



# 2025 Annual Ring-fencing Compliance Report

April 2026



**Empowering** South Australia

## Contents

<b>1. Introduction .....</b>	<b>2</b>
<b>2. 2025 compliance.....</b>	<b>3</b>
2.1. Breaches relating to the obligation to protect ring-fenced information.....	3
<b>3. Summary of prior year findings and actions .....</b>	<b>3</b>
<b>4. Compliance measures and actions undertaken in 2025 .....</b>	<b>5</b>
4.1. Additional information on compliance measures.....	5
4.2. Legal Separation.....	5
4.3. Establish and maintain accounts.....	6
4.4. Obligation to not discriminate .....	7
4.5. Physical separation/co-location and staff sharing.....	8
4.6. Branding and cross-promotion .....	10
4.7. Office and staff registers.....	10
4.8. Protection of ring-fenced information.....	11
4.9. Disclosure of information .....	11
4.10. Sharing of information .....	12
4.11. Information register .....	13
4.12. Conduct of service providers .....	13
4.13. Waiver register.....	13
4.14. Compliance and enforcement.....	15
<b>5. Other services.....</b>	<b>16</b>
<b>6. Transactions between the DNSP and affiliated entities .....</b>	<b>17</b>
<b>7. Attachments.....</b>	<b>18</b>
<b>8. Appendix A – Key SA Power Networks Ring-fencing compliance documents .....</b>	<b>19</b>

# 1. Introduction

SA Power Networks’ 2025 Annual Ring-fencing Compliance Report provides details of the actions that we have undertaken to ensure compliance with the Australian Energy Regulator’s (AER’s) Ring-fencing Guideline dated February 2025 (Guideline). This report covers the period from 1 January 2025 to 31 December 2025.

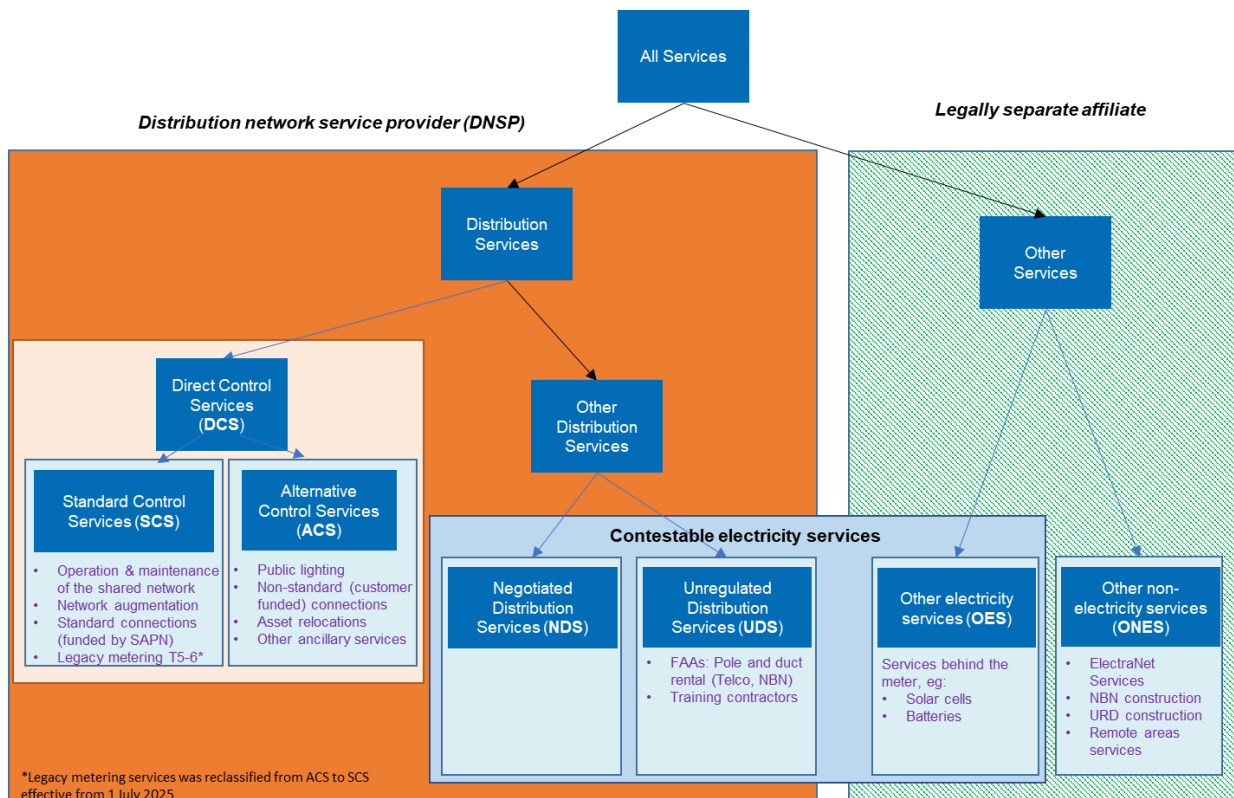
We have largely retained the same format as the last report, updating information and compliance actions where developments have occurred. In some areas there have been no changes, and we restate the same information provided in previous reports, where still relevant, for completeness. Figure 1 illustrates how ring-fencing obligations have been mapped to distribution services provided by SA Power Networks with other electrical services and other non-electrical services provided by our legally separated affiliate, Enerven.

SA Power Networks reported three breaches of the Guideline related to activities during the 2025 period. Further details are provided in Section 2.

Section 3 of this Annual Ring-fencing Compliance Report (Report) summarises prior period compliance findings, recommendations and actions taken.

Throughout this Report, there are references to documents that have been created or already existed prior to 1 January 2018, that support ring-fencing compliance. The references align with those in Appendix A, which appear as [alphabetic reference].[document number]. Appendix A provides a brief description of each document referred to.

Figure 1 - Mapping ring-fencing to distribution services



SA Power Networks does not provide any Negotiated Distribution Services.

## 2. 2025 Compliance

SA Power Networks had three breaches of the Guideline during the 2025 compliance period. These breaches related section 4.3.1 protection of ring-fenced information.

### 2.1. Breaches relating to the obligation to protect ring-fenced information

SA Power Networks had three breaches of obligation to protect ring-fenced information during the reporting period.

