

Tasmanian Networks Pty Ltd
Ring-Fencing Guideline Compliance Report
For the year ended 31 December 2025

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8 April 2026

Mr. Chris Noye
Head of Governance
TasNetworks
1/7 Maria Street
Lenah Valley, TAS 7008

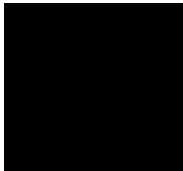
Dear Chris

Ring-Fencing Guideline Compliance Report

Thank you for engaging us to undertake the audit of Tasmanian Networks Pty Ltd's (TasNetworks) Ring-Fencing Compliance report.

Please find our report attached and if you have any questions, please do not hesitate to contact me directly.

Yours sincerely



Carl Harris
Partner



1. Executive Summary

1.1 Introduction

Under the National Electricity Rules (the “NER”) the Australian Energy Regulator (the “AER”) published Version 4 of the Ring-Fencing Guideline (Electricity Distribution) on 27 February 2025, and Version 5 of the Ring-Fencing Guideline (Electricity Transmission) on 24 February 2025 (together, the “Guidelines”). The Guidelines require functional separation of regulated and competitive business activities to promote competition in the provision of contestable electricity services.

Under clause 6.2.1c of the Guidelines, Deloitte Touche Tohmatsu (“Deloitte”) has been engaged per the engagement letter between Tasmanian Networks Pty Ltd (“TasNetworks”) and Deloitte dated 5 February 2026 (engagement letter date) as the qualified independent authority to provide reasonable assurance opinion on whether TasNetworks Ring-Fencing Compliance Report with respect to compliance with 6.2.1a of the Guidelines is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guidelines for the period from 1 January 2025 to 31 December 2025.

1.2 Summary of Findings

The following table summarises observations and recommendations against the Obligations where an exception or improvement was identified. The rating of each Obligation has been applied in accordance with *Section 1.3*.

Management responses to the observations and recommendations are included in the Appendix to this report. This information does not form part of the Independent Assurance Report. The information included in the Appendix has not been subjected to the test procedures performed, accordingly, Deloitte does not express an opinion on it.

No.	Guideline Reference	Results of Testing	Recommendations	Rating	Material Breach
1.	4.2.1a 4.2.1b	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • In November 2025, Fortytwo24 Pty Ltd relocated to TasNetworks' Head Office in Lenah Valley • Whilst TasNetworks and 42-24 operate in separated buildings, no physical access restrictions exist • TasNetworks have applied clause 4.2.1 (b)(i)(b) of the Distribution Guideline with the following reasons: <ul style="list-style-type: none"> ○ Distribution asset rental is only offered by 42-24, with no one else offering distribution asset rental services in the state ○ There is no ability to discriminate in their favour because they are not competing with anyone ○ The electricity information accessed is basic location data (such as which pole is to be rented) which is not confidential, allowing for anyone to request and receive this information ○ Having access to this information does not give 42-24 a competitive advantage in any way 	<p>We recommend TasNetworks and 42-24 implement further controls which physically separate the two legal entities to avoid any access of commercial information. These include:</p> <ul style="list-style-type: none"> - Reviewing and restricting access of TasNetworks and 42-24 staff to one another's physical buildings; and - The TasNetwork's compliance team conducting a review into the user restrictions of 42-24 ensuring commercial information isn't readily available. 	No Exception	N/A



No.	Guideline Reference	Results of Testing	Recommendations	Rating	Material Breach
		<ul style="list-style-type: none"> ○ The information does not provide any opportunity to discriminate ○ 42-24 only has access to electricity information that relates to their specific services, not broader technical information that could provide advantage in other markets; and ○ Information access restrictions exist in the information management system to prevent unauthorised access <p>Though no other contestable electricity services are being conducted by 42-24, their physical access to buildings creates hypothetical security risks (such as accessing unlocked laptops or computer screens) if future contestable services were offered, despite information management system access restrictions being in place.</p>			

1.3 Rating Applied

The ratings applied to the results of our testing are defined below based on Deloitte's interpretation of the Guideline. The evaluation of the results of our tests as they relate to the obligations is based on applying our professional judgement and considering the available facts and circumstances.

No Exception	Requirements of the obligation have been met with no or only minor improvement opportunities. Any findings noted are considered minor and require routine efforts to correct in the normal course of business.
Exception	The requirements of the obligation have not been fully met. Findings noted require remedial action.



