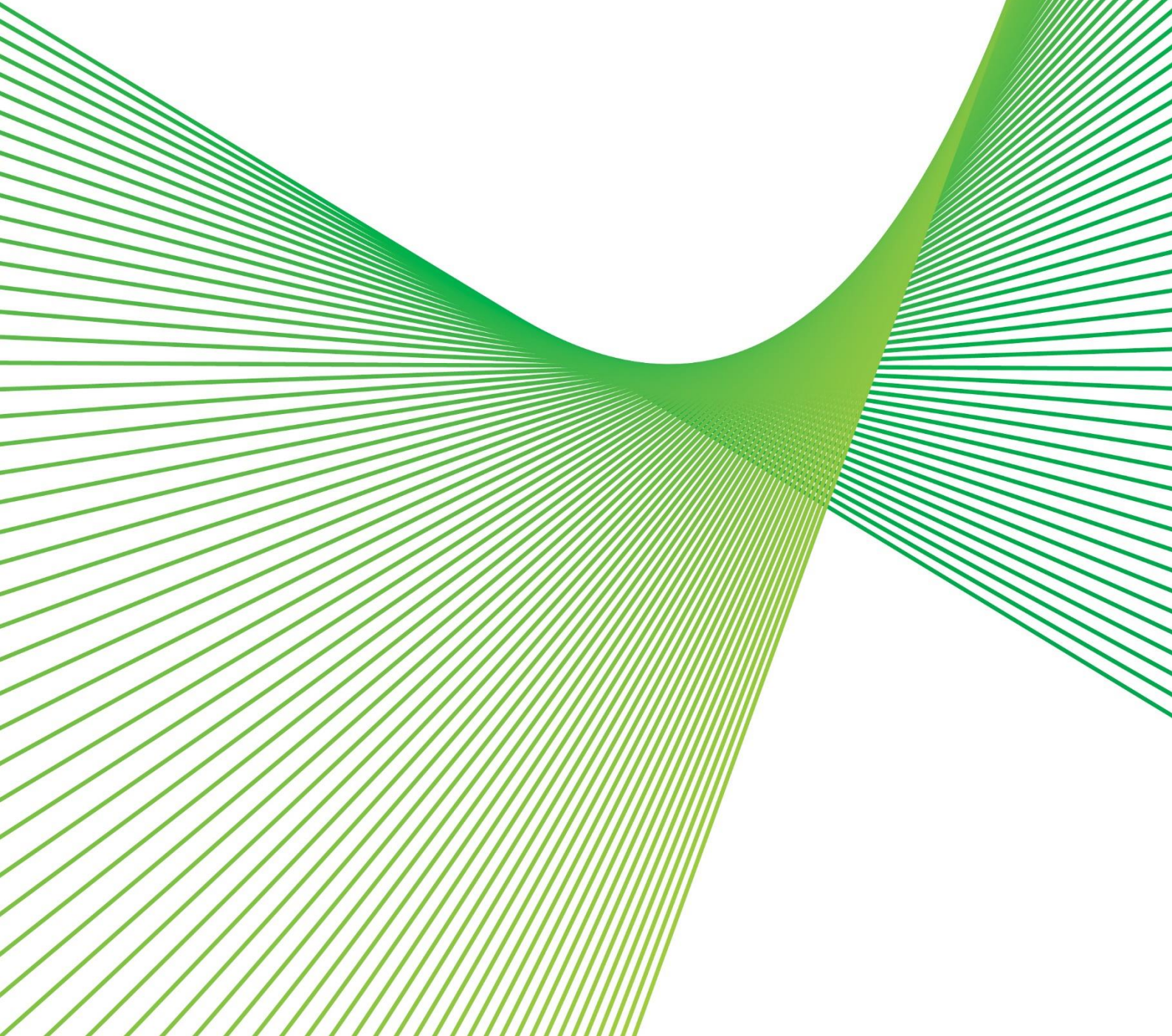


Annual Ring-fencing Compliance Report

2024

29 April 2025



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1. Introduction

The Australian Energy Regulator (AER) released its Ring-fencing Guideline - Electricity Transmission (the Guideline) version 4 on March 1st, 2023. Primarily, the Guideline aims to prevent Transmission Network Service Providers (TNSP) with a prescribed business from:

- Giving affiliated and related parties an advantage over their competitors,
- Using revenue from the prescribed business to cross subsidise contestable services,
- Misusing 'ring-fenced' information.

For the period from 01 January 2024 to 31 December 2024, NSW Electricity Networks Operations Pty Ltd (ACN 609 169 959) as trustee for the NSW Electricity Networks Operations Trust (Transgrid) has fully complied with the Guideline.

This Annual Ring-fencing Compliance Report (Report), for the 12 months ending 31 December 2024, is Transgrid's submission against *Clause 6.2 Reporting Requirements* in the Guideline. The Report has been completed in line with the *Compliance Reporting Best Practice Manual* issued by AER in June 2023.

Transgrid engaged PwC to complete an independent audit of this Report. PwC have issued an unqualified opinion with regards to Transgrid's compliance with Ring Fencing requirements and Guidelines. An overview of PwC's independent assessment is provided in Section 6.

For information and to enhance consumer awareness and confidence, we have also summarised in Appendix A, the controls and processes in place to assure full compliance with the requirements of the Guideline.

Terms used in this Report are defined either in Appendix B or have meaning given in the Guideline .

1.1. About Transgrid

Transgrid operates and manages Australia's largest electricity transmission network, maintaining and upgrading the backbone of the National Electricity Market. The transmission network transports electricity from multiple generation sources, including wind, solar, hydro, gas and coal power plants, to large directly connected industrial customers and the distribution networks that deliver it to more than three million homes and businesses.

