



# Independent Reasonable Assurance Report to the Directors of Powerlink Queensland

## Conclusion

In our opinion, Powerlink Queensland's Statement of Compliance that the entity, with the exception of breaches set out in the emphasis of matter paragraph below, has complied with:

- Version Three of the Electricity Transmission Ring-fencing Guideline ("Guideline v3") published by the Australian Energy Regulator ("AER") on 6 July 2022 and Clauses 3.1(a), 3.1(c), 3.2.1, 3.2.2, 4.1, 4.2.3(d), 4.2.4(a), 4.4.1(a), 5.7, 6.1, 6.2.1, 6.2.2 and 6.3 of Version Four of the Electricity Transmission Ring-fencing Guideline ("Guideline v4") published by the AER on 1 March 2023 for the period 1 January 2024 to 29 February 2024; and
- Clauses 7.1, 7.2, 7.6, 7.7, 7.8 and 7.9 of Guideline v3 and Clauses 3.1(c), 3.2.1, 3.2.2, 4.4.1, 4.4.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.1, 6.2, 6.3, 6.4 and 7.0 of Guideline v4 for the period 1 March 2024 to 31 December 2024

(together, "the Ring-fencing Guidelines") is, in all material respects, fairly presented for the period 1 January 2024 to 31 December 2024 ("the Reporting Period").

## Emphasis of Matter

Without qualifying our conclusion, we draw attention to Section 6 of Powerlink Queensland's Ring-fencing Annual Compliance Report ("Annual Compliance Report"), which describes the breaches identified under the Ring-fencing Guidelines in the reporting period 1 January 2024 to 31 December 2024.

Clause 4.4.1(a) of Guideline v4 requires Transmission Network Service Providers ("TNSP") to ensure that any new or varied agreements between Powerlink Queensland and a service provider for the provision of services to Powerlink Queensland that enable or assist it to provide prescribed transmission services, requires that the service provider comply, in providing those services, with Clauses 4.1, 4.2.1 and 4.3 of Guideline v4 as if the service provider was the TNSP. The following instances of non-compliance with Clause 4.4.1(a) were observed during the Reporting Period:

- In May 2024, Powerlink Queensland reported a breach to the AER whereby a new contract was entered into without the appropriate drafting to ensure compliance with 4.4.1(a) obligations; and
- In the course of preparing the Annual Compliance Report, Powerlink Queensland identified three contracts that were varied during the Reporting Period without the appropriate drafting to ensure compliance with 4.4.1(a) obligations. These breaches were reported by Powerlink Queensland to the AER in April 2025.

## Scope

Powerlink Queensland engaged KPMG to perform a reasonable assurance engagement on whether Powerlink Queensland's Statement of Compliance that the entity has complied with the



Ring-fencing Guidelines with the exception of breaches identified in Section 6 of the Annual Compliance Report is, in all material respects, fairly presented for the Reporting Period ended 31 December 2024. This Statement of Compliance accompanies our report, for the purpose of reporting to the Directors of Powerlink Queensland 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 misstatements in Powerlink Queensland's Statement of Compliance as evaluated against the Ring-fencing Guidelines;
- considered internal controls implemented to meet the compliance requirements of the Ring-fencing Guidelines; 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 Ring-fencing Guidelines' 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.

## **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 Powerlink Queensland'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 Powerlink Queensland's Statement of Compliance when it exists. Non-compliance is considered material if, individually or in the aggregate, it could reasonably be expected to influence relevant decisions of the Directors of Powerlink Queensland.

A reasonable assurance engagement for the Reporting Period ended 31 December 2024 does not provide assurance on whether compliance with the Ring-fencing Guidelines 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 Powerlink Queensland and the AER for the purpose of compliance with the Ring-fencing Guidelines 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 this 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 Powerlink Queensland and the AER, or for any other purpose than that for which it was prepared.

### **Management's Responsibility**

Management is responsible for:

- the compliance activities undertaken to meet the Ring-fencing Guidelines;
- identification of the risks that threaten the compliance with the Ring-fencing Guidelines identified above being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance; and
- providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activities against the Ring-fencing Guidelines, which accompanies this Independent Assurance Report.

