Power and Water has been provided with a waiver in relation to this obligation on 20 May 2022 with an extension granted on 1 July 2024 (applicable from 20 May 2022 to 30 June 2034). KPMG have sighted the original waiver and the renewed waiver granted by the AER		
4.3.1 Protection of ring-fenced information	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> • AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2024 to 2026 reporting periods. • Inspected Power and Water's Ring-fencing website to verify accessibility of Ring-fencing 	<ul style="list-style-type: none"> • Obtained and inspected AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2024 to 2026 reporting periods. • Inspected Power and Water's Ring-fencing website to verify accessibility of Ring-fencing 	<p>Status:</p> <p>Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Staff training compliance</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<p>periods</p> <ul style="list-style-type: none"> PWC's AER Ring-fencing website (external facing). PWC's AER Ring-fencing guidelines Fact Sheet (external facing). Mandatory online training on AER Ring-fencing in ELMO system. AER Ring-fencing Information Sharing Protocol published on the website. Requests for information for related electricity service providers procedure. Standard Conditions of Contract Suite with contract clauses to ensure compliance with AER Ring-fencing guidelines. Contracts with external service providers that include standard terms and conditions. • Procurement templates approved by Legal for the use of all procurement activities. • Records and Information Management Function responsible for the protection of confidential information administering an Information Management Standard, a request for Information Procedure and an Enterprise Electronic Document Management System (refer above) with access controls around confidential information. 	<p>guidelines / protocols.</p> <ul style="list-style-type: none"> Inspected ELMO for Ring-fencing training materials in place, assessed training content related to Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Inspected a sample of procurements from 1 January 2024 to 31 December 2024 to check: <ul style="list-style-type: none"> the Conditions of Contract is being used in new procurement contract terms. standard procurement templates were used. a peer review was conducted to ensure segregation of duties in procurement activities. Obtained an understanding on access controls which relate to Ring-fencing requirements for the Retail Management System (RMS) and inspected a sample of users from RMS to check restricted access. Obtained an understanding over management processes on monthly metering data sent to retailers (i.e., Jacana Energy and Rimfire) via Message Queue (managed by Northern Territory Government). Inspected a sample of the monthly metering data to ascertain that the correct information was sent to the specific retailers (i.e., Jacana Energy and Rimfire) as part of their Ring-fencing protocols. Obtained an understanding of a bi-annual review of RMS users with the customer experience team to check that the design of restricted 	<p>Refer to staff training outcomes listed under clause 4.1 above</p> <p>Procurement sample outcomes</p> <p>Refer to procurement sample outcomes listed under clause 4.1 above.</p> <p>RMS Access control sample outcomes</p> <p>From the sample selected and inspected for user access control checking, we did not identify any exceptions.</p> <p>EDMS</p> <p>From the sample selected, user access controls over the EDMS (also known as TRIM) are operating effectively..</p> <p>No exceptions were noted.</p> <p>Metering control sample outcomes</p> <p>From the sample selected, the controls over delivery of metering data reports for review by the Northern Territory Electricity System and Market Operator ('NTESMO') are operating effectively. No exceptions were noted.</p> <p>Periodic review of ring-fenced procurement population.</p> <p>No exceptions noted.</p> <p>Operational Audit program for metering operations.</p> <p>No exceptions were noted.</p> <p>Customer churn review of metering data provided to retailers</p> <p>No exceptions were noted.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Established process for Data delivery during settlements. Metering team responsible for the security of metering data procedure which includes, password protection for interval meters, system for meter reads and secure front end. Business to Business Procedure which outlines interactions between Power and Water and Jacana Energy. Customer Experience and Operations On boarding process which includes a briefing on Ring-fencing. ICT System Retail management system with access controls <p>Detective controls:</p> <ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of controls relating to Ring-fenced information. Electronic Document Management System user access is reviewed in business as usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. Customer Experience and Operations 	<ul style="list-style-type: none"> access is working as intended. Obtained an understanding over management process for remediation actions undertaken in the event of a breach of customer meter data. Inspected a sample of daily movement reports to check restricted access for specific users via the Records and Information Management Unit. Inspected the presentation slides as part of the Customer experience "On boarding Presentation" to ensure that the information within includes requirements about Ring-fencing. Obtained an understanding of controls within the MV90 system that relate to metering compliance including management controls over password protection, user account creation and controls over the front-end platform. We obtained the operational audit program for metering operations and inspected aspects related to Ring-fencing. For a sample of Ring-fencing specific audits, we obtained a copy of the audit report, reviewed to ascertain if there were any non-compliance identified and checked that these were actioned appropriately. Inspected a sample of correspondences for evidence of review by Northern Territory Electricity System and Market Operator ('NTESMO') checking the accuracy of metering data sent to retailers. Inspected a sample of NMI Data reports to check for evidence of search for churned customer accounts being addressed prior to data being provided to Retailers via Message Queue. 	



