

2025 Annual Ring- Fencing Compliance Report

Prepared in accordance with clause 6.2.1 of the
AER Ring-fencing Guideline - Electricity
Distribution (Version 4, February 2025)

Table of Contents

1	Introduction	4
1.1	Purpose of this Report	4
1.2	Independent assurance	4
1.3	Application of Ring-fencing in the Northern Territory	4
1.3.1	Jurisdictional application and derogations	5
1.3.2	Waivers	5
1.3.3	Other arrangements to achieve compliance	6

2	Compliance Measures	7
3	Breaches	8
4	Other services	8
5	Transactions with related electricity service providers	8
	Schedule 1: Compliance controls and measures	10
	Schedule 2: Existing Power and Water service classification and Guideline treatment	16
	Schedule 3: Information requests from internal Power and Water related electricity service providers	18
	Attachment A – Independent Reasonable Assurance Report (KPMG)	20

Statement of Compliance

Power and Water Corporation (Power and Water) confirms that, for the period 1 January 2025 to 31 December 2025 (Reporting Period), it has complied, in all material respects, with its obligations under the Australian Energy Regulator's (AER) *Ring-fencing Guideline – Electricity Distribution (Version 4, February 2025)* (Guideline), to the extent those obligations apply in the Northern Territory, including where obligations are subject to jurisdictional derogations, AER-approved waivers, or agreed modified compliance approaches intended to achieve the objectives of the Guideline.

No new breaches of the Guideline were identified during the Reporting Period.

Power and Water continues to report ongoing technical non-compliances in respect of:

- **clause 4.3.4** (information register);
- **clause 6.1** (maintaining compliance); and
- **clause 6.2.3** (regulated stand-alone power systems register),

which are subject to established AER no-action positions or agreed modified compliance approaches. These matters are disclosed transparently in this report and will continue to be reported unless and until the Guideline enables alternative compliance mechanisms to be approved.

These technical non-compliances are subject to established AER positions and agreed modified compliance arrangements and therefore do not affect Power and Water's conclusion that it has complied, in all material respects, with applicable Guideline obligations.

This report is accompanied by an independent reasonable assurance report.

1 Introduction

1.1 Purpose of this Report

This Annual Ring-fencing Compliance Report has been prepared for the purposes of clause 6.2.1 of the AER Ring-fencing Guideline – Electricity Distribution (Version 4) and presents Power and Water’s assessment of its compliance with the Guideline for the Reporting Period 1 January 2025 to 31 December 2025, including the effect of applicable Northern Territory derogations, waivers and agreed modified compliance arrangements.

This report:

- describes the measures Power and Water has implemented to ensure compliance with the Guideline;
- identifies and explains any breaches or technical non-compliances;
- outlines other services provided in accordance with clause 3.1 of the Guideline; and
- describes the purpose of transactions between Power and Water and related electricity service providers.

Unless otherwise stated, terms used in this report have the meaning given in clause 1.4 of the Guideline.

Where NT NER clause 6.17.1B modifies the meaning of a term used in the Guideline, the modified meaning applies for the purposes of this report. References to “affiliated entities” in this report are to be read as “related electricity service providers” and references to “non-distribution services” are to be read as “other services”, consistent with the modifications made by NT NER clause 6.17.1B(b), (c) and (d).

Power and Water will continue to maintain and enhance its ring-fencing governance framework, including monitoring of compliance obligations, maintenance of relevant registers, and periodic review of associated policies, procedures and controls.

1.2 Independent assurance

This report is accompanied by an Independent Reasonable Assurance Report (**Attachment A**) prepared by KPMG, issued in accordance with ASAE 3100, Compliance Engagements, which provides reasonable assurance over the Statement of Compliance and the effectiveness of the controls described in **Schedule 1**.

1.3 Application of Ring-fencing in the Northern Territory

Power and Water undertakes Distribution Network Service Provider (DNSP) functions regulated by the AER under the National Electricity Rules as applied in the Northern Territory (NT NER), while also providing a range of electricity and non-electricity services regulated under Northern Territory legislation and by the Utilities Commission of the Northern Territory.

Accordingly, Power and Water is subject to:

- the AER’s *Ring-fencing Guideline*; and
- the Northern Territory Utilities Commission’s *Electricity Ring-fencing Code*.

Information relevant to Power and Water’s ring-fencing obligations, including waiver details, policies, and public disclosures, is published on Power and Water’s Ring-fencing webpage. This supports transparency

and provides stakeholders with access to current ring-fencing information consistent with the intent of the Guideline.

1.3.1 Jurisdictional application and derogations

The Guideline is applied in the Northern Territory in accordance with the National Electricity (Northern Territory) (National Uniform Legislation) Act (NT) and NT NER.