The first breach was identified in April 2025 by our external auditors when conducting the audit of our 2024 annual ring-fencing compliance. It was identified that one staff member had retained access to ring-fenced data despite no longer completing regulated work for SA Power Networks. This occurred as no system notification was triggered when the Enerven staff member changed functional teams while maintaining the same role.

Two further breaches were identified during our routine quarterly compliance reviews. One breach resulted from human error, where an IT employee inadvertently provided access to ring-fenced data when resolving a user issue accessing unrestricted data. The other breach occurred when outdated device set up instructions were used to set up access for unrestricted GIS data on a new device.

We note, while these Enerven staff had access to ring-fenced information it is unlikely any of the staff would have been aware they could access the additional ring-fenced GIS customer data. These breaches were reported to the AER on the 17 April 2025 and 18 December 2025 (where two breaches were reported). Furthermore, none of the staff had in performing their roles the capacity to use the GIS customer data to engage in conduct that would be in contravention of clause 4.1 of the Guideline.

SA Power Networks in response to these breaches has undertaken the following remediation actions:

- immediately removed access for the Enerven staff involved in each of these incidents,
- reinforced SA Power Networks' ring-fencing obligations with the IT teams involved,
- revised our notification processes to include movements of all staff to different teams within Enerven, even where their job role does not change,
- reviewed set up documentation for new devices and confirmed the correct set up process with the relevant IT teams, and
- revised our notification process to include an automated daily alert when a user has been provided access to ring-fenced data without the correct authorisation.

## 3. Summary of prior year findings and actions

During the prior reporting period, 1 January 2024 to 31 December 2024, SA Power Networks reported two breaches related to the provision of 'Other Services' and the obligation to protect ring-fenced information.

The breach related to the provision of 'Other Services' was associated with an infrastructure construction and maintenance contract that was in place prior to the commencement of the AER's 2017 Ring-fencing Guideline. SA Power Networks had a ring-fencing waiver in effect, which allowed us to provide these services until 30 June 2023. These 'Other services' continued to be provided after 30 June 2023 without a waiver in place. Following this breach, SA Power Networks revised our internal procedures to conduct quarterly reviews of waivers, in tandem with our assessment and update of our office and staff sharing registers. This quarterly review will ensure that if any extensions are needed, these will be in place before their expiration to ensure ongoing compliance.

Nine Enerven staff were also inadvertently provided access to ring-fenced GIS customer data, resulting in a breach of our obligation to protect ring-fenced information. The incident occurred due to human error associated with a change to the process for assigning IT application configuration profiles that determine user access. Deloitte recommended that management conduct routine enquiries, in addition to existing quarterly system compliance checks, to identify any changes to IT application profiles that could affect access permissions.

In 2025, SA Power Networks completed a comprehensive review of access management processes and implemented enhanced controls, including a daily automated alert that notifies responsible personnel of any new or changed access that has not been appropriately approved. SA Power Networks also undertook an extensive review of the staff who have access to protected ring-fenced information to ensure access is still required for their role. Furthermore, SA Power Networks continued to conduct quarterly system compliance checks to ensure ring-fenced information is protected.

We also note as part of our 2018/19 compliance report, Deloitte recommended that hard controls be implemented in our SAP system (which integrates our core business processes such as Finance, HR, supply chain and inventory) and non-SAP systems.

Separate company codes were implemented in our SAP system in April 2022, with the project to close out all open work orders and transition them to the new Enerven company code completed in September 2023.

### **Non-SAP Access Controls**

As part of the project to review controls for non-SAP applications, SA Power Networks completed an internal audit of ring-fencing compliance for non-SAP environment applications in November 2022. The objective of this internal audit was to ensure SA Power Networks non-SAP environment applications are compliant with the Guideline requirements. The audit did not find any breaches, however a number of recommendations were suggested to improve controls for non-SAP applications. These included the following:

- Enhance current Data Governance guidelines to allow for ring-fenced sensitive data rules;
- Implement and configure Microsoft Data Loss Protection (DLP) to identify potentially sensitive ring-fenced data; and
- Investigate and establish a link between our IIQ and ServiceNow applications to clearly identify non-SAP ring-fencing requirements and automate notification to system owners and administrators as required.

During the 2024 calendar year, we revised the Data Governance guidelines to allow for ring-fenced sensitive data rules. We also conducted a comprehensive review of the technology solutions required to facilitate the implementation of the other recommendations.

In 2025 we progressed this investigation with three separate work streams defined to address our non-SAP ring-fencing risks. These include:

- An overarching enterprise strategy for information management across SA Power Networks to provide a consistent approach to manage unstructured data. Phase 1 to be implemented in quarter 3 of 2026.
- The M365 Platform Governance project to uplift M365 platform governance and usage framework to be implemented in quarter 4 of 2026.
- The Data Loss Prevention Project, to enable targeted improvements to support the prevention of data exfiltration<sup>1</sup> to be implemented in quarter 4 of 2026.

---

<sup>1</sup> The unauthorised transfer of information from an information system.

## 4. Compliance measures and actions undertaken in 2025

Key internal documents related to our ongoing compliance program are summarised at the end of this Report in Appendix A alongside each Guideline obligation.

Information provided in this Report is not exhaustive, but provides some detail on ongoing key compliance controls, in addition to those already provided above.

### 4.1. Additional information on compliance measures

#### 4.1.1. Training and awareness activities

Ring-fencing training (Appendix A, G.1) is mandatory for all new SA Power Networks and Enerven staff. The training highlights the Guideline obligations, including a high-level overview of each section, and provides some examples and case studies. Refresher training is also undertaken for select employees.

Quick Reference Guides that remind all staff of their obligations in respect to staff and office sharing restrictions, protection of ring-fenced information, branding and cross promotion are available on our central knowledge library. Quick links are also available off the regulation hub intranet page.

#### 4.1.2. Internal compliance reports

A compliance questionnaire (C.2) is issued to senior managers in all SA Power Networks departments annually. This questionnaire lists the obligations assigned to individual managers, along with reference documentation and explanatory notes where appropriate. The managers must review and complete the questionnaire, declaring they are 'compliant' (or otherwise) against each obligation. They are also asked to state their mechanism/s for compliance, and any other relevant comments including actions to address any non-compliances.

The questionnaires remind managers of their ring-fencing obligations, identify areas of potential concern including risk areas which may require follow up conversations; and highlight training requirements and where other controls may be required.