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	Quality Assurance Officer responsible for undertaking user access reviews of Retail Management System as part of their business as usual practices.		
4.3.2 Disclosure of information	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> • AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2023 to 2026 reporting periods. • AER Ring-fencing website (external facing). • AER Ring-fencing guidelines Fact Sheet (external facing). • Mandatory online training on AER Ring-fencing in ELMO system. • AER Ring-Fencing Information Sharing Protocol published on the website. • Requests for Information for related electricity service providers (RESP) procedure. • Standard Conditions of Contract Suite with contract clauses to ensure compliance with AER Ring-fencing guidelines. • Contracts with external service providers that include standard terms and conditions. • Access to metering data procedure. 	<ul style="list-style-type: none"> • Inspected Power and Water's Ring-fencing website to check for accessibility of Ring-fencing guidelines / protocols. • Inspected Power and Water's online training portal (ELMO) for Ring-fencing training materials in place, assessed training content related to Ring-fencing guidelines and training completion records across Power and Water for the reporting period. • Inspected a sample of procurements from 1 January 2024 to 31 December 2024 to check: <ul style="list-style-type: none"> ◦ the Conditions of Contract is being used in new procurement contract terms. ◦ standard procurement templates were used. ◦ a peer review was conducted to ensure segregation of duties in procurement activities. • Obtained an understanding on access controls which relate to Ring-fencing requirements for RMS and inspected a sample of users from RMS to check restricted access. • Obtained an understanding on access controls which relate to Ring-fencing requirements from the daily movement reports from Records and Information Management Unit. • Obtained an understanding on monthly metering data sent to retailers (i.e., Jacana Energy and 	<p>Status: Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Staff training compliance Refer to staff training outcomes listed under clause 4.1 above.</p> <p>Specific Customer Experience "On boarding Presentation" is delivered to new staff which highlight clauses / requirements for Ring-fencing.</p> <p>Procurement sample outcomes Refer to procurement sample outcomes listed under clause 4.1 above.</p> <p>RMS Access control sample outcomes Refer to outcome under clause 4.3.1 above.</p> <p>Metering control sample outcomes Refer to outcome under clause 4.3.1 above.</p> <p>Operational Audit program for metering operations. No exceptions were noted.</p> <p>Customer churn control sample outcomes No exceptions were noted.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Third Party Access request for data procedure. Delivery of metering data procedure. Records and Information Management Function responsible for the protection of confidential information administering an Information Management Standard, a request for Information Procedure and an Electronic Document Management System with access controls around confidential information. Business to Business Procedure which outlines interactions between Power and Water and Jacana Energy. ICT System Retail management system with access controls. <p>Detective controls:</p> <ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of controls relating to Ring-fenced information. Electronic Document Management System user access is reviewed in business as usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. 	<ul style="list-style-type: none"> Rimfire) via Message Queue (managed by the Northern Territory Government'). Inspected audit trails to Message Queue reports surrounding management processes to check that monthly metering data are sent to specific retailers (i.e., Jacana Energy and Rimfire) as part of their Ring-fencing protocols. Obtained an understanding of a bi-annual review of RMS users with the customer experience team to check that the design of restricted access is working as intended. Obtained an understanding of remediation actions undertaken in the event of a breach of customer meter data. Obtained an understanding of operational audit program for metering operations to understand continuous improvement efforts by Power and Water. Inspected a sample of daily movement reports from Records and Information Management Unit to check restricted access. Inspected the presentation slides as part of the Customer experience "On boarding Presentation" to ensure that the information within highlight particular clauses / requirements of Ring-fencing. Obtained an understanding over management access controls to check password protection requirements within MV90 system that relate to metering. Obtained an understanding over user account 	



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Customer Experience and Operations Quality Assurance Officer responsible for undertaking user access reviews of Retail Management System as part of their business as usual practices. 	<ul style="list-style-type: none"> creation within MV90 system for access controls that relate to metering. Obtained an understanding over the secure front-end platform within MV90 system for access controls that relate to metering. We obtained the operational audit program for metering operations and inspected aspects related to Ring-fencing. For a sample of Ring-fencing specific audits, we obtained a copy of the audit report, reviewed to ascertain if there were any non-compliance identified and checked that these were actioned appropriately. Inspected a sample of metering data reports to ensure that Power and Water reviewed the data delivered to NTEMSO to check restricted access that relate to metering. Inspected a sample of NMI Data reports to check evidence of search for churned customer accounts prior to data being sent to Jacana Energy via Message Queue. 	