Clause 6.17.1B of the NT NER provides that the following provisions of the Guideline have no effect in the Northern Territory:

- The provision that disapplies the Guideline in respect of Transmission Network Service Providers (clause 1.1.1), meaning that provision has no effect in the NT and Power and Water's integrated transmission and distribution functions are both within the scope of the Guideline.
- The requirement for legal separation of an entity that provides distribution and transmission services from an entity that provides other services (clause 3.1).
- The requirement for functional separation of the provision of direct control services from the provision of contestable electricity services (clauses 4.2.1, 4.2.2 and 4.2.3).

These provisions are therefore treated as jurisdictionally derogated for the purposes of compliance assessment and reporting.

Clause 6.17.1B of the NT NER also modifies certain definitions in clause 1.4 of the Guideline for the purposes of its application in the Northern Territory.

- The definition of "non-distribution services" in clause 1.4 has no effect in the NT and is effectively deleted. Reference to "non-distribution services" in the Guideline is instead read as a reference to "other services".
- The definition of "affiliated entity" in clause 1.4 of the Guideline otherwise applies as written, except that references to "affiliated entities" or "affiliated entity" at clauses 3.2.1(a) and 6.2.1(b)(iv) are read as "related electricity service providers" and "related electricity service provider".

Power and Water applies the Guideline as issued by the AER, subject to these jurisdictional modifications.

1.3.2 Waivers

Clause 5 of the Guideline permits DNSPs to apply for waivers from specified obligations.

Power and Water maintains a Ring-fencing Waiver Register, which is publicly available on its Ring-fencing webpage. The register records all waivers granted by the AER, including any variations, conditions, or expiry dates, and is reviewed periodically to ensure accuracy.

Clause 4.2.4 – Office and staff registers

During the Reporting Period, Power and Water held an AER-approved waiver exempting it from compliance with Guideline clause 4.2.4 (publication of the office and staff register).

The application of the Guideline in the Northern Territory, including relevant jurisdictional derogations under NT NER clause 6.17.1B, is described in section 1.3.1.

However, Guideline clause 4.2.4, which requires a DNSP to maintain and publish a register identifying instances where ring-fencing obligations for offices and staff have not been applied, is not modified by NT NER clause 6.17.1B and therefore remains applicable to Power and Water.

This creates a compliance burden for Power and Water with no corresponding benefit to consumers, as the underlying separation obligations do not apply in the Northern Territory.

The AER granted a waiver for this requirement on 1 July 2024, which remains in effect until 30 June 2034.

1.3.3 Other arrangements to achieve compliance

Clause 4.3.4 – Information register

During the Reporting Period, Power and Water operated under an established AER modified compliance arrangement for Guideline clause 4.3.4.

Guideline clause 4.3.4 requires a DNSP to keep a public register listing all related electricity service providers (RESP) and other legal entities that request access to ring-fenced information under clause 4.3.3(a). For each requester, the DNSP must identify and describe the type of information requested in enough detail for other parties to decide whether they also want access.

Power and Water is a multi-utility which, in addition to the direct control services it provides, also provides a range of other distribution services and other electricity services under licence and Northern Territory Government policy, such as power system control and remote electrical services.

These services meet the Guideline definition of contestable electricity services, noting that in the Northern Territory they are not subject to active competition and are provided under an integrated service delivery model, and the internal Power and Water business units involved in their delivery meet the Guideline definition of a related electricity service provider (RESP) or part RESP as detailed in Schedule 2. However, Power and Water provides these services as a provider of last resort and there is little or no prospect of competition in their provision.

RESP functions align to AER-defined distribution service groupings (including common distribution, connection, and metering services) as set out in Power and Water's service classification framework. Part RESP functions support the delivery of these services but are not themselves classified distribution services.

Reporting of each information request by Power and Water's internal business units related to ring-fenced information pursuant to clause 4.3.4 would impose considerable administrative burden on Power and Water and cause confusion for industry, with no consumer benefit.

The AER has acknowledged that the Northern Territory energy market is unique, but it does not have authority under the Guideline to grant a waiver for this obligation. Given these factors, the AER has agreed that Power and Water can meet the intent of clause 4.3.4 – albeit with reduced detail and frequency – by providing high-level descriptions of information requests received from its internal RESPs under clause 4.3.3(a) in its annual compliance report.

Accordingly, a summary of the information requests received during the reporting period is presented in **Schedule 3**.

Clause 6.2.3 – Regulated stand-alone power systems register

During the Reporting Period, Power and Water operated under an established AER no-action position for Guideline clause 6.2.3.