2. Independent Reasonable Assurance Report to the Directors of Tasmanian Networks Pty Ltd

Opinion

We have undertaken a reasonable assurance engagement on Tasmanian Networks Pty Ltd ("TasNetworks") Ring-Fencing Compliance Report, with respect to compliance with 6.2.1a of the Ring-Fencing Guideline - Electricity Distribution and Ring-Fencing Guideline – Electricity Transmission (the "Guidelines") as evaluated against 6.2.1b of the Guidelines, in all material respects, for the period from 1 January 2025 to 31 December 2025.

In our opinion, the accompanying TasNetworks' Ring-Fencing Compliance Report with respect to compliance with 6.2.1a of the Guidelines is in all material respects, fairly presented as evaluated against 6.2.1b of the Guidelines for the period from 1 January 2025 to 31 December 2025.

Basis for Opinion

We conducted our reasonable assurance engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* ("ASAE 3100") issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Cost Allocation Methodology regulatory period assessed

Without modifying our opinion, we draw attention to the regulatory period covered under Section 3.2.2 of the Guideline within this report being 1 January 2025 to 30 June 2025, which is different to the compliance period of 1 January 2025 to 31 December 2025. Compliance with the Cost Allocation Method for the remaining regulatory period from 1 July 2025 to 31 December 2025 will be covered under the Regulatory Information Order (RIO) reporting for 1 July 2025 to 30 June 2026 regulatory period. This approach is in line with Ring-Fencing 6.2.1 (d) which allows for a difference between the regulatory information notice period and the Ring-Fencing Compliance period regarding the information in section 3.2.2.

Our Independence and Quality Management

We have complied with the independence and relevant ethical requirements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, including those contained in APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

Our firm applies Australian Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Responsibilities of the Management of TasNetworks

Management is responsible for:

- a) providing the Ring-fencing Compliance Report with respect to the outcome of the evaluation of the compliance activity against 6.2.1a of the Guidelines for the period from 1 January 2025 to 31 December 2025;
- b) the compliance activity undertaken to meet 6.2.1a of the Guidelines;
- c) identifying suitable compliance requirements as specified in the Guideline as required by the AER;
- d) identifying risks that threaten compliance with 6.2.1a of the Guidelines being met; and
- e) the identification, design and implementation of controls to enable compliance with 6.2.1a of the Guidelines to be met and to monitor ongoing compliance.

Responsibilities of the Assurance Practitioner

Our responsibility is to express an opinion on whether TasNetworks' Ring-Fencing Compliance Report with respect to compliance with 6.2.1a of the Guidelines, in all material respects, as evaluated against 6.2.1b of the Guidelines for the period from 1 January 2025 to 31 December 2025. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether TasNetworks Ring-Fencing Compliance Report with respect to compliance with 6.2.1a of the Guidelines is, in all material respects, fairly presented as evaluated against 6.2.1b of the Guidelines for the period from 1 January 2025 to 31 December 2025.

An assurance engagement to report on the TasNetworks' Ring-Fencing Compliance Report with respect to compliance with 6.2.1a of the Guidelines involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet 6.2.1a of the Guidelines. The procedures selected depend on our judgement, including the identification and assessment of risks of material deficiencies in the compliance framework or material misstatements in TasNetworks Ring-Fencing Compliance Report.

Our procedures included, but were not limited to:

- Inquiring with TasNetworks personnel about controls which are in place to enable TasNetworks to comply with the Obligations;
- On a sample basis, observing the control being performed, and/or inspecting documentation to evidence the design, implementation and effectiveness of the controls;
- Inquiring with management whether they are compliant with the obligations, and corroborating our inquiry with the results of our test procedures.
- Evaluating the content of the Ring-fencing Compliance Report, to determine whether it is fairly presented, with respect to the evaluation of the compliance activities against 6.2.1b of the Guidelines.

Inherent Limitations

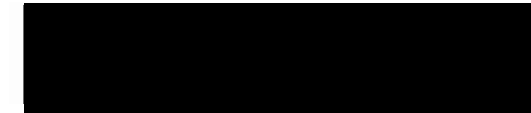
Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, deficiencies in the compliance framework or misstatements in TasNetworks Ring-Fencing Compliance Report may occur and not be detected.

A reasonable assurance engagement for the period from 1 January 2025 to 31 December 2025 does not provide assurance on whether compliance with the Guideline will continue in the future.