1.2. Transgrid's Electricity Network

Transgrid's New South Wales (NSW) and Australian Capital Territory (ACT) network consists of 128 substations, more than 13,085 kilometres of high voltage transmission lines, 109 kilometres of underground cables and five interconnections to Queensland (QLD) and Victoria (VIC). The Transgrid network is instrumental to the electricity system and economy and facilitates energy trading between Australia's largest states.

1.3. Transgrid Group

Transgrid ownership is held by five security holders, who are leading financial and strategic global investors. They are UTA Power Networks Trust, OMERS, Caisse de depot et placement de Quebec (CDPQ), Platinum Tawreed Investments A 2010 RSC (ADIA) and Spark infrastructure Group.

Transgrid - Prescribed Business

The core transmission network includes a regulated asset base forming the backbone of the National Electricity Market (NEM). Transgrid is currently developing a number of transmission infrastructure projects which have been identified by the Australian Energy Market Operator (AEMO) and NSW Government as critical to Australia's future energy system and provide long-term benefits to electricity consumers.

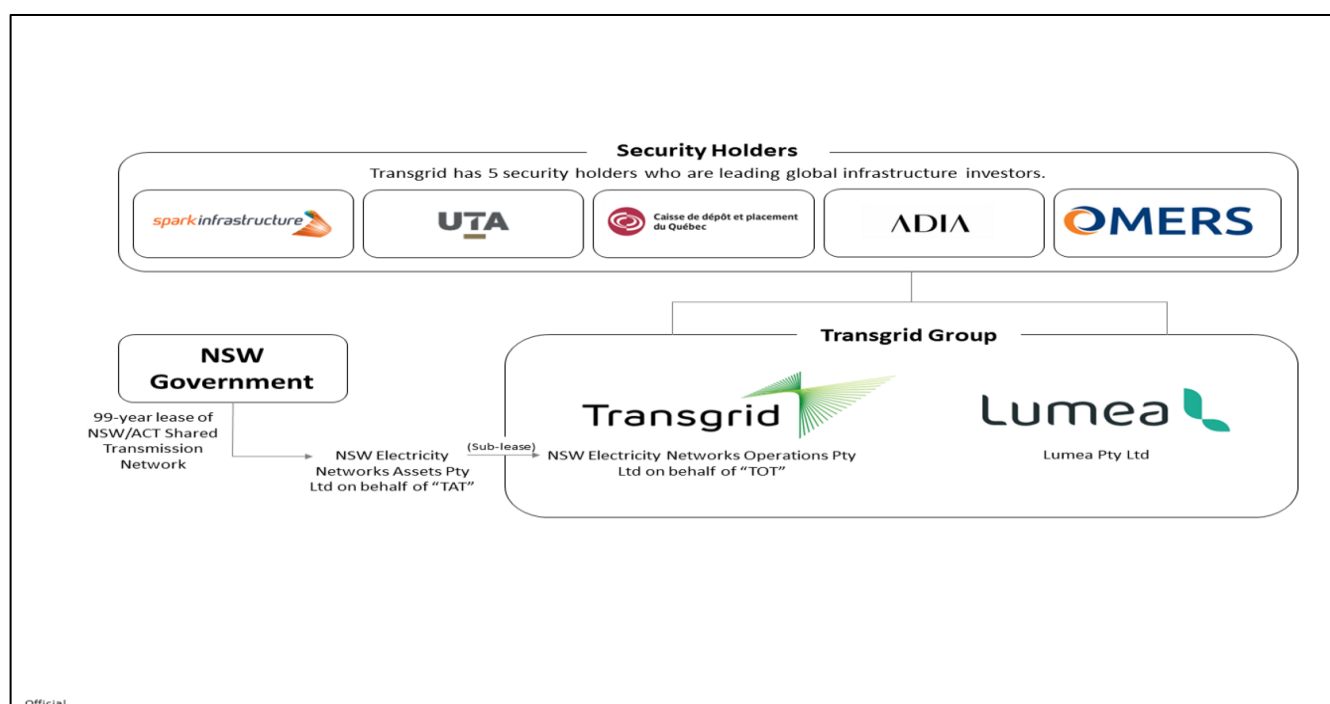
Lumea – Contestable Business

Lumea provides contestable energy services to the NEM, including new transmission and connection infrastructure as well as other energy services. Lumea is also the brand name used for the provision of telecommunications services via the transmission system to wholesale, government and emergency services customers, with a focus on regional areas, data transmission and emergency broadcast services.

In addition, Lumea acts, with customer consent, as an agent for Transgrid in the delivery of some negotiated services. Lumea is the only entity in the Transgrid group that provides contestable electricity services.

Group Structure

A simplified representation of the Transgrid Group is shown below:



Due to the common ownership structure of Transgrid and Lumea, Lumea is both an Affiliated Entity (AE) and Related Electricity Service Provider (RESP) to Transgrid under the Guideline.

1.4. Reporting Requirements

To comply with the requirements of Clause 6.2.1/6.2.2 of the Guidelines, Transgrid must submit an Annual Ring-fencing Compliance Report for the period 01 January 2024 to 31 December 2024. The Guideline requires that the Report includes the following information:

- (a) the measures that Transgrid has taken to ensure compliance with its obligations under the Guideline.
- (b) any breaches of the Guideline.
- (c) all 'other services' provided by Transgrid in accordance with Clause 3.1.
- (d) the purposes of all transactions between Transgrid and its Affiliated Entity, Lumea.

The structure of the report is shown in the table below:

Report Section	Compliance Measures	Clauses of the Guideline
2.1/Appendix A and B	Compliance Procedures	6.1
2.2	Legal separation	3.1
2.3	Cost Allocation Method	3.2
2.4.1	Functional Separation - not to discriminate	4.1
2.4.2	Functional Separation - Information handling	4.2
2.4.3	Functional Separation - Staff Separation	4.3(a)
2.4.4	Service Providers	4.4.1
The whole report 1.2	Compliance Reporting Requirements	6.2.1/6.2.2
3	Breaches of Guideline	6.3

2. Compliance Measures

2.1. Compliance Framework (Clause 6.1)

Ring-fencing is an important part of the regulatory landscape to ensure non-discrimination, competition and transparency. Transgrid is fully committed to meeting the Guideline by:

- Not giving a related entity or any other related party an advantage over its competitors,
- Not using revenue from the Transgrid regulated business to cross-subsidise related business services,
- Not disclosing ring-fenced Information, and
- Providing "other services" only with the AER's approval.