NT NER clause 6.17.1B has modified Power and Water's obligations under the Guideline so that it is not required to legally and functionally separate the provision of 'distribution services' and 'other services'. Accordingly, those obligations have no effect in the Northern Territory.

However, Guideline clause 6.2.3, which requires a DNSP to keep a public register for each regulated stand-alone power system (SAPS) it uses to provide other services, including details such as location, number of customers, demand, energy use, revenue, and any requests made for another party to supply those services, is not modified by NT NER clause 6.17.1B and therefore remains applicable to Power and Water.

Guideline clause 6.2.3 sits within the broader legal separation framework and, in the NT context, the underlying obligations it supports do not apply to Power and Water. This creates a compliance burden for Power and Water with no benefit to consumers as the primary clauses targeting the possible harms are not applicable in the Northern Territory.

In May 2022, the AER acknowledged it is unlikely for there to be any benefit to consumers or the market in requiring Power and Water to report on SAPS, but it does not have authority under the Guideline to grant a waiver for this obligation. The AER advised it does not intend to pursue compliance action against Power and Water for non-compliance with clause 6.2.3 at this time but noted this position may change if changes in the market warrant a re-assessment of the situation.

2 Compliance Measures

Power and Water recognises that effective compliance and risk management is fundamental to sound governance and operational performance.

Ring-fencing obligations are embedded within Power and Water's enterprise compliance framework, including:

- an enterprise-wide Compliance Obligation Register;
- documented policies and controlled procedures;
- mandatory training and awareness programs;
- system access and information security controls; and
- monitoring, review, and compliance attestation processes.

Power and Water maintains the following controlled procedures which document Power and Water's cost allocation practices; roles, responsibilities and approval pathways for information requests related to ring-fenced and confidential information; and publication controls for the Information Register and Waiver Register.

- Requests for Information for Related Electricity Service Providers (RESP) procedure (CONTROL0175)
- Maintenance of AER Ring-fencing Registers procedure (CONTROL0884)
- NT & AER electricity ring-fencing accounting and cost allocation (CONTROL0173).

These controls operate as business-as-usual arrangements and are reviewed periodically through Power and Water's enterprise compliance framework to ensure compliance with the Guideline.

During the Reporting Period:

- compliance attestations were completed;
- periodic reviews of ring-fencing obligations were undertaken;
- scheduled reviews of controlled documents were completed; and
- completion of mandatory ring-fencing training was monitored.

The compliance and control measures Power and Water has in place to meet its obligations under the Guideline are outlined in Schedule 1.

3 Breaches

In accordance with clause 6.2.1(b)(ii) of the Guideline, Power and Water confirms that no new breaches of the Guideline were identified during the Reporting Period.

The following ongoing technical non-compliances, previously disclosed and subject to established AER positions, continue to apply:

- Clause 4.3.4 – information register;
- Clause 6.2.3 – regulated stand-alone power systems register; and
- Clause 6.1 – maintaining compliance with the Guideline (consequential to the identified technical non-compliances).

These matters do not reflect control failures but arise from limitations of the application of the Guideline in the Northern Territory.

These matters are managed and reported in accordance with the modified compliance arrangements described in section 1.3.3.

4 Other services

Clause 6.2.1(b)(iii) of the Guideline requires Power and Water to identify and describe all other services it provides. Power and Water is a multi-utility entity responsible in the Northern Territory for:

- electricity transmission, distribution, system control and market operation in regulated electricity systems of Darwin-Katherine, Alice Springs and Tennant Creek;
- electricity generation, distribution and/or retailing in non-regulated electricity systems;
- the provision of water and sewerage services across urban, regional, and remote communities; and
- gas supply.

Schedule 2 provides a detailed breakdown of:

- the services provided by Power and Water as a multi-utility entity;
- the classification of distribution services applied by the AER during the current 2024–29 regulatory period, reflecting the classification set out in the AER’s Framework and Approach and confirmed in its Final Decision, which Power and Water accepted through the determination process;
- the likely regulatory treatment of other services provided by Power and Water (both electricity related and non-electricity services); and
- the primary operational areas involved in delivering contestable electricity services as defined in the Guideline and those associated with the provision of non-electricity services.

This comprehensive framework ensures Power and Water operates within a structured regulatory and operational environment while delivering essential services across the NT.

5 Transactions with related electricity service providers

Guideline clause 6.2.1(b)(iv) requires Power and Water to report the purpose of all transactions with its RESPs. Under the Guideline, the definition of contestable electricity services includes both other

distribution services and other electricity services. As a result, any lines of business or affiliated entities providing these services are classified as RESPs.