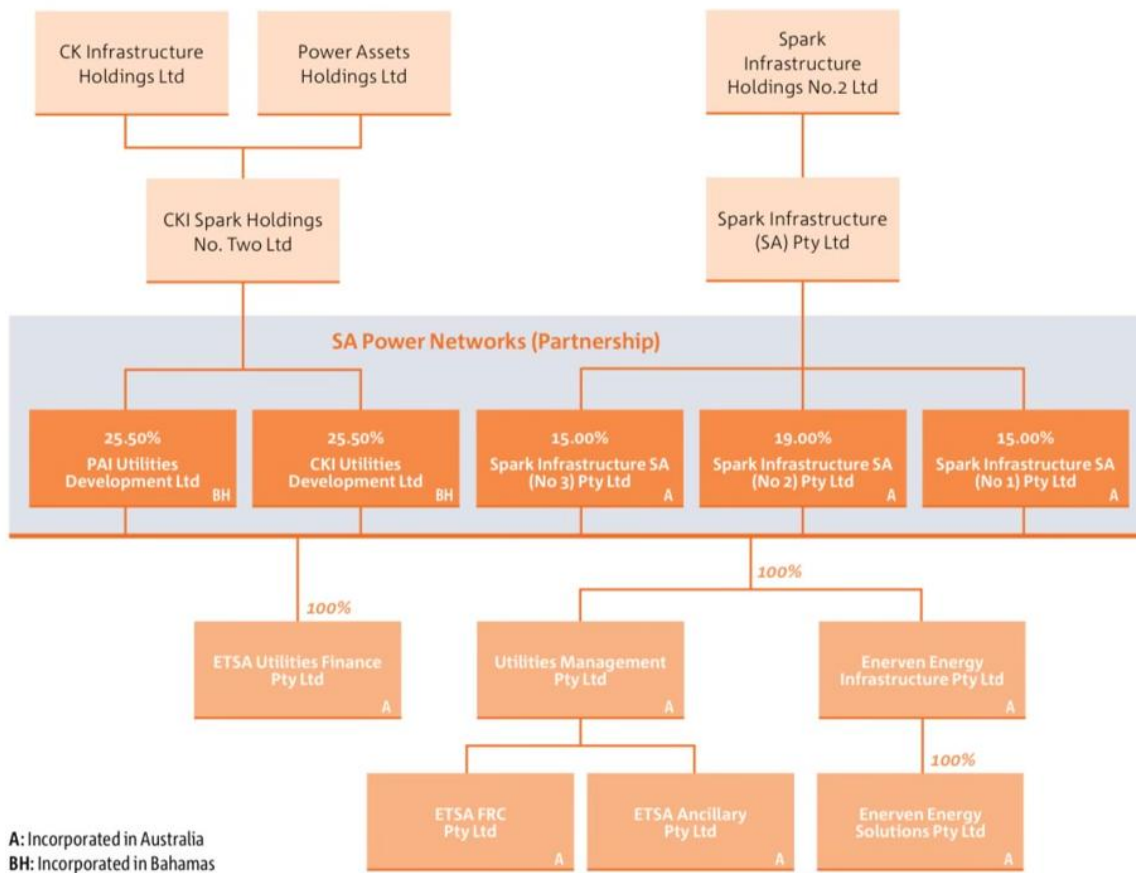
## 4.2. Legal Separation

The legal separation obligations in the Guideline require that SA Power Networks only provide distribution services, and prevent SA Power Networks from using regulated funds to subsidise affiliates. The obligations do not prevent affiliates from providing non-distribution services.

The SA Power Networks' corporate structure is set out in Figure 2.

SA Power Networks is a partnership comprising five corporate entities. The Guideline defines 'legal entity' to include a partnership. The SA Power Networks partnership is the Registered DNSP (L.1). All staff are employed by Utilities Management Pty Ltd (UMPL) subsidiary.

Figure 2: SA Power Networks Partnership corporate structure



In 2025, all non-distribution services were provided through SA Power Networks’ affiliate, Enerven Energy Infrastructure Pty Ltd.

### 4.3. Establish and maintain accounts

We must establish and maintain appropriate internal accounting procedures to ensure that we can demonstrate the extent and nature of transactions with our affiliates. Further, we must allocate or attribute costs in accordance with the Cost Allocation Principles and our AER-approved Cost Allocation Method (CAM).

SA Power Networks’ updated and AER-approved CAM (F.2) is effective from 1 July 2025 and aligns with the service classification for the 2025-30 regulatory control period. This updated CAM replaces the previous version, which had applied since 1 July 2020 and was based on the classifications established for the 2020-25 regulatory control period.

### 4.3.1. Compliance actions

To comply with the Guideline, separate financial accounts are established for our affiliate entities. Costs are attributed or allocated to regulated and unregulated activities in accordance with the CAM, which also identifies how corporate costs are allocated between each function. In addition, to ensure ring-fencing compliance we also:

- maintain a Provision of Inter-Company Labour Services Guideline to ensure appropriate distribution of employee costs from Utilities Management Pty Ltd to distribution and non-distribution services, including transparent identification of inter-company transactions (**F.3**);
- produce reports to capture the extent and nature of affiliate transactions by functional area. These reports are provided to key finance personnel on a six-monthly basis for review. The annual version of these reports is used to generate our final Affiliate Transaction Report (refer **Attachment 1**); and
- generate half-yearly workbooks that show the direct attribution or allocation of corporate overheads between distribution and non-distribution services in accordance with SA Power Networks' CAM. Compliance is assessed by an independent external audit of the information contained in our Regulatory Accounts and associated AER Regulatory Information Orders (**RIO**)<sup>2</sup>.

## 4.4. Obligation to not discriminate

We must not discriminate in favour of affiliates or the customers of affiliates. This obligation applies generally, but also with specific reference to the terms and conditions, timeliness, and quality of services that we offer and provide to other parties.

### 4.4.1. Compliance actions

The corporate Procurement Directive (**D.2**) and Procure to Pay Guideline and Strategic Sourcing Framework (**D.3**) provide business-wide direction on procurement activities, which includes engaging with any third party, including Enerven.

The Shared Services Engaging Enerven Guideline (**D.1**) provides information and advice on how to engage with Enerven when procuring goods and/or services on behalf of SA Power Networks' regulated business. The governance framework in the guideline requires multiple steps to ensure no discrimination occurs. This includes an Engagement Matrix that includes the entire procurement context, including value, market assessment, and complexity assessment.