### **Our Responsibility**

Our responsibility is to perform a reasonable assurance engagement in relation to Powerlink Queensland's Statement of Compliance with the Ring-fencing Guidelines, for the Reporting Period ended 31 December 2024 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 Accounting Professional and Ethical Standards Board and complied with the applicable requirements of Auditing Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG



Jason Adams  
Partner  
Brisbane  
29 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 Powerlink’s compliance activities with the relevant requirements of the Ring-fencing Guidelines for the reporting 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 Powerlink’s overall compliance with the Ring-fencing Guidelines:

- Read the Annual Compliance Report to confirm that Powerlink’s overall compliance measures and internal controls for Ring-fencing had been documented for the purposes of this assessment;
- Conducted inquiries to obtain an understanding of changes to 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 Reporting Period; and
- Performed sample testing (where considered appropriate) to test effectiveness of the compliance measures for the Reporting Period.

## Version Three of the Electricity Transmission Ring-fencing Guideline

The following table provides a summary of procedures, observations and findings for the relevant requirements of Guideline v3:

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>7-8 Ring-fencing minimum obligations</b>				
<b>7.1 Legal separation</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Organisation legal structure</li> <li>Powerlink is established as a separate registered Australian business with a distinct ABN</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We assessed the legal entity status of Powerlink.</li> </ul>	<p>Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) is a legal entity incorporated under the <i>Corporations Act 2001</i> and an electricity transmission system operator owned by the Government of Queensland.</p> <p>Powerlink did not carry on a related business (generation, distribution or electricity retail supply) during the Reporting Period.</p> <p>We performed an ASIC and ABN search noting that Powerlink Queensland is a registered Australian public company limited by shares and has an active ABN.</p>
<b>7.2 Obligation to not discriminate</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Board: Code of conduct for Powerlink directors</li> <li>Board charter</li> <li>Annual compliance training</li> <li>Powerlink Ring-fencing Framework</li> <li>Listing of affiliated entities</li> <li>Powerlink organisational chart</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the ring-fencing training provided to staff to ascertain whether it accurately described Powerlink's ring-fencing obligations, including the obligation not to discriminate in favour of an associate.</li> <li>We inspected training completion records to ascertain the completion rate of ring-fencing training in the Reporting period.</li> </ul>	<p><b>Annual Compliance Training</b></p> <p>Our inspection and testing of training completion records showed that annual ring-fencing training modules were provided to Powerlink's board of directors, executives and employees. The annual compliance training included relevant materials to ensure staff are not making decisions or acting in a manner that discriminates in favour of an associate in relation to the terms or conditions on which those services are provided. Our testing identified two employees who did not complete the February 2024 annual compliance training during the Reporting Period.</p> <p><i>Recommendations</i></p> <p>In relation to Annual Compliance Training, we have raised a performance improvement observation in Appendix B-1 in relation to having a formal framework for monitoring training completion which sets out follow-up action points for non-completion of training.</p>



Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
				We have also included a recommendation in Appendix B-2 for management to introduce annual attestations for directors to confirm compliance against ring-fencing obligations.
<b>7.3 Separate accounts</b> <b>7.4 Cost allocation</b> <b>7.5 Economic entity</b> <b>8.0 Information guidelines and cost allocation</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>AER decision – Powerlink Cost Allocation Methodology</li> <li>Basis of Preparation and assurance of Powerlink EB and CA RIN returns</li> <li>Powerlink Ring-fencing Framework</li> <li>Regulatory accounts for the year ended 30 June 2024</li> <li>Powerlink Queensland 2023/24 Annual Report and Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately addressed ring-fencing requirements.</li> <li>KPMG were the independent auditors in connection with Powerlink’s Economic Benchmarking (EB) and Category Analysis (CA) Regulatory Information Notice (RIN) returns prepared for the regulatory year ended 30 June 2024.</li> <li>We considered the appropriateness of Powerlink’s approved Cost Allocation Methodology (CAM) as part of the EB and CA RIN returns assurance engagements for the 12-month period ended 30 June 2024. As part our procedures, we tested a sample of Opex and Capex projects undertaken by Powerlink and assessed the nature of services provided.</li> <li>We updated our understanding of the process associated with cost allocation for the period 1 July 2024 to 31 December 2024 by a combination of inquiries of management, performing a walkthrough and testing a sample of cost allocation drivers.</li> </ul>	<p>On 25 October 2024, we issued unqualified assurance reports (reasonable and limited assurance scopes) for the 12-month period ended 30 June 2024, in connection with the Powerlink EB and CA RIN returns.</p> <p>Based on our inquiries of management and walkthrough performed, no changes to the CAM post 30 June 2024 were identified.</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>7.6 – 7.9 Ring-fenced services</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Annual compliance training</li> <li>Powerlink organisational chart</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We considered the appropriateness of staff roles and responsibilities, in line with our understanding of the business structure, that ensure compliance with restrictions on associates or marketing staff as per the Ring-fencing guidelines.</li> <li>We assessed Powerlink’s overall approach to restricting access to ring-fenced information by making inquiries with management.</li> </ul>	<p>Powerlink has four associates:</p> <ul style="list-style-type: none"> <li>Harold St Holdings Pty Ltd;</li> <li>Powerlink Transmission Services Pty Ltd;</li> <li>Queensland Capacity Network Pty Ltd; and</li> <li>Copperstring 2.0 Electricity Transmission Corporation Pty Ltd.</li> </ul> <p>Powerlink’s associates did not carry on a related business and as a result, its marketing staff are not servants, consultants, independent contractors or agents of an associate that takes part in a related business.</p> <p>Powerlink provided annual compliance training and upheld the Powerlink Ring-Fencing Framework to ensure staff are aware of their obligation to restrict access to information that may give associates an unfair advantage over other participants in the national electricity market.</p>
<b>9-10 Additional ring-fencing obligations</b>				
<b>9 &amp; 10 Additional ring-fencing obligations</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fencing regulatory correspondence</li> </ul>	<ul style="list-style-type: none"> <li>We made inquiries of management and obtained and inspected regulatory correspondence with the AER to ascertain whether additional obligations were imposed on Powerlink.</li> </ul>	<p>Powerlink did not receive a notice from the AER imposing additional reporting or ring-fencing obligations on the entity during the Reporting period.</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>11 Waiver of ring-fencing requirements</b>				
<b>11 Waiver</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Waiver Register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We accessed Powerlink’s website to sight whether the waiver register was published.</li> </ul>	Powerlink has not applied for nor been granted any waivers during the Reporting period relating to compliance with Guideline v3.
<b>12 – 16 Compliance procedures and compliance reporting</b>				
<b>12 - 15 Annual compliance report</b> <b>16 Compliance breaches</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Annual Compliance Report</li> <li>Powerlink Ring-fencing Framework</li> <li>Regulatory accounts for the year ended 30 June 2024</li> <li>Powerlink Queensland 2023/24 Annual Report and Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the internal documents relating to Powerlink’s compliance with the Ring-fencing Guideline, including Powerlink’s Annual Compliance Report, and considered it as part of preparing this independent assurance report.</li> <li>We considered the adequacy of Powerlink’s breach management and reporting policies and procedures under the Ring-fencing Framework.</li> </ul>	Powerlink’s Annual Compliance Report is compliant with Clauses 12 to 15. We observed Powerlink did not report any breaches of its obligations under the v3 Guideline. Refer below to Section 6.3 Compliance breaches for breaches reported under the v4 Guideline.

## Version Four of the Electricity Transmission Ring-fencing Guideline

The following table provides a summary of procedures, observations and findings for the relevant requirements of Guideline v4:

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>3 Preventing cross subsidies</b>				
<b>3.1(a) Legal Separation</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Organisation legal structure</li> <li>Powerlink is established as a separate registered Australian business with a distinct ABN</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We assessed the legal entity status of Powerlink.</li> </ul>	<p>Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) is a legal entity incorporated under the Corporations Act 2001 and an electricity transmission system operator owned by the Government of Queensland.</p> <p>We performed an ASIC and ABN search noting that Powerlink Queensland is a registered Australian public company limited by shares and has an active ABN.</p>
<b>3.1(c) Energy storage devices</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink submission on AER Issues Paper – Electricity Transmission Ring-Fencing Guideline dated 22 July 2022</li> </ul>	<ul style="list-style-type: none"> <li>We performed inquiries and inspected the information provided by management to ascertain whether Powerlink owns, operates or controls energy storage devices.</li> </ul>	<p>Powerlink did not own, operate or control any energy storage devices (including batteries) during the Reporting period.</p>
<b>3.1 (b), (d), (e) Other services</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<p>As outlined in the Statement of Compliance, Powerlink was not required to comply with these requirements during the Reporting Period due to the impact of the <i>Energy (Renewable Transformation and Jobs) Act 2024</i> and <i>Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024</i> made by the Governor in Council on 19 September 2024 (the Queensland Derogations).</p>
<b>3.2.1 Separate accounts</b> <b>3.2.2</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>AER decision – Powerlink Cost Allocation Methodology</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately addressed ring-fencing requirements.</li> </ul>	<p>On 25 October 2024, we issued unqualified assurance reports (reasonable and limited assurance scopes) for the 12-month period ended 30 June 2024, in connection with the Powerlink EB and CA RIN returns.</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>Cost allocation and attribution</b>		<ul style="list-style-type: none"> <li>Basis of Preparation and assurance of Powerlink EB and CA RIN returns</li> <li>Powerlink Ring-fencing Framework</li> <li>Regulatory accounts for the year ended 30 June 2024</li> <li>Powerlink Queensland 2023/24 Annual Report and Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>KPMG were the independent auditors in connection with Powerlink’s EB and CA RIN returns prepared for the regulatory year ended 30 June 2024.</li> <li>We considered the appropriateness of Powerlink’s approved Cost Allocation Methodology (CAM) as part of the EB and CA RIN returns assurance engagements for the 12-month period ended 30 June 2024. As part of our procedures, we tested a sample of Opex and Capex projects undertaken by Powerlink and assessed the nature of services provided.</li> <li>We updated our understanding of the process associated with cost allocation for the period 1 July 2024 to 31 December 2024 by a combination of inquiries of management, performing a walkthrough and testing a sample of cost allocation drivers.</li> </ul>	<p>Based on our inquiries of management and walkthrough performed, no changes to the CAM post 30 June 2024 were identified.</p>
<b>4 Functional separation</b>				
<b>4.1 Obligation not to discriminate</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Board: Code of conduct for Powerlink directors</li> <li>Board charter</li> <li>Annual compliance training: Board of Directors</li> <li>Annual compliance training: Executives</li> <li>Annual compliance training: Staff</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the ring-fencing training provided to the board of directors, executives and staff to ascertain whether it accurately described Powerlink’s ring-fencing obligations, including the obligation not to discriminate in favour of an associate.</li> <li>We inspected training completion records to ascertain the completion rate of ring-fencing</li> </ul>	<p><b>Annual Compliance Training</b></p> <p>Our inspection and testing of training completion records showed that annual ring-fencing training modules were provided to Powerlink’s board of directors, executives and employees. The annual compliance training included relevant materials to ensure relevant employees are not making decisions or acting in a manner that discriminates in favour of an associate in relation to the terms or conditions on which those services are provided. Our testing identified two employees who did not complete the February 2024 annual compliance training during the</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
		<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Intercompany and Related Party Accounting Policy</li> <li>Powerlink organisational chart</li> </ul>	training in the Reporting period.	<p>Reporting Period.</p> <p><i>Recommendations</i></p> <p>In relation to Annual Compliance Training, we have raised a performance improvement point in Appendix B-1 in relation to having a formal framework for monitoring training completion which sets out follow-up action points for non-completion of training.</p> <p>We have provided a recommendation to management under Appendix B-2 for management to introduce annual attestations for directors to confirm compliance against ring-fencing obligations.</p>
<b>4.2.1 Protection of ring-fenced information</b> <b>4.2.2 Disclosure of information</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	As outlined in the Statement of Compliance, Powerlink was not required to comply with these requirements during the Reporting Period due to the impact of the Queensland Derogations.
<b>4.2.3(a), (b), (c), (e) Sharing of information</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	As outlined in the Statement of Compliance, Powerlink was not required to comply with these requirements during the Reporting Period due to the impact of the Queensland Derogations.
<b>4.2.3(d) Information sharing protocol</b>	<ul style="list-style-type: none"> <li>1 January to 29 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>Information sharing protocol</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We accessed Powerlink's website to sight whether the information sharing protocol was published.</li> </ul>	The information sharing protocol was published on Powerlink's website and was made available to the public during the reporting period.
<b>4.2.4(a) Information</b>	<ul style="list-style-type: none"> <li>1 January to 29</li> </ul>	<ul style="list-style-type: none"> <li>Information register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it</li> </ul>	The information register was published on Powerlink's website and was made available to the public during