Transactions between Power and Water and RESPs primarily relate to the provision of other electricity services in minor centres and remote communities (outside the regulated electricity systems of Darwin-Katherine, Alice Springs and Tennant Creek). The primary affiliated entity RESP is Indigenous Essential Services Pty Ltd (IES), a not-for-profit subsidiary of Power and Water, which provides electricity, water and sewerage services to remote Northern Territory communities under an agreement with the Northern Territory Government.

Transactions with RESPs are managed through work orders and purchase requisitions, which:

- are processed via the Enterprise Resource Platform (ERP) system; and
- contain chart of accounts values that identify the transacting entity.

Transactions are categorised within Power and Water's systems by cost types, including Labour; Material; Contractor; Maintenance and transmission; Administration; Fleet; Network Overheads; Corporate Overheads; Dividend Payment; or Other.

This structured categorisation enables Power and Water to maintain compliance with the Guideline by:

- accurately recording all activities and transactions with RESPs in its internal accounting systems, ensuring they can be tracked and reported;
- applying appropriate cost allocation and attribution between distribution services and other services (electricity and non-electricity);
- ensuring non-discriminatory practices by not favouring any RESP in financial or operational matters; and
- protecting ring-fenced information, ensuring confidentiality and restricting the disclosure and sharing of information with RESPs.

By adhering to these processes and controls, Power and Water ensures compliance with the AER's Ring-fencing Guideline while maintaining transparency and accountability in its financial transactions with RESPs.

Schedule 1: Compliance controls and measures

Schedule 1 identifies the preventative and detective/corrective controls supporting compliance with each applicable obligation under the AER Ring-fencing Guideline – Electricity Distribution (Version 4) and confirms the operational effectiveness of those controls during the Reporting Period. Where obligations are subject to Northern Territory jurisdictional derogations, AER-approved waivers, agreed modified compliance approaches or no action positions, this is identified together with the relevant legislative or regulatory basis.

Control ownership is assigned through Power and Water’s enterprise compliance framework, with periodic compliance attestations, internal review processes, and independent assurance activities used to verify the continued effectiveness of these controls. The controls described in this Schedule operate as part of established governance, risk and compliance processes, including obligation ownership assignment, monitoring activities, and formal reporting arrangements.

Detailed control ownership information, artefact repositories and testing evidence supporting these controls are maintained within internal audit support registers and are provided to the independent assurance provider upon request.

Table 1 Power and Water ring-fencing compliance controls and measures

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
3 Prevention of cross subsidies 4 Functional separation 5 Waivers 6 Compliance, reporting, and enforcement	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> AER Ring -fencing Strategy for 2023 to 2026, which sets out the strategic approach for managing Power and Water’s compliance with the AER Guidelines for the 2023 to 2026 reporting period. Power and Water’s AER Ring-fencing website (external facing). Mandatory online training on AER Ring-fencing in ELMO system for all new employees of Power and Water and on an annual basis thereafter as part of the Power and Water’s overall compliance management system. AER Ring-fencing Explanatory Guide (internal facing) that includes the assessment of contestable services. 	–	Effective	–	Compliant
3.1 Legal separation	Not applicable – derogation in place.	Power and Water has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER.	–	Not applicable	–	Not applicable
3.2.1 Separate accounts	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Cost Allocation Methodology (CAM) as approved by the AER. Cost Allocation Management Program and Principles. Accounting and Cost Allocation Procedure. 	<ul style="list-style-type: none"> Cost Allocation Model reviewed annually by an external regulatory consultant. 	Effective	–	Compliant
3.2.2 Cost allocation and attribution	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Cost Allocation Methodology (CAM) as approved by the AER. Cost Allocation Management Program and Principles. Accounting and Cost Allocation Procedure. 	<ul style="list-style-type: none"> Cost Allocation Model reviewed and validated annually by an external regulatory consultant. 	Effective	–	Compliant

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
4.1 Obligation to not discriminate (B and C)	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Standard Conditions of Contract Suite with contract clauses to ensure compliance with the Guideline. Contracts with external service providers that include standard terms and conditions. Procurement templates approved by Legal for the use of all procurement activities. The enterprise electronic document management system, Content Manager, enforces appropriate Ring-fencing access restrictions for electricity business employees to view, search for, or edit records/information appropriate for their role. 	–	Effective	–	Compliant
4.2.1 Physical separation / co-location	Not applicable – derogation in place.	Power and Water has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER.	–	Not applicable	–	Not applicable
4.2.2 Staff sharing	Not applicable – derogation in place.	Power and Water has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER.	–	Not applicable	–	Not applicable
4.2.3 Branding and cross-promotion	Not applicable – derogation in place.	Power and Water has been provided with derogation in relation to this obligation under clause 6.17.1B(a) of the NT NER.	–	Not applicable	–	Not applicable
4.2.4 Office and staff registers	Not applicable – waiver in place.	Power and Water has been granted a waiver in relation to this obligation until 30 June 2034.	–	Not applicable	–	Not applicable
4.3.1 Protection of ring-fenced information	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Requests for Information for related electricity service providers (RESP) procedure. Standard Conditions of Contract Suite with contract clauses to ensure compliance with the Guideline. Contracts with external service providers that include standard terms and conditions. Procurement templates approved by Legal for the use of all procurement activities. Records and Information Management Function responsible for the protection of confidential information administering an Information Management Standard, a 	<ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of controls relating to Ring-fenced information. Electronic Document Management System user access is reviewed in business-as-usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. 	Effective	–	Compliant