4.3.3 Sharing of information	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2023 to 2026 reporting periods AER Ring-fencing website (external facing). AER Ring-fencing guidelines Fact Sheet (external facing). 	<ul style="list-style-type: none"> Inspected Power and Water's Ring-fencing website to check accessibility of Ring-fencing guidelines. Inspected ELMO for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period Inspected Power and Water's Information Sharing Protocols is accessible on their website Inspected a sample of procurements from 1 	<p>Status:</p> <p>Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Staff training compliance</p> <p>Refer to staff training outcomes listed under clause 4.1 above.</p> <p>Specific Customer Experience "On boarding Presentation" is delivered to new staff which highlight clauses / requirements for Ring-</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Mandatory online training on AER Ring-fencing in ELMO system. AER Ring-fencing Information Sharing Protocol published on the website. AER Ring-Fencing Information Sharing Protocol published on the website. Requests for Information for related electricity service providers (RESP) procedure Standard Conditions of Contract Suite with contract clauses to ensure compliance with AER Ring-fencing guidelines. Contracts with external service providers that include standard terms and conditions Metering team responsible for the access to metering data procedure, third party access request for data procedure and delivery of metering data procedure Business to Business Procedure which outlines interactions between Power and Water and Jacana Energy ICT System Retail management system with access controls <p>Detective controls:</p> <ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of 	<ul style="list-style-type: none"> January 2024 to 31 December 2024 to check: <ul style="list-style-type: none"> the Conditions of Contract is being used in new procurement contract terms. standard procurement templates were used. a peer review was conducted to ensure segregation of duties in procurement activities. Obtained an understanding on access controls which relate to Ring-fencing requirements for RMS and inspected a sample of users from RMS to check restricted access. Obtained an understanding on access controls which relate to Ring-fencing requirements from the daily movement reports from Records Management Unit. Obtained an understanding on monthly metering data sent to retailers (i.e., Jacana Energy and Rimfire) via Message Queue (managed by Northern Territory Government). Inspected a sample of monthly metering data to ascertain that the correct information was sent to the specific retailers (i.e., Jacana Energy and Rimfire) as part of their Ring-fencing protocols. Obtained an understanding of a bi-annual review of RMS users with the customer experience team to check that the design of restricted access is working as intended. Obtained an understanding for remediation actions undertaken in the event of a breach of customer meter data. 	<p>fencing.</p> <p>Procurement sample outcomes Refer to procurement sample outcomes listed under clause 4.1 above.</p> <p>RMS Access control sample outcomes Refer to outcome under clause 4.3.1 above.</p> <p>Metering control sample outcomes Refer to outcome under clause 4.3.1 above.</p> <p>Operational Audit program for metering operations. No exceptions were noted.</p> <p>Customer churn control sample outcomes No exceptions were noted.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<p>controls relating to Ring-fenced information.</p> <ul style="list-style-type: none"> • Electronic Document Management System user access is reviewed in business as usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. • Customer Experience and Operations Quality Assurance Officer responsible for undertaking user access reviews of Retail Management System as part of their business as usual practices. • Customer Experience and Operations Billing Specialists responsible for checking information disclosed 	<ul style="list-style-type: none"> • Obtained an understanding for operational audit program for metering operations to understand continuous improvement efforts by Power and Water. • Inspected a sample of the daily movements report to check restricted access for specific users via the daily movement reports from the Records and Information Management Unit. • Inspected the presentation slides as part of the Customer experience “On boarding Presentation” to ensure that the information within highlight particular clauses / requirements of Ring-fencing. • Obtained an understanding over management controls to comprehend password protection requirements within MV90 system that relate to metering. • Obtained an understanding over user account creation within MV90 system for access controls that relate to metering. • Obtained an understanding over the secure front-end platform within MV90 system for access controls that relate to metering. • We obtained the operational audit program for metering operations and inspected aspects related to Ring-fencing. For a sample of Ring-fencing specific audits, we obtained a copy of the audit report, reviewed to ascertain if there were any non-compliance identified and checked that these were actioned appropriately. • Inspected a sample of metering data reports to 	



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
		<ul style="list-style-type: none"> ensure that Power and Water reviewed the data delivered to NTESMO to check restricted access that relate to metering. Inspected a sample of NMI Data reports to check evidence of search for churned customer accounts prior to data being sent to Jacana Energy via Message Queue. 	