Restricted Use

This report has been prepared for use by TasNetworks for the purpose of meeting the reporting requirements to the AER. We disclaim any assumption of responsibility for any reliance on this report to any person other than TasNetworks, or for any purpose other than that for which it was prepared. However, we understand that a copy of the report has been requested by AER, in accordance with 6.2.1c of the Guidelines. We agree that a copy of the report may be provided to AER for their information in connection with this purpose but only on the basis that we accept no duty, responsibility, or liability to the AER in relation to the report. We accept no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement.



DELOITTE TOUCHE TOHMATSU



Carl Harris
Partner
Chartered Accountants
8 April 2026, Hobart

3. Detailed Findings

The descriptions of the tests of compliance that were performed, findings relating to the tests of compliance or aspects of the engagement, our recommendations and conclusion of whether there has been a breach of the requirements of the Guidelines are described below.

The rating of each Obligation has been applied in accordance with Section 1.3.

Legal Separation		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.1 (a)	3.1 (a)
Guideline Obligation	A DNSP must be a legal entity.	A TNSP must be a legal entity.
Key Controls and Testing	<p>Key Control</p> <p>Companies and business are separated legally as follows:</p> <ul style="list-style-type: none"> Tasmanian Networks Pty Ltd (TasNetworks) TasNetworks Holdings Pty Ltd TasNet Connections Pty Ltd Fortytwo24 Pty Ltd (42-24) <p>Test Performed</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for the TasNetworks ACN to verify that TasNetworks is a separate legal entity We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Distribution Licence; and We inspected invoices of subsidiaries of TasNetworks ("subsidiaries") and compared the ABN with the ASIC database. 	<p>Key Control</p> <p>Companies and business are separated legally as follows:</p> <ul style="list-style-type: none"> Tasmanian Networks Pty Ltd (TasNetworks) TasNetworks Holdings Pty Ltd TasNet Connections Pty Ltd Fortytwo24 Pty Ltd (42-24) <p>Test Performed</p> <ul style="list-style-type: none"> We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity. We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Transmission Licence; and We inspected invoices of subsidiaries of TasNetworks ("subsidiaries") and compared the ABN with the ASIC database.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> TasNetworks and its subsidiaries operate on their own individual ABNs. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> TasNetworks and its subsidiaries operate on their own individual ABNs.
Recommendation	N/A	N/A
Rating	No exceptions.	No exceptions.

Legal Separation		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	3.1 (b), (c)	3.1 (b), (c)
Guideline Obligation	<p>(b) Subject to clause 3.1, a DNSP may provide distribution services and transmission services but must not provide other services.</p> <p>(c) This clause 3.1 does not prevent:</p> <ul style="list-style-type: none"> i. an affiliated entity of a DNSP from providing other services. ii. a DNSP and a TNSP from being the same legal entity. 	<p>(b) Subject to clauses 3.1(c), (d) and (e), a TNSP may provide transmission services, but must not provide other services.</p> <p>(c) A TNSP must not:</p> <ul style="list-style-type: none"> i. enter into any new agreement; or ii. agree to a material variation to an existing agreement. <p>where such new or varied agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by the TNSP, unless it is for the sole purpose of providing that TNSP with network support services.</p>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • A separate subsidiary Fortytwo24 Pty Ltd was established to perform “other services” outside distribution services which are performed by TasNetworks. • Companies and business are separated legally • Mandatory Ring-Fencing Training • Ring-Fencing Training Procedure <p>Test Performed</p> <ul style="list-style-type: none"> • We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity. • We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Distribution Licence. • Additionally, to the procedures performed in 3.1 (a), we obtained and reviewed the audited financial statements of TasNetworks and its subsidiaries, as of 30 June 2025 and selected a sample of TasNetworks revenue transactions to detect instances of ‘other services’ being provided by the DNSP. • Inspected training material to ensure staff are educated in the guidelines. 	<p>Key Control</p> <ul style="list-style-type: none"> • A separate subsidiary TNC Pty Ltd was established to perform “other services” outside transmission services which are performed by TasNetworks. • Companies and business are separated legally • Mandatory Ring-Fencing Training • Ring-Fencing Training Procedure <p>Test Performed</p> <ul style="list-style-type: none"> • We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity. • We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Transmission Licence; and • Additionally, to the procedures performed in 3.1 (a), we obtained and reviewed the audited financial statements of TasNetworks and its subsidiaries, as of 30 June 2025 and selected a sample of TasNetworks revenue transactions to detect instances of ‘other services’ being provided by the TNSP; and • Inspected training material to ensure staff are educated in the guidelines.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> • 42-24 offered contestable electricity services and a number of 'other services' as defined by the Distribution Guideline which requires legal separation. We evidenced a number of controls in place which bring TasNetworks in compliance with the guidelines. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> • We confirmed with Management that TasNet Connections Pty Ltd did not operate as a subsidiary in 2025. Instead, TasNet Connections operated as a business unit up until 15 August 2025 to provide contestable electricity services.
Recommendation	N/A	N/A
Rating	No exceptions.	No exceptions.