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
		<p>request for Information Procedure and an Enterprise Electronic Document Management System (refer above) with access controls around confidential information.</p> <ul style="list-style-type: none"> Established process for Data delivery during settlements. Metering team responsible for the Security of metering data procedure which includes, password protection for interval meters, System for meter reads and secure front end. Business to Business Procedure which outlines interactions between Power and Water and Jacana Energy, the largest electricity retailer in the NT. Customer Experience and Operations on-boarding process which includes a briefing on ring-fencing. ICT System Retail management system with access controls. 	<ul style="list-style-type: none"> Customer Experience and Operations Quality Assurance Officer responsible for undertaking user access reviews of Retail Management System as part of their business-as-usual practices. 			
4.3.2 Disclosure of information	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Requests for Information for related electricity service providers (RESP) procedure. Standard Conditions of Contract Suite with contract clauses to ensure compliance with the Guideline. Contracts with external service providers that include standard terms and conditions. Access to metering data procedure. Third Party Access request for data procedure. Delivery of metering data procedure. Records and Information Management Function responsible for the protection of confidential information administering an Information Management Standard, a request for Information Procedure and an Electronic Document Management System with access controls around confidential information. 	<ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of controls relating to Ring-fenced information. Electronic Document Management System user access is reviewed in business-as-usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. ICT undertakes monthly user access reviews of Retail Management System and Velocity, with business validation of permissions provided by Customer Experience and Operations (CXO) and metering managers, and any inappropriate access removed through ICT access management processes. 	Effective	The Meter to Cash project went live on 1 July 2025, with the Velocity system now operating as the retail management platform through which metering data is managed and disclosed to retailers via MSATS.	Compliant

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
		<ul style="list-style-type: none"> Business to Business Procedure which outlines interactions between Power and Water and Jacana. ICT System Retail management system with access controls 				
4.3.3 Sharing of information	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Requests for Information for related electricity service providers (RESP) procedure. Standard Conditions of Contract Suite with contract clauses to ensure compliance with the Guideline. Contracts with external service providers that include standard terms and conditions. Metering team responsible for the access to metering data procedure, third party access request for data procedure and delivery of metering data procedure. Business to Business Procedure which outlines interactions between Power and Water and Jacana. ICT System Retail management system with access controls. 	<ul style="list-style-type: none"> Annual Metering Management Operational Audit program which schedules field and desktop audits of controls relating to Ring-fenced information. Electronic Document Management System user access is reviewed in business-as-usual practices which includes checks by Records and Information Management Unit such as the Daily movement reports from various systems for cross verification of the appropriateness of changes in user access rights. CXO and metering managers responsible for undertaking user access reviews of Retail Management System and Velocity as part of their business-as-usual practices. CXO Billing Specialists responsible for checking information disclosed. 	Effective	–	Compliant
4.3.4 Information register	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> AER Ring-Fencing website (external facing). Requests for Information for related electricity service providers (RESP) procedure. Maintenance of AER Ring-fencing Registers procedure. 	–	Effective to the extent that it relates to the modification to compliance as agreed with the AER.	The AER has agreed that Power and Water can achieve the intent of clause 4.3.4 (albeit with less detail and regularity) by publishing high level descriptions of information requests received from internal Power and Water RESPs under clause 4.3.3(a) as part of its annual compliance report. Please refer to Schedule 3 for further information.	Non-Compliant but this is subject to an agreed modification to compliance with the AER.
4.4 Service providers	Controls have been implemented, risk assessed	<ul style="list-style-type: none"> Standard conditions of contract suite with contract clauses to ensure compliance with the Guideline 	<ul style="list-style-type: none"> A peer review process was conducted during the Reporting Period to ensure the segregation of duties in procurement 	Effective	–	Compliant