Transgrid's Ring-fencing compliance program is centrally co-ordinated and maintained by the Corporate Compliance team. Specific controls to ensure compliance with the Guideline are detailed in following

sections and Appendix A and are allocated to the responsible team or officer with the most direct line responsibility for those controls.

Title	Responsibilities
Compliance team	<p>Monitor Ring-fencing controls and implementation of related procedures.</p> <p>Conduct and coordinate Ring-fencing training.</p> <p>Provide guidance to management, control owners and staff on Ring-fencing related matters.</p> <p>Report on performance against Ring-fencing compliance obligations to the Executive, the Board and regulator.</p> <p>Coordinate and oversee the investigation of compliance incidents associated with Ring-fencing.</p> <p>Work in conjunction with the Regulatory team to ensure effective engagement with the AER on Ring-fencing issues.</p> <p>Maintain the waiver register, ring-fenced information sharing protocol and information request processes.</p>
Control owners	<p>Accountable for understanding respective obligations as allocated in the Ring-fencing Framework.</p> <p>Design, implement, monitor and improve controls under their purview.</p> <p>Provide confirmation to the Compliance team on the adequacy of the respective controls.</p>
All employees	<p>Comply with Transgrid Ring-fencing obligations.</p> <p>Complete annual Ring-fencing training.</p> <p>Report compliance incidents, both actual and potential, in Transgrid's Compliance and Risk Management system (CAMMS).</p>

2.2. Legal Separation (Clause 3.1)

Transgrid (NSW Electricity Networks Operations Pty Ltd ACN 609 169 959) is the legal entity that is the primary TNSP providing prescribed transmission services in the National Electricity Market for NSW and the ACT. Transgrid and its related electricity provider Lumea maintains legal separation by registering with ASIC as two separate legal entities.

Clause 3.1(b) of the Guideline allows Transgrid, as a TNSP, to provide ring-fenced services, namely the prescribed transmission services, but not to provide other services. Transgrid confirms that no distribution or electricity retail supply services were provided in the 2024 reporting period.

Transgrid operates the Broken Hill Gas Turbine, however the facilities are solely to support reliability of the supply for potential outages on the Transgrid network in the Broken Hill region. Therefore, this generator does not bid into the market and does not supply generation services to any other entity. Rather it is used solely for the purpose of providing network reliability support services. The AER granted a waiver for the operation of Broken Hill Gas Turbine on 13 February 2024, until 28 February 2028.

Responding to Clause 3.1(c) of the Guideline, Transgrid can confirm that it has not entered any new or varied agreements that grant any other legal entity the right to use any energy storage device which is owned, operated, or controlled by Transgrid during the reporting period.

2.3. Establish and Maintain Accounts (Clause 3.2)

The Transgrid Group (including Transgrid and Lumea) has maintained separate financial accounts as per Clause 3.2.1 of the Guideline by establishing and maintaining appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between Transgrid and its affiliated entities.

The attribution and allocation of transmission services costs is performed in a manner consistent with the Board and AER approved Transgrid *Cost Allocation Methodology* as required by Rule 6A.19.4 of the National Electricity Rules (NER). Documentation supporting cost attribution and allocation is also maintained in accordance with the Methodology. This *Cost Allocation Methodology* is available on both Transgrid's official website and the AER's website.

Annual Regulatory Accounts are prepared for each relevant entity as of 30 June each year in accordance with Australian Accounting Standards, which is audited and certified by an independent financial auditor. The regulatory accounts for prescribed transmission services are submitted to AER after auditor's review each year.

2.4. Functional Separation (Clause 4)

2.4.1. Obligation not to Discriminate (Clause 4.1)

Clause 4.1(b) of the Guideline imposes the following obligations on Transgrid as a TNSP:

To not discriminate (directly or indirectly) between its related electricity service provider and a competitor in connection with the provision of prescribed transmission services by the TNSP. Compliance with this requirement is achieved primarily through the provision of mandatory induction and refresher training to all staff, directors and contractors on Transgrid's Code of Ethics and Conduct, Ring-fencing & Competition Law and the Business Ethics Guide. Details of further controls are contained in Appendix A.

Transgrid requires its directors to state interests (inclusive of security holder interests) in other entities on an ongoing basis, including at each Board and Board Committee meeting. Such control enables the Board to be aware of any actual or potential conflicts of interest and subsequently take appropriate steps. Corporate governance processes provide for clear separation of decisions and the documentation thereof.

Transgrid provides substantially the same terms and conditions, with same service quality, reliability and timeliness to any competitors (or potential competitor) as Transgrid would provide to its related electricity service provider in deal or offer to deal. Transgrid ensures that preferential treatment is not given to an associate that takes part in a related business by implementation of *Ring-fencing Framework*, *Information Sharing Protocol*, and *Information Classification and Handling Standard*.

2.4.2. Information Access and Disclosure (Clause 4.2)

Transgrid requires all staff to keep ring-fenced information confidential and use it for the purpose it was acquired or generated to fulfill the obligations required as per Clause 4.2.1 of the Guideline.

Ring-fenced information is defined as the information associated with Transgrid's prescribed transmission services relevant to its:

- network

- customers, or
- services

As per Clause 4.2.2 of the Guideline, Transgrid has policies and procedures preventing disclosure of ring-fenced information to any person, including Lumea unless:

- explicit informed consent of the relevant or prospective customer was first obtained, with regards to the disclosure of the respective information, in order to provide the required transmission services,
- the disclosure was required by, or for the purpose of complying with, any law,
- the disclosure was solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that was beyond Transgrid's reasonable control.