Service agreements (**F.7**) continue to operate to provide the basis on which certain services (including corporate services) are provided.

---

<sup>2</sup> The allocation of the CAM for the period from 1 July 2025 to 31 December 2025 will be audited as part of our 2025/26 RIO, which will be submitted to the AER in November 2026.

## 4.5. Physical separation/co-location and staff sharing

Direct control services staff are not to be shared or co-located with the staff of affiliates where the affiliates are providing 'contestable electricity services', except where these staff:

- do not have access to electricity information;
- have access to electricity information but cannot use that information to engage in discriminatory conduct in performing their role;
- only use electricity information to provide corporate services;
- are located in a regional office; or
- are providing assistance to another network service provider in response to an emergency or uncontrollable event.

Staff providing 'other non-electricity services' may be shared.

### 4.5.1. Compliance actions

#### Physical separation

Location sharing analysis was again conducted by the Finance and Regulation teams, using organisational data from our HR system to highlight locations where both regulated and contestable services are provided. The duties of each staff member in shared locations are assessed and whether exemptions under the Guideline apply. These shared locations and the exemptions applicable are listed in our Office Sharing Register (**R.2**).

An Office Sharing Guideline (**O.1**) and Office Sharing Quick Reference Guide (**O.2**) are maintained within the internal Quality Management System Knowledge Library, and details are provided to all staff via the training module and a corporate communication bulletin (respectively). These documents provide guidance and practical examples for staff on where they can and cannot co-locate.

Company-wide Directives and Policies are also in place, including the Ring-fencing Corporate Compliance Directive, Code of Conduct, Information Security Directive, and Information Classification and Handling Directive. There are also broader privacy considerations within the Privacy Act, which all staff must legally adhere to. For example, ring-fenced information cannot be used or disclosed for any other purpose other than the reason for which it is collected (Australian Privacy Principle 6).

The Keswick Head Office (**Head Office**) houses a number of departments. Many are corporate services, including People and Culture, Governance and Risk, and Finance and Corporate Services. As permitted by the Guideline (and outlined in the Explanatory Statement) certain corporate services are shared between SA Power Networks and its affiliate.

Head Office is also the location of our Customer and Strategy, and Asset Management and Operations departments. Staff within these business areas may have access to ring-fenced electricity information that is required to complete distribution work, including customer and network information. This information is not in the public domain and is not available to Enerven or any other visitors to Head Office.

Head Office does not permanently house any affiliate (Enerven) staff. Enerven staff have access to the building for corporate services functions, including participation in meetings. Access is restricted to the Network Operations Centre, Telecommunications Network Operations Centre, Advanced Distribution Management System administration area and Private Automatic Branch Exchange, due to the high security risk of these functions.

Our Digital and Technology team are in a separate corporate office, with some Enerven engineering and support staff now co-located within this building. The SA Power Networks staff who are co-located with Enerven staff either do not have access to electricity information or only have access to electricity information to the extent necessary to perform corporate functions (as permissible by the Guideline). Noting this, we have put additional controls in place (for example clean desk policies) to ensure that where SA Power Networks staff have access to electricity information this information is not available to Enerven staff.

### Staff sharing

Staff sharing analysis was again conducted in 2025. The process involved using organisational data from our HR system which detailed all staff and their positions. Analysis was conducted at the role level, considering the duties of each role and whether an exemption under the Guideline could be applied. These shared staff positions are listed in our Staff Sharing Register (**R.1**). There have been no additional positions added to the Staff Sharing Register in 2025.

A Staff Sharing Guideline (**S.2**) and Staff Sharing Quick Reference Guide (**S.3**) provide guidance and practical examples for staff on where they can and cannot be shared between the regulated business and Enerven. A Ring-fencing Directive (**S.1**) also ensures the obligations are appropriately considered and adhered to by all staff.

### Area of special consideration - Procurement staff

SA Power Networks shares procurement staff with our affiliate. Specific processes and controls are in place to ensure sharing of procurement staff with Enerven does not disadvantage competitors of Enerven. These include:

- When a competitive tendering process is undertaken, the documents containing tenders from external service providers are stored in local network drives and not our SAP system, and these are locked-down such that Enerven staff do not have access to them.
- After a tendering process has concluded, rates agreed with external service providers will only be visible in SAP when required to allow SA Power Networks to transact with them. Controls, such as training and company-wide directives, are in place to ensure that Enerven staff do not access this information other than as allowed under the Guideline. SA Power Networks implemented 'hard' access controls in SAP in April 2023, which formally restricts access to this information.
- We also have various other controls, including training, company-wide directives and policies, annual compliance questionnaires and audits in place. SA Power Networks has a number of relevant directives and guidelines we apply in managing bidding processes involving Enerven.<sup>3</sup> Principally, where we identify that a competitive sourcing process should be undertaken for an activity that SA Power Networks seeks to procure, and that Enerven may be a potential bidder, the sourcing process must be undertaken in accordance with the process stipulated in the 'segregation of duties' principles within our 'Engaging Enerven Guideline'. These principles dictate that:
  - Enerven will be treated like any other supplier;
  - the Category Manager (i.e. procurement staff) undertaking the respective sourcing activity, where Enerven are bidding, cannot also support Enerven in their bid process; and
  - Enerven personnel, and procurement staff supporting the Enerven bidding process, will not have access to any competitors' tender responses, evaluation and/or negotiations outcomes. These procurement staff will also be located at an Enerven office for the duration of the tender process.

In 2025, procurement staff did not, in performance of their roles, functions or duties, engage in discriminatory conduct contrary to 4.1 of the Guideline.

---

<sup>3</sup> Please refer to section 4.4.1 of our Annual Ring-Fencing Compliance Report.

## 4.6. Branding and cross-promotion

We must have independent and separate branding from our affiliates and not advertise or promote (or cross-advertise or promote) the services of affiliates.

### 4.6.1. Compliance actions

The Enerven brand is independent of and does not resemble the SA Power Networks brand, ensuring that a reasonable person would not infer that SA Power Networks and Enerven are related.

Internal documentation may be co-branded, this includes operational forms and corporate directives, policies and procedures as they are not available externally. Any external marketing documentation including tender documents are not co-branded. Call centre scripts (**BC.3**) are in place to ensure that call centre staff who may receive queries about contestable services do not refer customers to Enerven.