4.3.4 Information register	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> AER Ring-fencing website (external facing). Mandatory online training on AER Ring-fencing in ELMO system. AER Ring-fencing Information Sharing Protocol published on the website. <p>The overarching documents that govern the compliance obligations including:</p> <ul style="list-style-type: none"> Obligation Register. Compliance Obligation Management Procedure CONTROL0414. Compliance Attestation Procedure CONTROL0415. 	<ul style="list-style-type: none"> Inspected Power and Water's Ring-fencing website to check accessibility of Ring-fencing guidelines/protocols. Inspected ELMO for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Inspected Power and Water's Information Sharing Protocols is accessible on their website. 	<p>Status: Non-compliant to the extent that it relates to an agreed modification to achieve the intent of the guideline as agreed with the AER.</p> <p>Information Sharing register</p> <p>Although Power and Water has an information sharing register on its website, these information requests are not published. This is on-going non-compliance as Power and Water believes that publication of the information requests in accordance with clause 4.3.4 is likely to create confusion particularly given there are no contestable service providers to who the information can be shared on an equitable basis. The AER is informed in this regard.</p>
4.4 Service providers	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> Standard conditions of contract suite with contract clauses to ensure compliance with AER Ring-fencing guidelines. 	<ul style="list-style-type: none"> Selected a sample of procurements from 1 January 2024 to 31 December 2024 to check: <ul style="list-style-type: none"> the Conditions of Contract is being used in new procurement contract terms; standard procurement templates were used; a peer review was conducted to ensure 	<p>Status:</p> <p>Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>Procurement sample outcomes</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Contracts with external service providers that include standard terms and conditions. AER Ring-fencing website (external facing). AER Ring-fencing guidelines Fact Sheet (external facing). Mandatory online training on AER Ring-fencing in ELMO system. AER Ring-fencing Explanatory Guide (internal facing) outlines that the assessment of contestable services. AER Ring-fencing guidelines Fact Sheet (internal facing). Procurement templates approved by Legal for the use of all procurement activities. The enterprise electronic document management system, Content Manager, enforces appropriate Ring-fencing access restrictions for electricity business employees to view, search for, or edit records/information appropriate for their role. <p>Detective controls:</p> <ul style="list-style-type: none"> A peer review process was conducted during the Reporting Period to ensure the segregation of duties in procurement activities, reinforcing transparency and compliance with internal controls. 	<p>segregation of duties in procurement activities.</p> <ul style="list-style-type: none"> Inspected Power and Water's Ring-fencing website to check accessibility of Ring-fencing guidelines / protocols. Inspected ELMO for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Inspected Power and Water's Information Sharing Protocols to check that it is accessible on their website. 	<p>Refer to procurement sample outcomes listed under clause 4.1 above</p> <p>Staff training compliance</p> <p>Refer to staff training outcomes listed under clause 4.1 above.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
5 Waivers			
5 Waivers	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> Under the derogations in place for the NT, the waivers have not been actively developed however a waiver register and procedure is in place. A Ring-fencing Waiver Register outlines all waivers and is published on Power and Water's Ring-fencing webpage. A Ring-fencing Waiver Register procedure outline the process for maintaining the register. 	<ul style="list-style-type: none"> Inspected Power and Water's procedure document to establish and maintain the waiver register and inspected the waiver register. Inspected Power and Water's Ring-fencing website to check accessibility of Ring-fencing guidelines / protocols. Inspected waiver application and supporting documentation to ensure all relevant information and materials support the application. 	<p>Status: Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>We note that waivers were obtained for the following Clause:</p> <ul style="list-style-type: none"> 4.2.4 Office and staff registers on 17 May 2022 with an expiry on 30 June 2024, this was renewed on 1 July 2024 with an expiry on 30 June 2034. <p>No exceptions were noted.</p>
6 Compliance and Enforcement			