In compliance with Clause 4.2.3(d) of the Guideline, Transgrid has published on its external website, the *Information Sharing Protocol*. The Protocol sets out how and when Transgrid makes ring-fenced information available to other legal entities. As per the requirements of Clause 4.2.3 and 4.2.4 of the Guideline, Transgrid has also published on our external website, our *Information Sharing Register*.

2.4.3. Staff Separation (Clause 4.3)

Transgrid has developed and implemented a *Staff Movement Information Guide* ensuring that staff involved in the provision of prescribed transmission services are not also marketing staff of providing contestable electricity services of related electricity service provider. This requirement is maintained primarily through functional separation of prescribed and contestable businesses, effective training and awareness and regular management oversight.

2.4.4. Service Providers (Clause 4.4)

In relation to the "service provider" requirement in Clause 4.4.1, Transgrid requires external service providers to comply with the Guideline.

Transgrid mandates compliance with our Code of Ethics and Conduct and Business Ethics Guide as a condition for all contractors and consultants involved in enabling or assisting in the provision of prescribed transmission services. These documents require all relevant service providers to adhere to the following:

- Report any suspected or actual regulatory compliance incidents (including Ring-fencing);
- Obey all relevant laws and contractual obligations;
- Not access, use or share Transgrid's confidential information (which includes ring-fenced and other sensitive information) without prior permission from the respective custodian of the information;
- All consultants and labour hire staff are required to complete Ring-fencing and Competition Law training.

3. Breaches of the Guideline (Clause 6.3)

During this reporting period, there were no identified or reported breaches of the Guideline.

4. Other Services

Other Services are defined in Section 1.4 of the AER Transmission Ring-fencing Framework as:

Services other than Transmission Services, which means they are services not provided by means of, or in connection with, the transmission system. Examples of Other Services include:

- Generation
- Electricity Retailing
- Electricity distribution services
- Entering in new, or varying existing agreements for controlling an energy storage device (e.g. battery), unless the device is solely for the purposes of Network Services
- Telecommunication services provided in isolation of the transmission system (i.e. services that are not provided by means of, or in connection with, Transgrid's transmission system)
- Any other services that are not provided by means of, or in connection with, Transgrid's transmission system.
- Transgrid, as a TNSP, is not permitted to provide Other Services without an approved waiver from the AER.

There are currently two services that Transgrid provides that fall into the category of Other Services category, and these are shown in the table below. Waivers have been received for both of these services from the AER in accordance with Clause 3.1(f) as given below:

Provision of Other Services	Service Details
Generator Service	<ul style="list-style-type: none"> Transgrid operates the Broken Hill Gas Turbine for the purpose of Network support. A waiver for this service was approved by the AER on 13th February 2024.
Telecommunication Services not associated with the Transmission network	<ul style="list-style-type: none"> Transgrid provides telecommunications services to six large customers. The AER approved a waiver on 12th April 2024.

5. Summary of transactions with Lumea

Transgrid is required to disclose the purpose of all transactions with Affiliated Entities (AE) as per Clause 6.2.1(b) (iv). The table below shows the types of transactions between Transgrid and Lumea grouped by the purpose and nature:

Basis of Service Provision	Services provided
Corporate Management Services to Lumea under the Management Services Agreement (MSA)	<ul style="list-style-type: none"> General Administration Accounting Payroll Human Resources Financial and Treasury Legal and Regulatory

Basis of Service Provision	Services provided
	<ul style="list-style-type: none"> • Compliance and Risk • Communications and Media
Building, Operating and Managing transmission assets for Lumea under the Construction Operation and Management agreement (COMA)	<ul style="list-style-type: none"> • Construction • Operation • Maintenance • Asset Management • Design • Project Management • Commissioning
Project Services Agreement	<ul style="list-style-type: none"> • Design • Project Management • Commissioning • Customer Management
Provision of Labour	<p>Dedicated staff employed by Transgrid in the Lumea Business unit.</p> <ul style="list-style-type: none"> • Lumea Management • Bid Management • Customer Management • Portfolio Management

6. Independent Assessment

PwC has been engaged to conduct an independent assessment of Transgrid's compliance with the requirements of the Guideline for the 2024 reporting period. PwC's summary of compliance with the Guideline is given below:

Report section	Clauses	Guideline Requirement	Transgrid assessed Compliance Rating	Control Effectiveness	Observations
2.1/Appendix A and B	6.1	Compliance Procedures	Compliant	Effective	None noted for the current period.
2.2	3.1	Legal separation	Compliant	Effective	None noted for the current period.
2.3	3.2	Cost Allocation Method	Compliant	Effective	None noted for the current period.
2.4.1	4.1	Functional Separation- not to discriminate	Compliant	Effective - with minor exception	We have identified a minor exception involving four employees who did not complete the security awareness training on time.
2.4.2	4.2	Functional Separation- Information handling	Compliant	Effective	None noted for the current period.

Report section	Clauses	Guideline Requirement	Transgrid assessed Compliance Rating	Control Effectiveness	Observations
2.4.3	4.3 (a)	Functional Separation- Staff Separation	Compliant	Effective	None noted for the current period.
2.4.4	4.4.1	Service Providers	Compliant	Effective	None noted for the current period.
The whole report 1.2	6.2.1/6.2.2	Compliance Reporting Requirements	Compliant	Effective	None noted for the current period.
3	6.3	Breaches of Guideline	Compliant	Effective	None noted for the current period.

Appendix A - Transgrid Compliance Control Mapping

The following controls are in place to ensure compliance with the Guideline for 2024.