Enerven has its own website, which is managed wholly by the Enerven Commercial Team. The Website Governance Procedure (**BC.4**) ensures SA Power Networks' website does not mention Enerven in an advertising or promotional manner. Any social media posts by SA Power Networks are managed by the Communications and Engagement team. Processes are in place for any external communications, to ensure that SA Power Networks does not promote Enerven on our social media pages.

### Other Branding Controls

There are several branding controls that are used where staff are shared between the regulated business and Enerven projects (where allowed under our staff sharing provisions). These include the following:

- SA Power Networks' branded vehicles are not used in delivering contestable electricity services.
- Staff (including shared staff) do not wear SA Power Networks' branded uniforms when providing contestable electricity services.
- Separate Enerven email addresses for projects. The implementation best suited to the business context is chosen.
- Where artefacts require a branded stamp and signature to denote acceptance, an Enerven stamp will be used for Enerven projects.

## 4.7. Office and staff registers

We must establish, maintain and keep a register that identifies the offices and staff positions (including a description of the roles, functions and duties) that are shared in accordance with the exemptions provided in the Guideline. The staff and office sharing registers must be published on our website and reviewed/updated on a quarterly basis.

### 4.7.1. Compliance actions

The process to determine appropriate office and staff sharing is described in section 4.5 above.

The registers (**R.1 & R.2**) are published on our website, and are reviewed on a quarterly basis and updated in accordance with internal procedures.

## **4.8. Protection of ring-fenced information**

We must keep ring-fenced information confidential, and only use it for the purpose for which it was acquired or generated.

A number of our IT systems contain ring-fenced information and ensuring appropriate staff access to these systems has again been an ongoing focus area in 2025.

### **4.8.1. Compliance actions**

The approval process for any Enerven staff requesting access to critical systems is automated in the IT service request management tool to reduce the opportunity for human error. This automated workflow incorporates the detailed ring-fencing specific approval templates and will stop the subsequent access provision process if appropriate approval is not granted via the IT service request management tool.

Regulatory Operations staff continue to meet regularly with key representatives from all IT teams and all IT staff are reminded of the importance of the process. The IT induction process for any new or transferring staff within IT now includes (in addition to the online ring-fencing training activity) a review of the IT Application Access Work Instruction and Quarterly system access review process.

Quarterly access reviews of each application containing ring-fenced information were conducted in 2025 and verified by IT Management to ensure the process and controls are being adhered to. Between 1 January 2025 to 31 December 2025, there were three instances detected where staff had inappropriate access to ring-fenced GIS customer data. These instances occurred due to several issues: the absence of a notification mechanism for employees changing teams while retaining the same role; human error granting access when resolving an issue with access to non-ring-fenced data; and reliance on outdated instructions when setting up new devices.

Noting this, it was unlikely any of the staff would have been aware they could access additional ring-fenced GIS customer data. Furthermore, none of the employees had the capacity to use the GIS customer data to gain a competitive advantage for Enerven. On becoming aware of the issue, SA Power Networks reported it as a breach, removed the employee's unauthorised access and remediated the processes.

Separate 'company codes' were introduced within the SAP application for SA Power Networks and Enerven on 17 April 2022, following the 2018/19 compliance report and the AER's concern regarding the lack of 'hard' IT access controls. Since April 2022 all prospective Enerven work has been set up under the Enerven company code. The project to close out all open Enerven work orders and transition them to the new Enerven company code was completed in September 2023, with associated Enerven staff access updated to restrict access to the Enerven company code.

We note that some Enerven staff have retained access to the SA Power Networks company code to enable them to complete regulated work on behalf of SA Power Networks, where this work has been awarded to Enerven. This access is provided in accordance with section 4.3.2 (c) of the Ring-fencing guideline, where Enerven employees only access the necessary information to complete regulated work. This access will continue to be formally reviewed on a quarterly basis, with an individual's access removed where it is no longer required to support regulated functions.

## **4.9. Disclosure of information**

We must not disclose ring-fenced information to any person including Enerven, unless an exemption applies.

#### 4.9.1. Compliance actions

Previous process controls developed, continued in 2025. These controls included:

- Staff training and Code of Conduct applicable to all staff, ensuring staff are aware of their obligation not to disclose any ring-fenced information to a third party, including Enerven.
- Updated eLearning training modules **(G.3)**.
- Maintaining the Information Classification, Handling and Management Directive **(I.1)**. The Information Classification, Handling and Management Directive ensures that we have a process for classifying information to ensure it is produced, stored, distributed and destroyed in accordance with the risks related to that information. It also defines how information can be shared with external organisations, and what levels of permission need to be obtained prior to disclosing information to an external organisation. In some cases, the type of information shared may need to be included on an information register, published on the SA Power Networks website in accordance with the Guideline.
- Maintaining the Ring-fencing Requests for Information Procedure **(I.3)** which provides specific direction where third-party requests for ring-fenced information are received.
- Maintaining the Information Sharing Guideline **(I.4)** and Information Sharing Quick Reference Guide **(I.5)** which provides staff with an overview of obligations and the process that must be followed when requests for information are received from a third party, including Enerven.

Ring-fenced information is always treated in accordance with privacy obligations, however we consider Enerven as a third party, and treat their requests for ring-fenced information like any other third party. Our Customer and Strategy Department receives requests for ring-fenced information, these requests will be fulfilled where explicit customer consent is provided.

#### 4.10. Sharing of information

Where we share ring-fenced information with Enerven, or where we disclose ring-fenced information to a legal entity solely for the purposes of research which is then disclosed to Enerven, we must provide access to that information (including the derived information) to other legal entities on an equal basis.

We are only required to provide information to a legal entity if they have requested to be on our information register for that information; and where they are competing or seeking to compete with Enerven in relation to contestable electricity services. Sharing of information obligations do not apply if we disclose information where an exemption applies.<sup>4</sup>

We must establish and make available on our website an information sharing protocol, and where we disclose information we must do so on terms and conditions that require the other legal entity to comply with 'protection of ring-fenced information' and 'disclosure of information' obligations.

##### 4.10.1. Compliance actions

We have established and published an Information Sharing Protocol **(Protocol) (I.8)** which sets out the process for legal entities to follow in respect of being added to our Information Register. The Protocol includes the circumstances required for a valid request, and a link to our information register request web form **(I.9)**. The Information Protocol and information register request web form are located on our website, under About Us>Regulatory information.

