



# Independent Reasonable Assurance Report to the Directors of Powerlink Queensland

## Conclusion

In our opinion, Powerlink Queensland's Statement of Compliance that the entity has complied with:

- Clauses 7.1, 7.2, 7.6, 7.7, 7.8 and 7.9 of Version Three of the Electricity Transmission Ring-fencing Guideline ("Guideline v3") published by the AER on 6 July 2022 ("V3 obligations") and Clauses 3.1(c), 3.2, 4.4.1, 5.7, 6.1, 6.2, 6.3 and 6.4 of Version Four of the Electricity Transmission Ring-fencing Guideline ("Guideline v4") published by the AER on 1 March 2023 ("V4 obligations") for the period 1 January 2025 to 23 August 2025; and
- Clauses 7.1, 7.2, 7.6, 7.7, 7.8 and 7.9 of Version Three of the Electricity Transmission Ring-fencing Guideline ("Guideline v3") published by the AER on 6 July 2022 ("V3 obligations") and Clauses 3.1(c), 3.2, 4.4.1, 5.7, 6.1, 6.2, 6.3, 6.4 and 7 of Version Five of the Electricity Transmission Ring-fencing Guideline ("Guideline v5") published by the AER on 24 February 2025 ("V5 obligations") for the period 24 August 2025 to 31 December 2025,

(together, "the Ring-fencing Guidelines") is, in all material respects, fairly presented for the period 1 January 2025 to 31 December 2025 ("the Reporting Period").

## Scope

Powerlink Queensland engaged KPMG to perform a reasonable assurance engagement on whether Powerlink Queensland's Statement of Compliance that the entity has complied with the Ring-fencing Guidelines is, in all material respects, fairly presented for the Reporting Period ended 31 December 2025. This Statement will accompany our report, for the purpose of reporting to Directors of Powerlink Queensland and the AER.

## Basis for our conclusion

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

In accordance with ASAE 3100 we have:

- used our professional judgement to plan our procedures and assess the risk of material misstatements in Powerlink Queensland's Statement of Compliance as evaluated against the Ring-fencing Guidelines;
- considered internal controls implemented to meet the compliance requirements of the Ring-fencing Guidelines; however, we do not express a conclusion on their



effectiveness; and

- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

## **Summary of procedures performed, findings and observations**

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

## **Inherent limitations**

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in Powerlink Queensland's Statement of Compliance may occur and not be detected.

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement in Powerlink Queensland's Statement of Compliance when it exists. Misstatements, including omissions, are considered material if, individually or in the aggregate, it could reasonably be expected to influence relevant decisions of the Directors of Powerlink Queensland.

A reasonable assurance engagement for the Reporting Period ended 31 December 2025 does not provide assurance on whether compliance with the Ring-fencing Guidelines will continue in the future.

## **Use of this assurance report**

This report has been prepared for the Directors of Powerlink Queensland and the AER for the purpose of compliance with the Ring-fencing Guidelines and may not be suitable for another purpose. We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Annual Compliance Report. We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Annual Compliance Report. If users of the Annual Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Annual Compliance Report to confirm the information contained in this website version of the Annual Compliance Report. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Powerlink Queensland and the AER, or for any other purpose than that for which it was prepared.

## **Management's responsibility**

Management are responsible for:

- the compliance activities undertaken to meet the Ring-fencing Guidelines;
- identification of the risks that threaten compliance Ring-fencing Guidelines identified above being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance; and



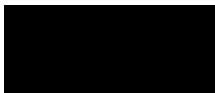
- providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activities against the Ring-fencing Guidelines, which accompanies this Independent Assurance Report.

### **Our responsibility**

Our responsibility is to perform a reasonable assurance engagement in relation to Powerlink Queensland's Statement of Compliance with the Ring-fencing Guidelines, for the Reporting Period ended 31 December 2025 and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

### **Our independence and quality management**

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



KPMG

29 April 2026  
Brisbane

## Appendix A – Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect of Powerlink’s compliance activities with the relevant requirements of the Ring-fencing Guidelines for the reporting period 1 January 2025 to 31 December 2025.