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
3.1 (a)	A TNSP must be a legal entity.	Company Registration (P) (D) ASIC Company Registration confirms the legal separation of entities in the Transgrid Group. Company registration is reviewed and monitored by the Company Secretary (CoSec). CoSec advises Compliance team when there are any changes to any ASIC registration.	Compliant
3.1 (b) 3.1 (f)	A TNSP may provide transmission services but must not provide 'Other Services'. A TNSP can apply for a waiver of the obligations in Clause 3.1.	Waivers Application and Waiver Register (P) Waiver application process is coordinated by the Compliance team. Two waivers have been granted by the AER for 'Other Services'. Refer to Section 4 above. No further services have been identified requiring waivers.	Compliant
3.1 (c)	Notwithstanding any other provision of this Guideline, a TNSP must not enter into new agreement or agree to a material variation to an existing agreement where such new or varied agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP, unless it is for the sole purpose of providing that TNSP with network support services.	Document Execution Request (DER) (P) A formalised DER process has been established and is consistently applied to identify circumstances where new or varied agreements may infringe Guideline requirements. The DER process includes Legal and Compliance review on any new contractual agreements to explore if any regulatory issues, including Ring-fencing, emerge which must be considered and evaluated before the new services agreement can be executed. Procurement Framework and ibuy Process (P) (D) The Procurement Framework applies to all procurement activities undertaken by the Transgrid Group. The ibuy process includes embedded controls in sourcing goods and services for providing relevant business activities. The above two processes will identify if new agreements are entered into that allow another legal entity to use any storage device owned by Transgrid.	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
3.1 (e)	<p>Clause 3.1(b) does not prevent a TNSP:</p> <ul style="list-style-type: none"> (i) subject to clause 3.1(c), granting another legal entity the right to use assets of the TNSP, where those assets are also used by the TNSP to provide transmission services or (if authorised in accordance with the waiver process set out in clause 5 of this Guideline) other services, but only where doing so does not materially prejudice the provision of prescribed transmission services by the TNSP; (ii) providing corporate services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services) to a related electricity service provider or other legal entity; 	<p>Contractual Arrangements between Transgrid, Lumea and other entities (P)</p> <p>Transgrid has the following agreements in place which meet Ring-fencing requirements of the provision of services between Transgrid and related electricity service provider:</p> <ul style="list-style-type: none"> • Management Services Agreement (MSA), • Construction Operations and Maintenance Agreement (COMA), • Project Services Agreement (per project basis), • Other Lease and/or Contractual Arrangements 	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
	<ul style="list-style-type: none"> (iii) providing electricity information to another legal entity where doing so is not prohibited by 4.1(c)(iv) or 4.2; (iv) providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a reasonable Network Service Provider's control; and (v) providing any other services authorised in accordance with the waiver process set out in clause 5 of this Guideline; 		
3.2.1	<p>A TNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between TNSP and affiliated entities The AER may include a requirement in a RIN a TNSP to:</p> <ul style="list-style-type: none"> (i) provide its internal accounting procedures to the AER; and / or (ii) report on transactions between the TNSP and its affiliated entities 	<p>Financial Records Review (D)</p> <p>Financial reports are reviewed on a regular basis by managers and any discrepancies are subject to investigations.</p> <p>The financial performance of Transgrid and related electricity service provider are separately prepared and presented to the Executive each month for review.</p> <p>Regulatory Account Statements and Audits (P) (D) (C)</p> <p>Transgrid maintains separate financial reports for Transgrid and related electricity service provider. These financial reports are reviewed by management on a monthly basis. Annual financial accounts are independently audited. Among the accounts, the transactions between Transgrid and related electricity service provider are reconciled and audited.</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<p>Annual Ring-fencing Compliance Reporting (P) (D) (C)</p> <p>Transgrid adopted the Guideline requirements to prepare the annual Ring-fencing report to assess the compliance status. Self-review process is formally implemented, and the compliance report is submitted to AER with an independent assessment report by external auditor.</p> <p>Annual Regulatory Information Notices (RIN) reports to AER (P) (D) (C)</p> <p>The AER requires Transgrid to annually prepare, provide and maintain a broad range of financial and non-financial information including RIN's. Transgrid maintains multiple level of verifications before submitting these respective RIN reports to AER.</p> <ul style="list-style-type: none"> • Certification by respective General Managers and Executive General Managers, and • Annual review by independent auditor with auditor's review report. 	
3.2.2	A TNSP must maintain compliance with the AER approved Cost Allocation Methodology	<p>Cost Allocation Methodology (CAM) (P)</p> <p>Transgrid has applied the AER approved CAM and allocated costs between Transgrid and Lumea accordingly. Relevant costs are therefore correctly attributed to the relevant services in accordance with the current CAM. This methodology is approved by the Transgrid Board prior to it being embedded into the internal Financial System.</p> <p>Monthly financial reports are prepared from internal financial systems and extensively reviewed within the Finance function to ensure the prescribed CAM has been accurately applied. This control ensures ongoing compliance with the approved CAM.</p> <p>Regulatory Account Statements and Audits (P) (D) (C)</p> <p>Transgrid has maintained separated financial accounts for Transgrid and Lumea. Financial reports are reviewed at the management level on a monthly basis. Furthermore, the annual financial report is assessed by an</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		independent audit firm for the audit opinion on the financial records. Among the accounts, the transactions between Transgrid and related electricity service provider are reconciled and reviewed.	