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
	and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Contracts with external service providers that include standard terms and conditions Procurement templates approved by Legal for the use of all procurement activities. The enterprise electronic document management system, Content Manager, enforces appropriate Ring-fencing access restrictions for electricity business employees to view, search for, or edit records/information appropriate for their role. 	<p>activities, reinforcing transparency and compliance with internal controls.</p> <ul style="list-style-type: none"> Mandatory Ring-fencing training for staff. Procurement Standard Terms & Conditions for contracts subject to Ring-fencing Guidelines. Standard procurement templates being used. Segregation of duties in procurement activities. 			
5 Waivers	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> A waiver register and procedure is in place. Currently, Power and Water have active one waiver in place for clause 4.2.4. A Ring-fencing Waiver Register outlines all waivers and is published on the Power and Water's ring-fencing webpage. A Ring-fencing Waiver Register procedure outlines the process for maintaining the register. The Waiver Register was reviewed during the Reporting Period. 	–	Effective	–	Compliant
6.1 Maintaining compliance	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Compliance Obligation Register that outlines controls including procedures for maintaining compliance with the Guideline against each area of responsibility. Compliance training with obligation owners delivered by the Compliance team on how to manage their allocated obligations. As part of the on-boarding process, all new employees are required to complete training on Ring-Fencing obligations via the ELMO System and completion rates monitored and a regular report is provided to senior management which details completion rates, training types and outstanding training. 	<ul style="list-style-type: none"> Periodic compliance review process of Guideline obligations, outlined in the compliance obligation management procedure. Periodic compliance attestation process of current levels of compliance and control effectiveness outlined in the compliance attestation procedure. Non-compliance reporting procedure and system that captures and monitors reported non-compliance, outlines steps for reporting and requirements for investigation and corrective action. 	Effective to the extent that it relates to the modification to compliance as agreed with the AER.	–	Non-compliant, but only to extent that Power and Water cannot comply with clause 4.3.4 and clause 6.2.3 and AER is unable to grant waivers to Power and Water from the obligation to comply with these clauses.
6.2 Compliance reporting	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	<ul style="list-style-type: none"> Compliance reporting template designed to report compliance with the Guideline in line with the compliance reporting best practice manual. 	<ul style="list-style-type: none"> Periodic compliance review process of Guideline obligations, outlined in the Compliance Obligation Management Procedure to determine levels of 	Effective	–	Compliant

Guideline Reference	Status of Compliance	Preventative Controls	Detective / Corrective Controls	Overall Control Effectiveness	Improvement measures in progress	Overall Compliance Status
		<ul style="list-style-type: none"> Compliance Obligation Register that outlines controls, control effectiveness and levels of compliance for each guideline element against each area of responsibility. This register is used to produce reports on levels of compliance and control effectiveness. 	<ul style="list-style-type: none"> compliance and control effectiveness for reporting. Non-compliance reporting procedure and system that captures and monitors reported non-compliance for the purpose of reporting to management and the AER. 			
6.2.3 Regulated stand-alone power system reporting requirements	During the Reporting Period, Power and Water has not received any notification from the AER that it was re-assessing its “no-action” position in respect of Power and Water’s compliance with clause 6.2.3.	<ul style="list-style-type: none"> Proactive engagement with the AER around change in obligations Letter of no action from AER 	–	Effective to the extent that it relates to the modification to compliance as agreed with the AER.	–	Non-compliant but Power and Water have received a ‘no action’ letter from AER
6.4 Complaints and investigations	Controls have been implemented, risk assessed and reviewed periodically for effectiveness.	–	<ul style="list-style-type: none"> Regulation and Commercial engage regularly with the AER and are responsible for responding to a complaint or concern the AER raises about compliance with the Guideline. The Non-compliance event management and reporting procedure is applied in situations where the complaint or concern results in identification of a breach. 	Effective	–	Compliant

Schedule 2: Existing Power and Water service classification and Guideline treatment

This schedule summarises the classification of services provided by Power and Water Corporation for the purposes of the AER Ring-fencing Guideline and confirms that service classifications are unchanged for the Reporting Period. Service classifications reflect the position applied in the current regulatory control period and remain unchanged during the Reporting Period.