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

We performed the following general procedures to assess Powerlink’s overall compliance with the Ring-fencing Guidelines:

- Read the Annual Compliance Report to confirm that Powerlink’s overall compliance measures and internal controls for Ring-fencing have been documented for the purposes of this assessment;
- Conducted inquiries to obtain an understanding of changes to business activities and related compliance management approach;
- Inspected supporting evidence which included policies, procedures and practices undertaken to embed Ring-fencing compliance measures during the Reporting Period; and
- Performed sample testing (where considered appropriate) to test effectiveness of the compliance measures for the Reporting Period.

The following table provides a summary of procedures, observations and findings for each requirement of Guideline v3:

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>7 Ring-fencing minimum obligations</b>				
<b>7.1 Legal Separation</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Organisation legal structure</li> <li>Powerlink is established as a separate registered Australian business with a distinct ABN</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We assessed the legal entity status of Powerlink.</li> </ul>	<p>Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) is a legal entity incorporated under the <i>Corporations Act 2001</i> and an electricity transmission system operator owned by the Government of Queensland.</p> <p>Powerlink did not carry on a related business (generation, distribution or electricity retail supply) during the Reporting Period.</p> <p>We performed an ASIC and ABN search noting that Powerlink Queensland is a registered Australian public company limited by shares and has an active ABN.</p>
<b>7.2 Obligation to not discriminate</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Board: Code of conduct for Powerlink directors</li> <li>Board charter</li> <li>Annual compliance training</li> <li>Powerlink Ring-fencing Framework</li> <li>Listing of affiliated entities</li> <li>Powerlink organisational chart</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the ring-fencing training provided to staff to ascertain whether it accurately described Powerlink's ring-fencing obligations, including the obligation not to discriminate in favour of an associate.</li> <li>We inspected training completion records to ascertain the completion rate of ring-fencing training in the Reporting Period.</li> </ul>	<p>Our inspection and testing of training completion records showed that annual ring-fencing training modules were conducted with Powerlink employees, including the Board and executive team. The annual compliance training included relevant materials to ensure staff are not making decisions or acting in a manner that discriminates in favour of an associate in relation to the terms or conditions on which those services are provided.</p>

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>7.6 – 7.9 Ring-fenced services</b>	<ul style="list-style-type: none"> <li>1 January to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Annual compliance training</li> <li>Powerlink organisational chart</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We considered the appropriateness of staff roles and responsibilities, in line with our understanding of the business structure, that ensure compliance with restrictions on associates or marketing staff as per the Ring-fencing guidelines.</li> <li>We assessed Powerlink’s overall approach to restricting access to ring-fenced information by making inquiries with management.</li> </ul>	<p>Powerlink has four associates:</p> <ul style="list-style-type: none"> <li>Harold St Holdings Pty Ltd;</li> <li>Powerlink Transmission Services Pty Ltd;</li> <li>Queensland Capacity Network Pty Ltd; and</li> <li>Copperstring 2.0 Electricity Transmission Corporation Pty Ltd.</li> </ul> <p>Powerlink’s associates did not carry on a related business and as a result, its marketing staff are not servants, consultants, independent contractors or agents of an associate that takes part in a related business. Powerlink provided annual compliance training and applied its Ring-Fencing Framework to ensure staff are aware of their obligation to restrict access to information that may give associates an unfair advantage over other participants in the national electricity market.</p>



The following table provides a summary of procedures, observations and findings for the v4 and v5 Guidelines:

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>3 Prevention of cross subsidies</b>				
<b>3.1(c) Energy storage devices</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink submission on AER Issues Paper – Electricity Transmission Ring-Fencing Guideline dated 22 July 2022</li> </ul>	<ul style="list-style-type: none"> <li>We conducted inquiries and inspected the information provided by management to ascertain whether Powerlink owns, operates or controls energy storage devices.</li> </ul>	Powerlink did not own, operate or control any energy storage devices (including batteries) during the Reporting Period.
<b>3.2 Establish and maintain accounts</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>AER decision – Powerlink Cost Allocation Methodology</li> <li>Powerlink Ring-fencing Framework</li> <li>Powerlink Queensland 2024/25 Annual Report and Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately addressed ring-fencing requirements.</li> <li>We considered the appropriateness of Powerlink’s approved Cost Allocation Methodology (CAM). As part of our procedures, we tested a sample of Opex and Capex cost transactions and assessed the allocation thereof for consistency with CAM based on the underlying supporting documentation.</li> </ul>	Procedures completed. Based on our inquiries and observations Powerlink has implemented appropriate processes and procedures for maintaining accounts and records, including cost allocation and attribution, under the Ring-fencing Guidelines.
<b>4 Functional Separation</b>				
<b>4.4.1 Conduct of service providers</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Powerlink Contracts Register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We tested a sample of contracts Powerlink entered with service providers during the Reporting Period to assess whether ring-fencing clauses were included within the contracts.</li> </ul>	Procedures completed. No exceptions noted.



Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>5 Waivers</b>				
<b>5.7 Waiver register</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Waiver Register</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We accessed Powerlink’s website to inspect whether the waiver register was published.</li> </ul>	Powerlink have not been granted any waivers during the Reporting Period relating to compliance with Guidelines v4 and v5. Powerlink’s Waiver Register was published on its website during the Regulatory period.
<b>6 Compliance procedures and compliance reporting</b>				
<b>6.1 Maintaining compliance</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Annual Compliance Report</li> <li>Powerlink Ring-fencing Framework</li> <li>Annual compliance training</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the internal documents relating to Powerlink’s compliance with the Ring-fencing Guideline, including Powerlink’s Annual Compliance Report, and considered it as part of preparing this independent assurance report.</li> </ul>	Powerlink has established and has maintained appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the National Electricity Rules.

Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>6.2 Reporting</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Annual Compliance Report</li> <li>Powerlink Ring-fencing Framework</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We inspected the internal documents relating to Powerlink's compliance with the Ring-fencing Guideline, including Powerlink's Annual Compliance Report, and considered it as part of preparing this independent assurance report.</li> <li>We inspected Powerlink's annual compliance report to ensure the relevant information required to be contained within the report under Clause 6.2.1 is included.</li> <li>We inspected documentation supporting the connections information required by Clause 6.2.1 (b) (v) to (ix).</li> </ul>	<p>Powerlink's Annual Compliance Report is compliant with Clause 6.2.1. and Clause 6.2.2.</p>
<b>6.3 Compliance breaches</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Powerlink Ring-fencing Framework</li> <li>Correspondence with the AER relating to reported breach under Clause 4.4.1(a)</li> </ul>	<ul style="list-style-type: none"> <li>We obtained and inspected the information provided by management to ascertain whether it appropriately included ring-fencing requirements.</li> <li>We considered the adequacy of Powerlink's breach management and reporting policies and procedures under the Ring-fencing Framework.</li> </ul>	<p>Based on inquiries conducted with Powerlink, no compliance breaches have been identified in the Reporting Period.</p>
<b>6.4 Complaints and investigations</b>	<ul style="list-style-type: none"> <li>v4 applicable for 1 January to 23 August 2025</li> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Ring-fencing regulatory correspondence</li> </ul>	<ul style="list-style-type: none"> <li>We made inquiries of management and obtained and inspected regulatory correspondence with the AER to ascertain whether the AER issued any complaints and/or investigations in relation to Powerlink's compliance with the v4 and v5 Guideline.</li> </ul>	<p>The AER has not issued any complaints and/or concerns with Powerlink about its compliance with the v4 and v5 Guideline during the Reporting Period.</p>



Compliance requirement	Relevant period of compliance throughout the Regulatory period	Management Controls and information provided	Procedures performed	Observations / Findings
<b>7 Transitional arrangements</b>				
<b>7.0 Transitional arrangements</b>	<ul style="list-style-type: none"> <li>v5 applicable for 24 August 2025 to 31 December 2025</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Assessed Powerlink’s transitional arrangements were in line with the v4 and v5 Guideline.</li> </ul>	No issues noted.