4.1	<p>A TNSP must not discriminate (directly or indirectly) between a related electricity service provider and a competitor in connection with the provision of prescribed transmission services by the TNSP.</p> <ul style="list-style-type: none"> (i) deal or offer to deal with a Lumea and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions (ii) provide substantially the same quality, reliability and timeliness of service to a Lumea and a competitor (or potential competitor) of the related electricity service provider (iii) not disclose to Lumea information that Transgrid has obtained through its dealings with a competitor, where disclosure would provide an advantage to Lumea 	<p>Policies, Procedures, Guidance and Training are in place to continuously improve the awareness of healthy competition in the market (P)</p> <p>Ring-fencing requirements have been and continue to be communicated to all staff via training courses in particular:</p> <ul style="list-style-type: none"> • Code of Ethics and Conduct, and • Ring-fencing and Competition Law <p>All new starters are required to complete induction training which includes the two courses above, as per the <i>Corporate Induction and Mandatory Training Manual</i>. Annual refresher training for these two courses is also allocated to all staff to complete each year.</p> <p>In addition to the above, an advanced training course on Competition Law was conducted for an identified group of staff engaged in sales and bidding activities.</p> <p>Updated version of the General Conditions of Contract (GCOC) template(v14) (P)</p> <p>The <i>updated</i> General Conditions of Contract (GCOC) template (v14) contains Ring-fencing requirements which are mandatory for specifically identified procurement categories of service providers where the supply chain life cycle is initiated after March 2024. Those relevant service providers are informed of the Ring-fencing conditions in the contract before they agree to accept their contract with Transgrid.</p> <p>Statement of affiliated entities at each Board and Board Committee meeting (P)</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<p>CoSec maintains a comprehensive listing of Standing Notice of Interests held by Board members. This listing is presented in each Board and Board Committee meeting, confirmed by members and documented as such in the meeting minutes.</p> <p>Connection Process Protocol(P)</p> <p>This protocol applies to the development of network connections from initial informal queries through to the Offer to Connect to the customer in order to ensure information acquired or generated as the NSW/ACT jurisdictional planner or developer and operator of the regulated transmission network, is kept confidential and not disclosed to Lumea or other Transgrid related entities engaging in contestable or unregulated network services.</p>	
4.2.1	<p>Subject to this Clause 4.2, a TNSP must:</p> <p>a) keep ring-fenced information confidential; and</p> <p>b) only use ring-fenced information for the purpose for which it was acquired or generated</p>	<p>IT restriction on ring-fenced information access (P)</p> <p>Ring-fenced information handling requirements are addressed in Transgrid's Information Classification and Handling Standard and in the Connection Process Protocol. Ring-fenced information is required to be classified as "Sensitive – internal" which is not accessible by external parties including Lumea.</p> <p>The release of ring-fenced information outside the respective business unit must be approved by the Information/Data owner. The <i>Ring-fencing Framework – Appendix C Information Guide</i> briefly explains formal response process of ring-fenced information request.</p> <p>Policies, Procedures, Guidance and Training are placed to continuously improve the awareness of information security (P)</p> <p>Ring-fencing requirements have been and continue to be communicated to all staff via the following training courses:</p> <ul style="list-style-type: none"> • Ring-fencing and Competition Law • Security Awareness at Transgrid 	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<p>All the new starters are required to complete the mandatory induction training modules which includes the two courses above as per the <i>Corporate Induction and Mandatory Training Manual</i>. Annual refresher of these courses is also assigned to all staff to complete each year in order to ensure all staff are well-informed and aware of information protection and handling requirements.</p> <p>IT restrictions and User Access Review (P) (D) (C)</p> <p>Transgrid's IT controls are centralised and designed to prevent the unauthorised access to ring-fenced information:</p> <ul style="list-style-type: none"> (i) IT access controls / system separations restrict access to ring-fenced information, (ii) All staff system access reviewed regularly by managers as part of a structured User Access Review process, (iii) Transmission between contestable and non-contestable parts of the business controlled and monitored regularly. 	
4.2.2	<p>A TNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless the circumstances permitted in the Guideline such as:</p> <ul style="list-style-type: none"> (a) has first obtained the explicit informed consent of the relevant customer, or prospective customer (b) the disclosure is required by, or for the purpose of complying with any law 	<p>Connection Process Protocol(P)</p> <p>This protocol applies to the development of network connections from initial informal queries through to the Offer to Connect to the customer in order to ensure information acquired or generated as the NSW/ACT jurisdictional planner or developer and operator of the regulated transmission network, is kept confidential and not disclosed to Lumea or other Transgrid related entities engaging in contestable or unregulated network services.</p> <p>Ring-fencing Framework (P)</p> <p>This framework provides the guidance of the Ring-fencing requirement to be implemented in daily business within Transgrid Group.</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
	<p>(c) the disclosure is necessary to enable the Transgrid to provide transmission services or (if authorised in accordance with the waiver process set out in clause 5 of the Guideline) other services</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other service</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Transgrid's reasonable control</p>	<p>Ring-fencing requirements have been and continue to be communicated to all staff via training courses of:</p> <ul style="list-style-type: none"> • Code of Ethics and Conduct • Ring-fencing and Competition Law • Security Awareness at Transgrid <p>All the new starters are required to complete the mandatory induction training pack which includes the three courses above as per the <i>Corporate Induction and Mandatory Training Manual</i>. Annual refresher of these courses is also allocated to all staff to complete each year.</p> <p>Staff Movement Guide (P)</p> <p>Business rules around staff movement between the contestable and non-contestable parts of the business are in place. The <i>Staff Movement Information Guideline</i> provides the instruction of information handling when staff move between Transgrid and Lumea.</p> <p>It is a requirement to obtain necessary prior approvals from information custodians/owners when access is required to ring-fenced information via the intranet, email address or on the shared drive.</p> <p>Policies, Procedures, Guidance and Training are placed to continuously improve the awareness of information security (P)</p> <p>Ring-fencing requirements have been and continue to be communicated to all staff via training courses of:</p> <ul style="list-style-type: none"> • Ring-fencing and Competition Law • Security Awareness at Transgrid <p>All new starters are required to complete mandatory induction training modules which include the two courses above as per the <i>Corporate Induction and Mandatory Training Manual</i>. Annual refresher of these</p>	