---

<sup>4</sup> AER Ring-fencing Guideline 4.3.3 lists the circumstances where we can disclose information without the need to provide it equally to other legal entities.

## 4.11. Information register

We must establish, maintain and keep a register of all legal entities (including Enerven) who provide contestable electricity services, who request access to ring-fenced information, and must make the register publicly available on our website.

### 4.11.1. Compliance actions

We have developed an Information Sharing Register (**I.7**) which is published on our website. Our internal Information Sharing Procedure (**I.3**) specifies when and what details we must add information to the register. The process includes regular (daily) checking of our mailbox to ensure information requests are captured.

To date, we have received no requests from third parties to be added to our Information Register.

## 4.12. Conduct of service providers

We must ensure that any new or varied agreement between us and a service provider requires the service provider to not act contrary to the Guideline's requirements. We must also not directly or indirectly encourage or incentivise a service provider to engage in conduct contrary to the Guideline.

### 4.12.1. Compliance actions

Formal contract amendments were issued to suppliers in 2017 which included additional clauses required by the 'conduct of other service providers' Guideline provisions<sup>5</sup>. Purchase orders were transferred to Enerven where required, and suppliers were notified of this via a letter (SP.3).

New supply agreement templates (terms and conditions) are in place for any new or amended contractual arrangements. The new templates include the obligations required by the Guideline for other service providers. For example, our standard agreement for the supply of services to SA Power Networks (**SP.1**) includes a new section 29 'Ring-fencing compliance'.<sup>6</sup>

We ensure all suppliers are aware of our obligations under the Guideline and the role of the Procurement branch as a shared corporate service function to all parts of the SA Power Networks group, including Enerven (**SP.4**).

## 4.13. Waiver register

The Guideline allows us to apply for waivers in respect of the legal and functional separation obligations. We must also establish and maintain a register of all waivers that are granted.

### 4.13.1. Compliance actions

SA Power Networks has a waiver register to list the waivers granted to us by the AER. Our waiver register is published on SA Power Networks' website (**W.1**). The register details the Guideline obligations to which the waiver applies, and the terms and conditions of the waiver. SA Power Networks' Waiver Register is on the SA Power Networks website under About Us>Regulatory information.

---

<sup>5</sup> AER Ring-fencing Guideline 4.4.1, A DNSP must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with: clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 of this Guideline; and clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.

<sup>6</sup> (a) To the extent that the Ring-Fencing Guideline applies to the provision of any Services or Goods under this Agreement, the Supplier will comply with clauses 4.4,4.2.1, 4.2.2, 4.3.3 and, in relation to the Supplier's branding, clause 4.2.3 of the Ring-Fencing Guideline as if the reference in such clauses to "DNSP" was a reference to the Supplier.

#### 4.13.2. ARENA Commonwealth Community Batteries for Household Solar Program

On 3 February 2023, the AER published a final decision to grant a class waiver that would enable DNSPs to lease battery capacity to third parties for batteries funded under the Commonwealth Government's Community Batteries for Household Solar Program, subject to strict controls and criteria. SA Power Networks has been granted approval for several community batteries under the Commonwealth program and will be complying with the conditions of the class waiver, submitting a battery report as Attachment 6.

SA Power Networks is currently progressing eight community battery projects. These projects are being conducted through the ARENA community battery scheme, which will ultimately deploy eight front-of-meter Community Batteries under three use cases:

- high voltage (HV) network support,
- electric vehicle (EV) charging support, and
- resilience support.

In addition to deploying batteries to provide network support services, SA Power Networks is exploring trials to lease spare battery capacity to third party market partners.

The batteries will be deployed at various network constrained regional locations within the SA Power Networks' distribution network. The HV support batteries will support long radial sub-transmission lines to provide peak load and voltage management, improving the network's capacity. Electric vehicle (EV) charging support batteries will enable the installation of co-located EV fast chargers to minimise the impact of new EV fast chargers on the network. Resilience support batteries will ensure emergency power supply for essential community services, such as health, food, fuel or communications, is maintained in regional locations vulnerable to long duration, widespread power outages, especially during extreme weather events.

SA Power Networks commenced community engagement in 2024 for the community batteries with our ARENA submission in part motivated by feedback received during our 2025-30 Regulatory Reset customer engagement process. SA Power Networks has since undertaken multiple engagement activities including working collaboratively with the seven impacted councils to ensure early engagement and site selection. Several tools have also been developed to keep communities informed, including: a dedicated website - Talking Power Communities Batteries Project, fact sheets, FAQs and site signage.

##### **Robe and Lameroo Community Batteries**

The first two community batteries being delivered under the Australian Government's ARENA Community Batteries for Household Solar Program are located at Robe and Lameroo. These batteries will support the long radial sub transmission lines that service these regional communities, helping manage peak loads and voltages and improving the overall distribution network's capacity.

SA Power Networks is installing a 2.5MW / 3MWh HV network support battery at each site, with usable power and energy of 2.50 MW / 2.527MWh. In both cases, the batteries present an economical alternative to more costly line augmentation when combined with the ARENA funding.

Construction began on both batteries during the 2025 reporting period.

- **Robe:** The Robe Community Battery was commissioned in March 2026.
- **Lameroo:** The Lameroo Community Battery remains on track for commissioning in the first half of 2026.

SA Power Networks is proposing to apply a portion of each battery’s capital cost to the Regulated Asset Base, consistent with the forecast total quantified benefits from the provision of direct control services as outlined within the AER’s class waiver<sup>7</sup>. Further detail will be provided in our 2026 Annual Ring-fencing Compliance Report as both projects continue to progress.

#### **4.13.3. Market Active Solar (MAS) Trial Waiver**

In January 2024, SA Power Networks applied for a waiver from the functional separation obligations (section 4.2) for the MAS Trial, which was approved by the AER in April 2024. This waiver relates to enabling SA Power Networks to receive a retailer’s control signal, combine it with the distributor’s flexible export ‘dynamic operating envelopes’ (DOEs), and publish the resulting signal to the customer’s inverter using existing SA Power Networks infrastructure.

This waiver was effective until 31 December 2025. An interim waiver was approved on 12 December 2025, extending the MAS Trial waiver to 31 December 2026 or until it is replaced with a long-term waiver.

Under the interim waiver, SA Power Networks is still required to provide a report in respect of the original waiver conditions for the period from the 1 July 2024 to 31 December 2025. This report is provided in Attachment 5.