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>register</b>	February 2024		<p>appropriately included ring-fencing requirements.</p> <ul style="list-style-type: none"> <li>We accessed Powerlink’s website to sight whether the information register was published.</li> </ul>	the reporting period.
<b>4.2.4(b), (c) Information register</b> <b>4.2.5 No waiver</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	As outlined in the Statement of Compliance, Powerlink was not required to comply with these requirements during the Reporting Period due to the impact of the Queensland Derogations.
<b>4.3 Staff separation</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	As outlined in the Statement of Compliance, Powerlink was not required to comply with these requirements during the Reporting Period due to the impact of the Queensland Derogations.
<b>4.4.1 Service providers conduct</b> <b>4.4.2 Service provider waivers</b>	<ul style="list-style-type: none"> <li>4.4.1(a) - 1 January 2024 to 31 December 2024</li> <li>4.4.1(b) and 4.4.2 - 1 March to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Powerlink Contracts Register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We tested a sample of contracts Powerlink entered into with service providers during the Reporting period to assess whether ring-fencing clauses were included within the contracts.</li> </ul>	<p><b>Breaches</b></p> <ul style="list-style-type: none"> <li>In May 2024, Powerlink reported a breach whereby a new contract was entered into without the appropriate drafting to ensure compliance with 4.4.1(a) obligations.</li> <li>In the course of preparing the Annual Compliance Report, Powerlink Queensland identified three contracts that were varied during the Reporting Period without the appropriate drafting to ensure compliance with 4.4.1(a) obligations. These breaches were reported by Powerlink Queensland to the AER in April 2025.</li> </ul> <p><i>Recommendation</i></p> <p>We have provided management with a recommendation under Appendix B-4 for updating its policies and procedures to increase the consideration of qualitative information when entering into or amending transmission service provider contracts.</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>5 Waivers</b>				
<b>5.1 – 5.6 Waivers</b>	<ul style="list-style-type: none"> <li>1 March to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fencing regulatory correspondence</li> </ul>	<ul style="list-style-type: none"> <li>We made inquiries of management and obtained and inspected regulatory correspondence relating to waivers.</li> </ul>	<p>Powerlink lodged the following with the AER in February 2024 which were ultimately reflected in the Queensland Derogations:</p> <ul style="list-style-type: none"> <li>a waiver/interim waiver application to enable Powerlink to continue to provide other services;</li> <li>a waiver/interim waiver application in relation to staff separation requirements; and</li> <li>a confidential request in relation to information sharing obligations.</li> </ul> <p>Powerlink were not granted any waivers by the AER during the Reporting Period relating to compliance with Guideline v4.</p>
<b>5.7 Waiver register</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Waiver Register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We accessed Powerlink’s website to sight whether the waiver register was published.</li> </ul>	<p>Powerlink have not been granted any waivers during the Reporting period relating to compliance with Guideline v4.</p> <p>Powerlink’s Waiver Register was published on its website during the Regulatory period.</p>
<b>6 Compliance procedures and compliance reporting</b>				
<b>6.1 Maintaining compliance</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Annual Compliance Report</li> <li>Powerlink Ring-fencing Framework</li> <li>Annual compliance training</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the internal documents relating to Powerlink’s compliance with the Ring-fencing Guideline, including Powerlink’s Annual Compliance Report, and considered it as part of preparing this independent assurance report.</li> </ul>	<p>Powerlink has established and has maintained appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the National Electricity Rules.</p>
<b>6.2.1</b>	<ul style="list-style-type: none"> <li>1 January to 31</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Annual</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information</li> </ul>	<p>Powerlink’s Annual Compliance Report is compliant</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
<b>Annual compliance report</b>	December 2024	Compliance Report <ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> </ul>	provided by management to ascertain whether it appropriately included ring-fencing requirements. <ul style="list-style-type: none"> <li>We inspected the internal documents relating to Powerlink’s compliance with the Ring-fencing Guideline, including Powerlink’s Annual Compliance Report, and considered it as part of preparing this independent assurance report.</li> <li>We inspected Powerlink’s annual compliance report to ensure the relevant information required to be contained within the report under Clause 6.2.1 is included.</li> </ul>	with Clause 6.2.1.
<b>6.3 Compliance breaches</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Correspondence with the AER relating to reported breach under Clause 4.4.1(a)</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We considered the adequacy of Powerlink’s breach management and reporting policies and procedures under the Ring-fencing Framework.</li> </ul>	We inspected relevant correspondence and information relating to the reported breaches in April 2025 under Clause 4.4.1(a). The AER was notified within 15 business days of Powerlink becoming aware of this breach of its obligations.  <i>Recommendation</i> We have included a recommendation in Appendix B-5 for management to enhance documentation of breach registers.
<b>6.4 Complaints and investigations</b>	<ul style="list-style-type: none"> <li>1 March to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fencing regulatory correspondence</li> </ul>	<ul style="list-style-type: none"> <li>We made inquiries of management and obtained and inspected regulatory correspondence with the AER to ascertain whether the AER issued any complaints and/or investigations in relation to Powerlink’s compliance with the v4 Guideline.</li> </ul>	The AER has not issued any complaints and/or concerns with Powerlink about its compliance with the v4 Guideline during the Reporting period.
<b>7 Transitional arrangements</b>				
<b>7.0 Transitional arrangements</b>	<ul style="list-style-type: none"> <li>1 March 2024 to 31 December 2024</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fencing Guideline Electricity Transmission Version 4</li> </ul>	<ul style="list-style-type: none"> <li>Assessed Powerlink’s transitional arrangements were in line with the v4 Guideline.</li> </ul>	Powerlink complied with the following immediate obligations from the Version 4 Commencement Date, i.e. 1 March 2023:



Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / findings
				<ul style="list-style-type: none"> <li>• Clause 3.1(c)</li> <li>• Clause 4.4.1(a)</li> <li>• Clauses 6.2.1 and 6.2.2; and</li> <li>• Clause 6.3.</li> </ul> <p>Powerlink complied with all of Guideline v3 during the period 1 January 2024 to 29 February 2024.</p> <p>In addition, Powerlink complied with the following Guideline v4 requirements from 1 January 2024 to 29 February 2024:</p> <ul style="list-style-type: none"> <li>• Clause 3.1(a)</li> <li>• Clause 3.2.1</li> <li>• Clause 3.2.2</li> <li>• Clause 4.1</li> <li>• Clause 4.2.3(d)</li> <li>• Clause 4.2.4(a)</li> <li>• Clause 5.7; and</li> <li>• Clause 6.1.</li> </ul>



## Appendix B – Summary of performance improvement observations

In this section, we present additional details on performance improvement observations in relation to Powerlink’s compliance activities for the reporting period 1 January 2024 to 31 December 2024 (RY2024). We have also included matters from RY2023 where performance improvement observations still remain in RY2024. All other matters from RY2023 were resolved by management.

The above information has been provided at the request of the AER. 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.

Ref	Matters reported in Reporting Year 2023 (RY2023)		Update for Reporting Year 2024 (RY2024)	
	Recommendation	Management’s Response	KPMG Update/Follow-up	Management’s Response
<b>B-1</b>	<p><b>Annual Compliance Training</b></p> <p>Powerlink conducted mandatory Annual Compliance Training on Ring-fencing Guidelines in July 2022, October 2022, January 2023, July 2023 and September 2023 in RY2023.</p> <p>We recommend management implement and action a policy surrounding employees who were unable to complete such training. We further recommend management to implement a mechanism in place to monitor, follow-up and potential disciplinary actions for non-compliance with ring-fencing training.</p>	<p>Powerlink proposes to undertake further staff training on ring-fencing over calendar year 2024 based on their role.</p> <p>Powerlink also intends to provide training at least annually, including to new starters whose role may be impacted by the Guideline.</p> <p>A register of who has undertaken such training will be maintained.</p>	<p>Powerlink conducted mandatory Annual Compliance Training on Ring-fencing Guidelines in February 2024 and December 2024.</p> <p>Our testing identified two employees who did not complete the annual compliance training during RY2024.</p> <p>We continue to recommend that management implement and action a policy to monitor and ensure employees complete the mandatory training on a timely basis.</p> <p>We also recommend management implement a process to monitor, follow-up and consider disciplinary action for non-compliance with ring-fencing training.</p>	<p>Powerlink will provide further training to staff in calendar year 2025 to reflect the impact of the partial Queensland ring-fencing derogations and the AER’s Version 5 Guideline.</p>