Figure 1 Application of Ring-fencing Guideline to Power and Water, including service examples

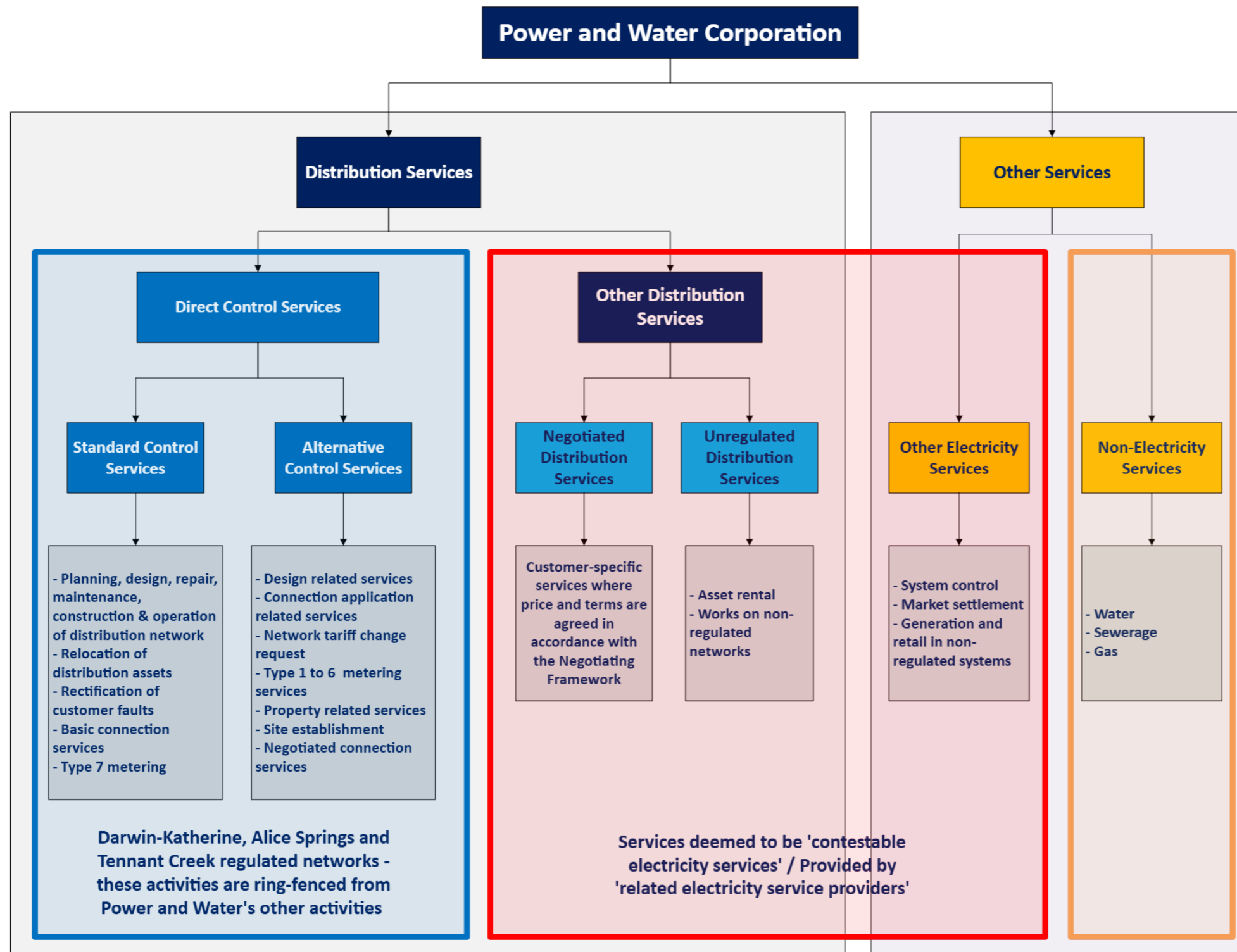


Table 2 Power and Water organisation and high-level service delivery structure

Core Operations	Customer and Strategy	Finance and Business Services	Gas Services	Safety, People and Governance	Power Services	Water Services
Electricity and Market Reform	Customer Experience and Operations	Business Finance	Gas Services	Company Secretary	Specialised Services	Asset Management
Emergency Management and Business Continuity	Enterprise Portfolio Management Office	Corporate Finance		Legal Services	Network Planning and Design	Performance Reporting and Improvement
Metering Strategy	Strategy, Planning and Performance	Regulation and Commercial		Chief of Staff	Service Delivery	Network Planning and Design
Operational Technology	Operating Model	Supply Chain Strategy and Operations		Risk, Compliance and Audit	Asset Management	Service Delivery
Performance, Reporting and Improvement	Strategic Water			Corporate Affairs	Performance, Reporting and Improvement	Maintenance and Operation Support
Project Delivery Management				Health, Safety and Environment	Major Customer Connections	
Strategic Asset Management				People and Culture		
System Control						
Technology and Systems (ICT)						
Works Management						

Key:

DNSP: The DNSP is the part of the business providing the distribution services – both standard control and alternative control services in the regulated networks.	RESP: A Related Electricity Service Provider provides contestable electricity services but not direct control services.	Part RESP (or potential RESP): A Part RESP indicates those RESP functions delivered from an area of the business which currently does or may also carry out non-RESP activities.	Non-electricity: These are areas of the business that do not perform electricity services (gas, water).
---	--	---	--

Schedule 3: Information requests from internal Power and Water related electricity service providers

This schedule summarises information requests received during the Reporting Period from internal Power and Water related electricity service providers, in accordance with the AER-acknowledged modified compliance approach to Guideline clause 4.3.4.