### **4.14. Compliance and enforcement**

To ensure ongoing compliance with the Guideline, we must:

- establish and maintain appropriate internal procedures, noting that the AER may require us to demonstrate the adequacy of these procedures upon reasonable notice;
- provide annual compliance reports, accompanied by an independent compliance assessment; and
- report compliance breaches in writing to the AER within 15 business days of becoming aware of a breach.

#### **4.14.1. Compliance actions**

Several internal procedures and other documents are maintained to support ring-fencing compliance. These documents are identified and referenced throughout this report, and summarised in Appendix A.

The Ring-fencing Compliance Procedure (**C.1**) provides our internal process for preparing the Annual Compliance Report, and the independent compliance assessment (**C.3**). It includes a timeline for engaging with the independent assessor, through to report completion and submission. This process is managed by the Regulation Branch.

Our Breach Management Governance Framework (**B.1**) ensures that breaches reported to Regulation Branch are appropriately considered and managed. Staff must report any potential breach of the Guideline as soon as they become aware. The Breach Reporting Quick Reference Guide (**B.2**) provides all staff with guidance including what they must do and specific contact details for Regulation staff who can advise further action as required. Breaches are reported to the AER within the required timeframe, and all breaches are reported in the annual compliance report.

Furthermore, periodically our internal audit function reviews our legal and compliance programs including our ring-fencing processes. The most recent review was completed in early 2025. Key findings were presented to our executive leadership team which included a positive assessment of the effectiveness of our ring-fencing compliance program.

---

<sup>7</sup> AER Decision Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government’s Community Batteries for Household Solar Program, February 2023.

## 5. Other services

This annual compliance report must identify and describe all other services provided by SA Power Networks in accordance with clause 3.1 of the Guideline<sup>8</sup>.

We note that other services are defined as services other than:

- (a) Transmission services; or
- (b) Distribution services.

For the 2025 period, SA Power Networks did not provide any other services.

---

<sup>8</sup> Section 6.2.1(b)iii of the Guideline

## 6. Transactions between the DNSP and affiliated entities

For the 2025 period, SA Power Networks contracted its affiliated entity, Enerven Energy Infrastructure Pty Ltd (Enerven), to perform various capital and operating works for its distribution network business where there were insufficient internal resources to complete the work within required timeframes. Services have been completed either in accordance with applicable works or service agreements between SA Power Networks and Enerven.

Transactions between SA Power Networks and Enerven are captured against individual capital and operating job/work orders in SAP, SA Power Networks' integrated business management system. These job/work orders capture costs for distinct items of work which, for example, may be job specific or program specific.

Job/work orders are assigned an SA Power Networks' functional area when created in SAP. They are assigned to one functional area only. Functional areas are the link to identify regulatory costs as they measure the costs of different lines of business for each of SA Power Networks' distribution service types.

Specific General Ledger accounts in SAP enable the reporting of individual job/work orders (transactions) generated and charged by Enerven Energy Infrastructure Pty Ltd to SA Power Networks grouped by functional area. Attachments 1 and 2 to this report summarise transactions between SA Power Networks and affiliated entities<sup>9</sup>.

---

<sup>9</sup> The SAP data used to construct SA Power Networks' affiliate transaction report for the period from 1 July 2024 to 30 June 2025 is audited as part of our Regulatory Information Order (RIO) related party reporting, as submitted to the AER annually. The data for the period from 1 July 2025 to 31 December 2025 will be audited as part of the 2025/26 RIO report.

## **7. Attachments**

Attachment 1: CONFID Transactions between the DNSP and affiliated entities July 2024 - June 2025

Attachment 2: CONFID Transactions between the DNSP and affiliated entities July 2025 - December 2025

Attachment 3: Deloitte Independent Assessment Report

Attachment 4: Confidentiality Claim

Attachment 5: Market Active Solar Trial Report

Attachment 6: Annual Battery Waiver Report

## 8. Appendix A – Key SA Power Networks Ring-fencing compliance documents

Document Reference	Document Name (these are all internal SAPN documents, unless otherwise stated)	Purpose/Description
<b>GENERAL</b>		
G.1	Ring-fencing Training Module (eLearn), including Depot visits	Provides all staff (SA Power Networks and Enerven) with an overview of ring-fencing and associated obligations. The training is mandatory for existing and new staff.
G.2	Other training activities (Leaders presentations; Bulletin releases (QRGs); specific guidance to individual areas to address concerns / questions)	Provides further guidance to staff and managers.
G.3	Code of Conduct (and Code of Conduct eLearn training)	Provides all staff with examples of the standards of behaviour expected of them. Includes a section on confidentiality and the proper handling of information.
G.4	Ring-fencing Compliance Directive	Contains information relating to the responsibilities of all staff and contractors to appropriately adhere to the AER Ring-fencing Guideline.
<b>LEGAL SEPARATION</b>		
L.1	Registration and Licensing of SA Power Networks	SA Power Networks is licensed as a Distribution Network Service Provider. The license can be viewed on the ESCoSA <a href="#">website</a> .
<b>ESTABLISH AND MAINTAIN ACCOUNTS</b>		
F.1	Consolidated Finance Blueprint	Documents financial processes incorporating changes required to comply with the Ring-fencing Guideline.
F.2	Cost Allocation Method (CAM)	Sets out the Cost Allocation Method adopted in SA Power Networks Regulatory reporting. The CAM is published on the SA Power Networks <a href="#">website</a> .
F.3	Provision of Inter-Company Labour Services Guideline	Defines the accounting treatment for labour services provided between SA Power Networks' entities, including those provided to Enerven by employees that normally undertake regulated work.
F.4	Work Order Quick Reference Guide	Provides guidance to staff on how to accurately allocate their time in a range of scenarios.
F.5	INTENTIONALLY LEFT BLANK	
F.6	AER Shared Asset Guideline	Provides the rules and mechanism for shared assets.
F.7	SAPN – Enerven/Enerven - SAPN Service Agreements	Formal service agreements for supply of services between SA Power Networks and Enerven/Enerven and SA Power Networks.
F.8	Shared Assets Quick Reference Guide	Provides staff with scenarios where sharing of assets is allowed under ring-fencing (and the Shared Asset Guideline).