<b>B-2</b>	<p><b>Annual attestations for directors</b></p> <p>We recommend management introduce annual attestations for directors to confirm compliance with the ring-fencing obligations.</p>	<p>Powerlink will consider whether attestations should be introduced.</p>	<p>We continue to recommend management introduce annual attestations for directors to confirm compliance with the ring-fencing obligations to evidence compliance with the obligation to not</p>	<p>Given Powerlink’s Code of Conduct for Directors and Board Charter, Powerlink does not consider that annual attestations for Directors is necessary.</p>

Ref	Matters reported in Reporting Year 2023 (RY2023)		Update for Reporting Year 2024 (RY2024)	
	Recommendation	Management's Response	KPMG Update/Follow-up	Management's Response
			discriminate.	
<b>B-3</b>	<p><b>Quarterly attestations for key staff</b></p> <p>We recommend management introduce quarterly attestations for key staff to confirm compliance with the ring-fencing obligations (or a period as determined relevant by Powerlink).</p>	Powerlink will consider whether attestations should be introduced.	Given the impact of the Queensland Derogations and the fact that Powerlink's associates do not carry on a related business, management have advised they do not consider it necessary to obtain quarterly attestations for key staff.	Not applicable.
<b>B-4</b>	<p><b>Service providers' conduct</b></p> <p>Management's current process is to insert the appropriate ring-fencing clauses in all material transmission service provider contracts entered into. We recommend management develop a flow chart or framework to consider qualitative factors around the nature of services provided, rather than relying on a quantitative threshold to include ring-fencing clauses into new or amended contracts.</p>	Powerlink will review its current processes to ensure relevant contracts meet ring-fencing requirements. Any improvements will be implemented as soon as practicable thereafter.	<p>Management has addressed part of this recommendation and no longer relies on a quantitative threshold to include ring-fencing clauses in new or amended contracts.</p> <p>Given the breaches identified and reported by Powerlink to the AER during RY2024, we recommend management further develop a list of qualitative factors to be considered around the nature of services provided.</p>	Powerlink will put additional measures in place to help ensure relevant contracts meet ring-fencing requirements.
<b>B-5</b>	<p><b>Breach identification and reporting process</b></p> <p>We recommend management enhance their process to undertake a more comprehensive, documented breach assessment for all matters identified (including potential breaches), and formalise the recording of breaches in a breach register. This would include a robust analysis demonstrating consideration of the matter against specific clauses in the Guideline, a root cause analysis, and consideration of any pervasive impacts or identification of similar risks to achieving compliance.</p>	Powerlink will review its breach identification and reporting process. Any improvements will be implemented as soon as practicable thereafter.	In relation to recent breaches identified, we recommend management prepare a robust analysis demonstrating consideration of the matters against specific clauses in the Guideline, a root cause analysis, and consideration of any pervasive impacts or identification of similar risks to achieving compliance.	<p>As per B-4.</p> <p>Powerlink also prepared a breach register for CY24.</p>