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<p>courses is also assigned to all staff to complete each year in order to ensure all staff are well-informed and aware in information protection and handling.</p> <p>Information/Access Separation (P) Lumea staff do not have the access to Transgrid’s intranet site. The Connection Process Protocol clearly sets out roles and responsibilities for interfacing with transmission connection customers.</p> <p>IT restriction on ring-fenced information access (P) The method by which ring-fenced information is managed, was incorporated into Transgrid’s <i>Information Classification and Handling Standard</i>. Ring-fenced information is classified as “Sensitive – internal” which is not accessible by external parties. The release of ring-fenced information must be approved by Information/Data owner. The <i>Ring-fencing Framework – Appendix C Information Guide</i> briefly explains formal response process of ring-fenced information request.</p>	
4.2.3	<p>A TNSP must disclose the ring-fenced information to its RESP, or any other legal entities (i.e., competitors in market) on an equal basis.</p> <p>The disclosed ring-fenced information is required to be available in the “Information sharing register” on Transgrid public website.</p>	<p>Information Sharing Protocol (P) Transgrid has established an <i>Information Sharing Protocol</i> for ring-fenced information sharing with other parties including Lumea and any other external entities. The <i>Information Sharing Protocol</i> is published on Transgrid’s official website which can be accessible by public. This protocol is designed for:</p> <ul style="list-style-type: none"> • Ring-fenced information is disclosed appropriately, • Ring-fenced information is used for the purpose which it was requested or generated, • Ring-fenced information is provided on an equal basis, 	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<ul style="list-style-type: none"> Information register is recorded and updated on a regular basis whenever ring-fenced information is shared, information sharing register is updated on a timely basis. 	
4.2.4 (a & b)	<p>A TNSP must establish, maintain and keep a register of all related electricity service providers and other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP, who request access to ring-fenced information.</p> <p>This register must be publicly available. The register is required to be updated and monitored on a regular basis.</p>	<p>Information Sharing Protocol(P)</p> <p>Transgrid has established an <i>Information Sharing Protocol</i> for information sharing with other parties including Lumea and any other external entities. The <i>Information Sharing Protocol</i> is published on Transgrid's official website which can be accessible by public. This protocol is designed to enable the following:</p> <ul style="list-style-type: none"> Ring-fenced information is disclosed appropriately, Ring-fenced information is used for the purpose which it was requested or generated, Ring-fenced information is provided on an equal basis, Information register is maintained and updated on a regular basis whenever ring-fenced information is shared, <p>There is no formal information sharing request for ring-fenced information during the reporting period.</p>	Compliant
4.3	A TNSP must ensure its marketing staff cannot work both for prescribed services and contestable services.	<p>Functional Separation of Prescribed and Contestable Services (P), (D)</p> <p>Staff engaging in prescribed transmission services and contestable business are functionally separated based on the organisation structure where staff members could be identifiable based on their business units and email address.</p> <p>Staff Movement Guideline (P)</p> <p>Business rules around staff movement between the contestable and non-contestable parts of the business are in place and are included in the Ring-fencing Framework. The 'Staff Movement Information Guideline Appendix D</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
		<p>of the Ring-fencing Framework' provides instructions for information handling when staff move between Transgrid and Lumea.</p> <p>It is a requirement to obtain the necessary prior approvals from information custodians/owners when access is required to ring-fenced information via the intranet, email address or on the shared drive.</p>	
4.4	A TNSP must ensure that its service providers all comply with the Ring-fencing obligations, and they are not directly or indirectly encouraged or incentivised to breach the obligations.	<p>Policies, Procedures, Guidance and Training are placed to continuously improve the awareness of healthy competition in the market (P)</p> <p>Ring-fencing requirements have been and continue to be communicated to all staff via the following training courses:</p> <ul style="list-style-type: none"> • Code of Ethics and Conduct • Ring-fencing and Competition Law • Security Awareness at Transgrid <p>All new starters including service providers are required to complete the induction training modules which includes the three courses above as per the <i>Corporate Induction and Mandatory Training Manual</i>.</p> <p>Updated version of the General Conditions of Contract (GCOC) template (v14) (P)</p> <p>The updated General Conditions of Contract (GCOC) template (v14) contains Ring-fencing requirements which are mandatory for specifically identified procurement categories of service providers where the supply chain life cycle is initiated after March 2024. Those relevant service providers are informed of the Ring-fencing conditions in the contract before they agree to accept their contract with Transgrid.</p> <p>Service providers are provided with the address of Transgrid's Ring-fencing mailbox so that they can report any breach directly to the mailbox and not to Transgrid employee with whom they deal with under the contract.</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
5.7	A TNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the TNSP by the AER under Clause 5 of this Guideline, and must make the register publicly available on its website.	Waiver Register (P) Transgrid has established and maintains a waiver register which is publicly available on our website.	Compliant
6.1	A TNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under Clause 6A.21.1 of the NER.	Ring-fencing Framework (P) This framework provides the guidance of the Ring-fencing requirement to be implemented in daily business within Transgrid Group. Ring-fencing requirements have been and continue to be communicated to all staff via training courses of: <ul style="list-style-type: none"> • Code of Ethics and Conduct • Ring-fencing and Competition Law • Security Awareness at Transgrid All the new starters are required to complete the mandatory induction training pack which includes the three courses above as per the <i>Corporate Induction and Mandatory Training Manual</i> . Annual refresher of these courses is also allocated to all staff to complete each year.	Compliant
6.2.1	A TNSP must prepare an annual Ring-fencing compliance report each calendar year accompanied by an assessment of compliance with the Guideline by a suitably qualified independent authority in accordance with this Clause 6.2.1.	Annual Ring-fencing Compliance Report (P) Transgrid has completed this annual compliance report to meet the requirement.	Compliant
6.2.2	A TNSP must submit its annual compliance report to the AER within four months of the end of the	Action Reminder setup in CAMMS (P)	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
	calendar year to which the compliance report relates.	Recurring compliance action has been established in Transgrid's CAMMS obligation register.	
6.3	A TNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of Clause 6.2.2 or this Clause 6.3 of this Guideline.	<p>Communication Tool established (P)</p> <p>The Ring-fencing email address is maintained and monitored by compliance team to deal with, any breaches, queries and escalations from both internal and external parties.</p> <p>Transgrid maintains multiple channels for reporting of internal compliance breaches including those associated with ring-fencing obligations including a dedicated email address and organisation wide access to incident reporting processes. These processes are supported by the ongoing awareness and training implemented across the business.</p> <p>Compliance incidents workflow in the CAMMS automatically alert the compliance team who are trained in the reporting obligations required under the Guidelines.</p> <p>The processes to report regulatory non-compliance across the business are documented within the Regulatory Incident Reporting Procedure.</p> <p>Regulatory Incident Reporting Procedures (P)</p> <p>Transgrid's latest version of Regulatory Incident Reporting Procedure includes with the notification requirements to AER regarding the Ring-fencing breach or non-compliance</p>	Compliant
6.4	The AER may, at any time, require a TNSP to provide a written response to a complaint or concern the AER raises with the TNSP about its compliance with this Guideline, including where the AER has previously required the TNSP to provide one or more written	<p>Communication Tool established (P)</p> <p>The Ring-fencing email address is maintained and monitored by compliance team to deal with queries and escalations from both internal and external parties including regulators.</p> <p>Regulatory Incident Reporting Procedures (P)</p>	Compliant