6.1 Maintaining compliance	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> Compliance Obligation Register that outlines controls including procedures for maintaining compliance with the guideline against each area of responsibility. Compliance training with obligation owners delivered by the Compliance team on how to manage their allocated obligations. As part of the on-boarding process, all new employees are required to complete training on Ring-Fencing obligations via the ELMO System and 	<ul style="list-style-type: none"> We have obtained and inspected the obligation register which outlines the controls with the respective risk owners. Inspected the list of attendees for the general compliance training and compared to listing of all employees to verify that this list comprises of all responsible managers. Inspected ELMO for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Obtained an understanding on the Health Environment Risk Compliance Safety (HERCS) system for monitoring of non-compliance. 	<p>Status: Non-compliant to extent that Power and Water is not able to comply with clause 4.3.4 and clause 6.2.3 and AER is unable to grant waivers to Power and Water from the obligation to comply with these clauses.</p> <p>Staff training compliance</p> <p>Refer to staff training outcomes listed under clause 4.1 above.</p> <p>In addition to the mandatory training listed in ELMO inspected above, Power and Water also delivered general Ring-fencing training in person to its employees.</p> <p>Periodic compliance attestation process and compliance control effectiveness</p> <p>Through the inspection of the annual compliance</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<p>completion rates monitored and a regular report is provided to senior management which details completion rates, training types and outstanding training.</p> <ul style="list-style-type: none"> AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2023 to 2026 reporting periods. <p>Detective controls:</p> <ul style="list-style-type: none"> Periodic compliance review process of guideline obligations outlined in the compliance obligation management procedure. Periodic compliance attestation process of current levels of compliance and control effectiveness outlined in the compliance attestation procedure. <p>Corrective controls:</p> <ul style="list-style-type: none"> Non-compliance reporting procedure and system that captures and monitors reported non-compliance, outlines steps for reporting and requirements for investigation and corrective action. 	<ul style="list-style-type: none"> Obtain and inspect the annual compliance reports declared by managers as part of the Ring-fencing compliance obligations.. This is performed to evidence the compliance attestation process completed for the period ended 30 June 2024. Obtained and inspected AER Ring Fencing Plan for 2023 to 2026, which sets out the strategic approach for managing Power and Water's compliance with the AER Guidelines for the 2024 to 2026 reporting periods. 	<p>reports declared by managers, no exceptions noted.</p> <p>Review of Compliance procedural documents</p> <p>No exceptions noted from review of the Compliance Obligation Register procedures.</p> <p>AER Ring-fencing Plan</p> <p>No exceptions noted from review of the AER Ring-fencing plan which sets out the plan for continuous improvement.</p>
6.2 Compliance reporting	<p>Power and Water has the following:</p> <p>Preventative controls:</p> <ul style="list-style-type: none"> Compliance reporting template designed to report compliance with the Guideline in line with the compliance reporting best practice manual 	<ul style="list-style-type: none"> Obtained Power and Water's compliance report to the AER and inspected the report for compliance. Inspected the obligation register which outlines the controls with the respective risk owners. 	<p>Status:</p> <p>Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Compliance Obligation Register that outlines controls, control effectiveness and levels of compliance for each guideline element against each area of responsibility. This register is used to produce reports on levels of compliance and control effectiveness <p>Detective controls:</p> <ul style="list-style-type: none"> Periodic compliance review process of guideline obligations outlined in the compliance obligation management procedure to determine levels of compliance and control effectiveness for reporting <p>Corrective controls:</p> <ul style="list-style-type: none"> Non-compliance reporting procedure and system that captures and monitors reported non-compliance for the purpose of reporting to management and the AER 	<ul style="list-style-type: none"> Inspected the list of attendees for the general compliance training and compared to listing of all employees to verify that this list comprises of all responsible managers. Inspected ELMO for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Obtained Power and Water's compliance report to the AER and inspected this report to ensure it captures required aspects of clause 6.2.1. Obtained and inspected Power and Water's Compliance Obligation Register which outlines Ring-fencing controls in place with the respective risk owners and levels of compliance and control effectiveness. Obtained an understanding on Promapp system and the Health Environment Risk Compliance Safety (HERCS) system for monitoring of non-compliances (breaches). Inspected Power and Water's Ring-fencing breach register for all known breaches. Performed a walkthrough on the process to identify the nature of transactions between PWC and its RESPS. 	<p>Staff training compliance Refer to staff training outcomes listed under clause 4.1 above.</p> <p>Periodic compliance attestation process and compliance control effectiveness Refer to outcome reported under clause 6.1</p>