<b>Document Reference</b>	<b>Document Name (these are all internal SAPN documents, unless otherwise stated)</b>	<b>Purpose/Description</b>
<b>OBLIGATION TO NOT DISCRIMINATE</b>		
D.1	Shared Services Engaging Enerven Guideline	Provides information and advice on how to engage with Enerven when procuring goods and/or services on behalf of SA Power Networks' regulated business.
D.2	Procurement Directive	Promotes procurement practices that (among other things) maintain ethical conduct with consideration to probity and accountability.
D.3	Strategic Sourcing Framework	Provides guidance and structure for undertaking sourcing activities.
<b>PHYSICAL SEPARATION/CO-LOCATION</b>		
O.1	Office Sharing Guideline	General guideline to assist staff to understand their responsibilities regarding the sharing of locations/offices between SA Power Networks and Enerven.
O.2	Office Sharing Quick Reference Guide	A quick reference guide to assist staff to understand their responsibilities regarding the sharing of office locations between SA Power Networks and Enerven.
O.3/S.5	Office/Location Sharing Analysis	Data extracted from enterprise system SAP to determine and analyse locations and where they are shared.
<b>STAFF SHARING</b>		
S.1	Ring-fencing Directive	Directive contains information relating to the responsibilities of all SA Power Networks staff and contractors and all Enerven staff, and other third parties to appropriately follow the AER Ring-fencing guideline.
S.2	Staff Sharing Guideline	General guideline to assist staff to understand their responsibilities regarding the sharing of staff between SA Power Networks and Enerven.
S.3	Staff Sharing Quick Reference Guide	A quick reference guide to assist staff to understand their responsibilities regarding the sharing of staff between SA Power Networks and Enerven.
S.4	HR Secondment Checklist	
O.3/S.5	Staff Sharing Analysis	Data extracted from enterprise system SAP to determine and analyse staff positions and where they are shared.
<b>BRANDING AND CROSS-PROMOTION</b>		
BC.1	Branding Guideline	General guideline to assist staff to understand obligations in relation to branding, advertising, and promotion/ cross-promotion.
BC.2	Branding Quick Reference Guide	A reference for staff which provides examples and case studies in relation to branding, advertising and promotion/cross-promotion.
BC.3	Customer Relations Call Centre Scripts (Updated)	Provides call centre staff with standard scripts for two scenarios: <ol style="list-style-type: none"> <li>1. When the call centre provide an overflow function for Enerven; and</li> <li>2. When customers call to enquire about contestable services.</li> </ol>

<b>Document Reference</b>	<b>Document Name (these are all internal SAPN documents, unless otherwise stated)</b>	<b>Purpose/Description</b>
<b>OFFICE AND STAFF REGISTERS</b>		
R.1	Staff Sharing Register	Provides the nature of the positions (including a description of the roles, functions and duties) of our staff to which we have not applied staff sharing obligations due to a valid exemption.
R.2	Office Sharing Register	Provides the classes of offices to which we have not applied physical separation/co-location obligations due to a valid exemption.
<b>INFORMATION ACCESS &amp; DISCLOSURE</b>		
I.1	Information Classification, Handling and Management Directive (Updated)	The purpose of this directive is to ensure that we have a process for classifying information to ensure it is produced, stored, distributed and destroyed in accordance with the risks related to that information. It also defines how information can be shared with external organisations, and what levels of permission need to be obtained prior to disclosing information to an external organisation. In some cases, the type of information shared may need to be included on an information register, published on the SA Power Networks website in accordance with the AER's ring-fencing guideline.
I.2	INTENTIONALLY LEFT BLANK	
I.3	Requests for Information Procedure	To guide SA Power Networks Group personnel employed by Utilities Management and working in the regulated business, including contractors, in the provision of ring-fenced electricity information to requestors external to SA Power Networks. This includes requests from affiliates (ie Enerven).
I.4	Information Sharing Guideline	General guidelines to assist staff in understanding responsibilities regarding the sharing of information between SA Power Networks and other entities, including our affiliate (ie Enerven).
I.5	Information Sharing Quick Reference Guide	A quick reference guide for all staff to assist in identifying information sharing obligations, exemptions, and process requirements.
I.6	Application Access Control: Work Instruction	Provides IT Service Desk staff and application owners the process to follow where staff working primarily for Enerven request access to a system containing ring-fenced information.
I.7	Information Sharing Register	The register is currently blank, but will be used to record requests to be added to the register as required.
I.8	Information Sharing Protocol	The protocol outlines the circumstances under which an entity can request to be added to the Information Sharing Register, and the process for submitting a request.
I.9	Information Sharing Web form	A form to enable third parties to submit a request to be added to our Information Register. The form is available on our <a href="#">website</a> .

<b>Document Reference</b>	<b>Document Name (these are all internal SAPN documents, unless otherwise stated)</b>	<b>Purpose/Description</b>
<b>SERVICE PROVIDERS</b>		
SP.1	Standard Terms and Conditions (Updated)	The terms and conditions issued for varied or new agreements now include the ring-fencing provisions that service providers must comply with.
SP.2	Supplier Contract Amendment Letter	Provides existing suppliers with information about ring-fencing and their obligations, along with resultant amendments to their contract.
SP.3	PO Transfer Notification Letter	Provides existing suppliers with information about ring-fencing and their obligations, along with resultant amendments to their purchase order/s.
SP.4	SA Power Networks' Relationship to Enerven communication	Provided suppliers information on our requirements under the Ring-fencing Guideline, and the role of the Procurement team as a shared service function to all parts of the SA Power Networks group (including Enerven).
<b>WAIVERS</b>		
W.1	Waiver Register	A register of waivers approved by the AER which is published on the SAPN website.
<b>COMPLIANCE AND ENFORCEMENT</b>		
C.1	Regulation Ring-fencing Compliance Procedure	Provides the ring-fencing procedures managed by the Regulation branch, including breach reporting, annual compliance reporting, updating of registers, and internal quarterly reporting.
C.2	Regulation Ring-fencing Annual Internal Compliance Questionnaire	Confirms obligations with General Managers and Level 3 Managers and checks for compliance and appropriate controls.
C.3	Annual Compliance Report and Independent Assessment	As required by Guideline section 6.2.
B.1	Breach Management Governance Framework	Provides the framework for breach reporting, including treatment of material breaches and the involvement of the Breach Management Committee.
B.2	Breach Reporting Quick Reference Guide	Guides staff on the breach reporting process and highlights the importance of reporting any potential breach.