Clause	Guideline Requirement	Controls (P-Preventative D-Detective C-Corrective) & Outcomes	Assessment
	responses to the relevant complaint or concern.	The notification to AER regarding the breach or non-compliance has been included in Transgrid's Regulatory Incident Reporting Procedure	

Appendix B Definitions

Terms used in this Framework are defined in the table below:

Note: Many of these definitions are terms already defined in the NER and/or the Guideline. Whenever further explanation or examples are included, these are used for explanation purposes and do not override the definition in the NER or the Guideline.

Term	Definition
Affiliated Entity	A legal entity: <ul style="list-style-type: none"> (a) which is a direct or indirect shareholder in the TNSP or otherwise has a direct or indirect legal or equitable interest in the TNSP. (b) in which the TNSP is a direct or indirect shareholder or otherwise has a direct or indirect legal or equitable interest; or (c) in which a legal entity referred to in paragraph (a) or (b) is a direct or indirect shareholder or otherwise has a direct or indirect legal or equitable interest.
Construction, Operation and Maintenance Agreement (COMA)	An arm's length agreement between Transgrid (service provider) and Lumea (service recipient) for Transgrid to provide construction, operation and maintenance services
Contestable electricity services	Services for the supply of electricity or that are necessary or incidental to the supply of electricity but are not prescribed transmission services, Negotiated transmission services or direct control services (i.e. distribution services). The activity levels and price/return of these services are not economically regulated by the AER but instead are commercial negotiations which must comply with any relevant requirements set out in the NER. Any legal entity able to meet the requirements can provide Contestable electricity services. For example, those connection services specified as such in Clause 5.2A.3 and 5.2A.4 of the NER.
EII Legislation	The Electricity Infrastructure Investment Act 2020 (NSW) and the Electricity Infrastructure Investment Regulation 2021 (NSW).
Electricity information	Information about electricity networks, electricity customers or electricity services, (other than aggregated financial information; or other service performance information) that does not relate to an identifiable customer or class of customer.
Information register	The register that Transgrid, as TNSP, must establish, record and maintain as per Clause 4.2.4(a) of the Guideline.
Management Services Agreement (MSA)	An arm's length agreement between Transgrid (service provider) and Lumea (service recipient) for Transgrid to provide corporate services including managerial, accounting, IT, financial, financial reporting, legal risk and compliance services.
National Electricity Law (NEL)	The National Electricity Law set out in the schedule to the National Electricity (New South Wales) Act 1997 (NSW).
National Electricity Rules (NER)	The rules called the National Electricity Rules made under Part 7 of the NEL, subject to any modification made to the National Electricity Rules by the NEL.

Term	Definition
Negotiated transmission services	Has the same meaning as in the NER. For example: those connection services specified as such in Clause 5.2A.4 of the NER undertaking system strength connection works.
Non-regulated transmission services	Is defined in the NER as: A Transmission service that is neither a prescribed transmission service nor a Negotiated transmission service. This includes other types of Transmission services which a TNSP is not obliged under the NEL/NER or other legislation to provide and are not defined or regulated by the NEL/NER but are provided by or in connection with Transgrid's transmission system. For example, this may include: <ul style="list-style-type: none"> • line modifications • market network services • non-electricity services associated with the transmission network (e.g. leasing spare property).
Other Services	Services other than transmission services. Services provided that are not provided by or in connection with the prescribed transmission services.
Prescribed transmission services	Has the same meaning as in the NER. Means services that must be provided by TNSPs as required under legislation/rules or by AEMO. The activity levels and pricing for these services are regulated by the AER under section 6A of the NER. This includes: <ul style="list-style-type: none"> • Planning, constructing, operating and maintaining the prescribed transmission services • Services for the supply of electricity or that are necessary or incidental to the supply of electricity • Procuring Inertia Services • Procuring network support services / agreements (including storage services solely for the purpose of network support) <p>NOTE: Prescribed transmission services does not include a negotiated transmission service or a market network service.</p>
Related electricity service provider (RESP)	RESP includes: <ul style="list-style-type: none"> • an affiliated entity of Transgrid; and • any part of Transgrid; <p>that provides contestable electricity services but excludes a part of an affiliated entity that provides direct control services (i.e. distribution services.)</p> <p>Lumea is considered a "Related Electricity Service Provider (RESP)" under the Guidelines</p>
Ring-fenced Information	Electricity information acquired or generated by Transgrid in connection with the provision of prescribed transmission services that is not publicly available.
Transmission Network Service Provider (TNSP)	A person who engages in the activity of owning, operating or controlling a transmission system and is registered under Chapter 2 of the NER as such. In this context, Transgrid is the TNSP.
Transmission services	Services provided by means of, or in connection with, a transmission system.