6.2.3 Regulated stand-alone power system reporting requirements	<p>Power and Water Corporation was provided with a letter of no action in relation to this obligation on 30 May 2022.</p> <p>Preventative controls:</p>	<ul style="list-style-type: none"> Inspected the correspondence for letter of no action from the AER. Performed inquiries with the Senior Regulation Analyst and Risk and Compliance Principal to 	<p>Status: Non-compliant but Power and Water have received a 'no action' letter from AER. Power and Water applied for a waiver for Clause 6.2.3 on November 2021. A response was provided by AER on 30 May 2022 indicating that</p>



Compliance requirement Category	Management Controls and Measures	Procedures performed	Observations / findings
	<ul style="list-style-type: none"> Proactive engagement with the AER around change in obligations. Letter of no action from AER. 	understand decision by AER to issue the no action letter.	<p>a waiver was not granted but no compliance action will be taken against Power and Water. This may change in the future if the AER re-visits its decision and if re-assessments are performed in the future.</p>
6.4 Complaints and investigations	<p>Power and Water has the following Corrective controls:</p> <ul style="list-style-type: none"> Regulation, Economics and Pricing engage regularly with the AER and are responsible for responding to a complaint or concern the AER raises about compliance with this Guideline. The non-compliance reporting procedure is applied in situations where the complaint or concern results in a breach. 	<ul style="list-style-type: none"> Inspected the obligation register which outlines the controls with the respective risk owners. Inspected the list of attendees for the general compliance training to verify that this list comprises of all employees and management. Inspected Power and Water's online training portal (ELMO) for Ring-fencing training materials in place, assessed training content addressed Ring-fencing guidelines and training completion records across Power and Water for the reporting period. Performed a walkthrough on Promapp system and the Health Environment Risk Compliance Safety (HERCS) system for monitoring of non-compliances. Inspected the annual compliance reports declared by managers as part of the Ring-fencing compliance obligations by the business unit. This is performed to validate the compliance attestation process. 	<p>Status: Compliant</p> <p>Internal controls considered implemented to meet the compliance requirements of the Guideline.</p> <p>No complaints were noted from the procedures performed.</p>



Appendix B - Summary of performance improvement observations

In this section, we present additional details on performance improvement observations in relation to Power and Water's compliance activities for the regulatory period 1 January 2024 to 31 December 2024 (RY2024). This information has been provided at the request of the AER.

There were no performance improvement observations in RY2024. In addition, we have also included the status for the prior period (RY2023) performance improvement observations.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our opinion or conclusion reported in the Independent Reasonable Assurance Report.

No	RY2023 Recommendation	RY2024 Status and Management Responses
1	<p>Operational audit program for metering operations</p> <p>Out of the twelve planned operational audits by the Metering department within Power and Water six were completed due to employee availability. All six internal audits were performed by the same employee.</p> <p>We recommend the following:</p> <ul style="list-style-type: none">[1] Power and Water puts in place measures to ensure stricter rotation of internal auditors instead of based on staff availability.[2] Internal audit program be enhanced to include field reviews as currently all the internal audits are desktop reviews.[3] Training be provided to additional operational team members so they can also conduct the internal audits.	<p>Power and Water planned 26 obligation critical controls as part of the operational audit program for metering operations for the regulatory period from 1 July 2024 to 30 June 2025. At the date of our testing, 5 of these reviews had been completed. In relation to those 5 reviews, our prior period recommendations had been addressed, specifically:</p> <ul style="list-style-type: none">• four of the operational audits were performed by three different staff; and• of the five operational audits were field audits, and one desktop audit. <p>In addition, training had been provided to 2 additional team members.</p> <p>Whilst we note Power and Water has resolved our prior period recommendation, the phasing of 21 operational audits to be delivered in the last half of the program heightens the risk of the program not being fully delivered in a 12-month period.</p> <p>Status: Prior year recommendation closed, with current year improvement point.</p>



No	RY2023 Recommendation	RY2024 Status and Management Responses
2	Updating of the waiver register The waiver register was due for review on 31 December 2022 but has not yet been reviewed. We recommend that Power and Water review and update the waiver register on a timely basis in line with planned review timelines.	Power and Water have reviewed the Waiver Register during 2024. Status: Closed

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