Table 3 Information requests from internal Power and Water related electricity service providers

Business Unit	Function	Activities	Nature and Scope of Ring-fenced Information Shared	Classification
Customer and Strategy	Customer Experience and Operations	Customer service delivery, billing, retail operations, customer enquiries, tariff application, complaints management, Delivery of customer programs, energy solutions and customer engagement initiatives	Customer consumption data; tariff and pricing classification data; connection status information; outage and interruption information; customer-specific billing and network service data; Customer usage data; program participation data; aggregated demand and consumption insights supporting customer initiatives	Part RESP
	Strategy, Planning and Performance	Corporate strategy, business planning, performance reporting, regulatory coordination and reporting	Aggregated network performance data; demand forecasts; pricing data; regulatory reporting inputs; operational and financial performance data	Part RESP
Core Operations	System Control	Real-time power system operations, system security, dispatch, outage coordination, operational planning, incident management and reporting	Real-time network operational data; system load and demand data; outage and fault data; switching and network configuration data; system security and contingency information	RESP
	Electricity and Market Reform	Market operations, settlements, forecasting, pricing inputs, market system development and regulatory reform implementation	Demand and consumption data; dispatch and pre-dispatch data; market settlement quantities; pricing inputs; system and market modelling data	RESP
	Metering Strategy	Metering governance, compliance, metering data management, coordination of metering services and regulatory alignment	Metering data (interval and accumulation); metering installation and configuration data; data validation, substitution and estimation (VEE) data; metering asset and device information; customer connection, disconnection and transfer data derived from metering systems; metering data provided to the System Control and Market Operator to support settlement calculations and market operations	Part RESP
	Technology and Systems (ICT)	System management, data governance, cyber security, user access controls and system support (including RMS/Velocity)	System access data; user permissions; system configuration data; data governance controls; ICT system operational data and access controls supporting regulated electricity services	Part RESP
Power Services	Network Planning and Design	Network planning, augmentation, modelling, connection assessments, demand forecasting and regulatory planning obligations	Network capacity and constraint data; load forecasts; asset capability data; connection application data; augmentation and planning studies and connection agreements	RESP
	Major Customer Connections	Management of generator and large customer connections, technical assessments, modelling and connection agreements	Generator and large customer connection data; technical modelling inputs; load and generation profiles; connection agreements and technical requirements	RESP
	Service Delivery	Field services, maintenance, construction, switching, outage response, commissioning, substation services and test and protection.	Asset location and configuration data; outage and fault data; switching schedules; maintenance records; network diagrams; operational instructions and performance metrics and reliability data	RESP
	Asset Management	Asset lifecycle management, condition monitoring, asset performance, replacement planning and investment prioritisation	Asset condition data; maintenance history; failure and reliability data; asset performance metrics; lifecycle and replacement data	RESP
	Specialised Services	Provision of specialised and remote electrical services supporting network operations and service delivery	Test and protection data; asset and maintenance data; local demand and generation data; system performance information; network configuration and operational data; outage and fault data; and any associated technical and operational information	Part RESP
Finance and Business Services	Business Finance	Financial management, budgeting, regulatory reporting and expenditure management	Financial data derived from regulated services; cost allocation data; capital and operating expenditure data; regulatory financial models	Part RESP

	Procurement and Contracts	Procurement, contract management and vendor management	Contractual and vendor data related to regulated services; procurement data supporting network operations	Part RESP
	Regulation and Commercial	Pricing support, cost allocation, financial modelling and regulatory submission support	Pricing and tariff data; cost modelling data; regulatory submission inputs; financial analysis outputs	Part RESP
Safety, People and Governance	Safety	Safety systems, compliance, incident management and safety governance	Incident data; safety reporting; compliance data related to operational activities	Part RESP
	People and Culture	Workforce management, training, capability development and HR services	Training records (including mandatory compliance training); workforce data relevant to regulated functions	Part RESP
	Governance, Risk and Compliance	Risk management, internal audit, compliance frameworks and regulatory governance	Compliance reports; audit findings; regulatory obligation tracking data; risk management information	Part RESP

Attachment A – Independent Reasonable Assurance Report (KPMG)

Contact

Regulation and Commercial
Finance and Business Services



powerwater.com.au