Separate Accounts		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.2.1 (a)	3.2.1 (a)
Guideline Obligation	A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	A TNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the TNSP and its affiliated entities.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> SAP accounting system Separate General Ledger Accounts for each entity. <p>Test Performed</p> <ul style="list-style-type: none"> We inspected TasNetworks policies regarding maintaining separate accounts; and We have obtained a list of transactions and account structure within SAP and inspected the general ledger accounts to check that separate general ledger accounts for recording transactions between TasNetworks and its subsidiaries are established. 	<p>Key Control</p> <ul style="list-style-type: none"> SAP accounting system Separate General Ledger Accounts for each entity. <p>Test Performed</p> <ul style="list-style-type: none"> We inspected TasNetworks policies regarding maintaining separate accounts; and We have obtained a list of transactions and account structure within SAP and inspected the general ledger accounts to check that separate general ledger accounts for recording transactions between TasNetworks and its subsidiaries are established.
Results of Testing	Based on the examination of TasNetworks accounting structure and practices, Deloitte considers that TasNetworks possess the ability to remain compliant with 3.2.1 of the Distribution Ring-Fencing Guidelines.	Based on the examination of TasNetworks accounting structure and practices, Deloitte considers that TasNetworks possess the ability to remain compliant with 3.2.1 of the Transmission Ring-Fencing Guidelines.
Recommendation	N/A	N/A
Rating	No exception	No exception
Cost Allocation and Attribution		
	Electricity Distribution	Electricity Transmission
Guideline Reference	3.2.2 (a), (b), (c)	3.2.2 (a), (b), (c)
Guideline Obligation	<p>(a) A DNSP must allocate or attribute costs (including costs allocated or attributed to the DNSP by a parent entity) to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology ("CAM"), as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</p> <p>(b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a), and must not allocate or attribute other costs to the distribution services it provides.</p>	<p>(a) A TNSP must allocate or attribute costs (including costs allocated or attributed to the TNSP by a parent entity) to transmission services in a manner that is consistent with the Cost Allocation Principles and its approved Cost Allocation Methodology ("CAM"), as if the Cost Allocation Principles and Cost Allocation Methodology otherwise applied to the allocation and attribution of costs between transmission services and other services.</p> <p>(b) A TNSP must only allocate or attribute costs to transmission services in accordance with clause 3.2.2(a) and must not allocate or attribute other costs to the transmission services it provides.</p>

	(c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b).	(c) A TNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and (b).
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Cost Allocation Methodology (“CAM”) approved by the AER • Cost Allocation Calculation • Causal Allocation Drivers • Cost Allocation Methodology Surveys • Audit and Review of the Annual Information Order Statements for Distribution and Transmission for the Year Ended 30 June 2025 <p>Test Performed</p> <ul style="list-style-type: none"> • We obtained documents and procedures for the CAM process to confirm that it addresses the allocation of costs between TasNetworks and its subsidiaries. • We obtained Journal entry samples to confirm the effectiveness of the classification and segregation of costs and revenue generated from different regulatory business segments, and checked that they were consistent with the AER approved CAM; and • We inspected the 30 June 2025 Audit and Review outcomes report – Regulatory Information Notices draft report by Audit Tasmania to confirm that there were no audit findings relating to the CAM. 	<p>Key Control</p> <ul style="list-style-type: none"> • Cost Allocation Methodology (“CAM”) approved by the AER • Cost Allocation Calculation • Causal Allocation Drivers • Cost Allocation Methodology Surveys • Audit and Review of the Annual Information Order Statements for Distribution and Transmission for the Year Ended 30 June 2025 <p>Test Performed</p> <ul style="list-style-type: none"> • We obtained documents and procedures for the CAM process to confirm that it addresses the allocation of costs between TasNetworks and its subsidiaries. • We obtained Journal entry samples to confirm the effectiveness of the classification and segregation of costs and revenue generated from different regulatory business segments, and checked that they were consistent with the AER approved CAM; and • We inspected the 30 June 2025 Audit and Review outcomes report – Regulatory Information Notices draft report by Audit Tasmania to confirm that there were no audit findings relating to the CAM.
Results of Testing	Based on the testing performed, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.2 of the Distribution Ring-Fencing Guidelines.	Based on the testing performed, Deloitte considers that TasNetworks possess the ability to remain complaint with 3.2.2 of the Distribution Ring-Fencing Guidelines.
Recommendation	N/A	N/A
Rating	No exception	No exception
Obligation not to Discriminate		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	4.1(b), (d)	4.1(b)
Guideline Obligation	<p>(b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <ol style="list-style-type: none"> direct control services by the DNSP (whether to itself or to any other legal entity); and / or contestable electricity services by any other legal entity. <p>(d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>	<p>(b) A TNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a related electricity service provider in connection with the provision of prescribed transmission services by the TNSP (whether to itself or to any other legal entity).</p>

Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Mandatory Ring-Fencing Training Ring-Fencing Training Procedure TasNetworks Distribution Connection Pricing Policy <p>Test Performed</p> <ul style="list-style-type: none"> Inspected TasNetworks information sharing register to determine which (if any) related electricity service providers and other legal entities who provide electricity services who have requested access to information Inspected training material along with the training logs to ensure staff are educated in the guidelines; and Inspected the TasNetworks Distribution Connection Pricing Policy which states that TasNetworks' charges for connection services are levied on either a fixed fee basis, or a quote basis based on labour costs, contractor costs and material costs, in both cases, the fees and charges applied by TasNetworks to distribution connection customers are set out in the Connection Pricing Policy and are approved by the AER. 	<p>Key Control</p> <ul style="list-style-type: none"> Mandatory Ring-Fencing Training Training on information sharing in relation to setup of TasNet Connections Pty Ltd Ring-Fencing Training Procedure Transmission Connections Process <p>Test Performed</p> <ul style="list-style-type: none"> Inspected TasNetworks information sharing register to determine which (if any) related electricity service providers and other legal entities who provide electricity services who have requested access to information Inspected training material along with the training logs to ensure staff are educated in the guidelines; and Inspected the TasNetworks Distribution Connection Pricing Policy which states that TasNetworks' charges for connection services are levied on either a fixed fee basis, or a quote basis based on labour costs, contractor costs and material costs, in both cases, the fees and charges applied by TasNetworks to distribution connection customers are set out in the Connection Pricing Policy and are approved by the AER.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations; with key observations below:</p> <ul style="list-style-type: none"> The overall completion rate for mandatory ring-fencing training for active TasNetworks employees for 2025 was confirmed to be 100%. This was evidenced by documented training logs, as well as a walkthrough with the compliance team. The overall completion rate for advanced ring-fencing training for the 2025 year was 98.8%. There were no reported Related Electricity Service Providers and other legal entities who provide contestable electricity services who have requested access to information identified in clause 4.3.3(a). 	<p>Based on the testing performed we have not identified any matters of exception against the obligations; with key observations below:</p> <ul style="list-style-type: none"> The overall completion rate for mandatory ring-fencing training for active TasNetworks employees for 2025 was confirmed to be 100%. This was evidenced by documented training logs, as well as a walkthrough with the compliance team. The overall completion rate for advanced ring-fencing training for the 2025 year was 98.8%.
Recommendation	N/A	N/A
Rating	No exceptions.	No exceptions.
Functional separation		
	Physical separation / co-location	Staff Separation
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.1(a) 4.2.1(b)	4.3 (a)
Guideline Obligation	<p>(a) A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services</p> <p>(b) Clause 4.2.1(a) does not apply in respect of:</p> <ol style="list-style-type: none"> offices for staff who, in the course of their duties: 	<p>(c) A TNSP must ensure that:</p> <ol style="list-style-type: none"> marketing staff involved in the provision of prescribed transmission services are also not staff involved in the provision of contestable electricity services by a related electricity service provider; and

	<ul style="list-style-type: none"> a) do not have access to electricity information; b) have access to electricity information but do not have, in performing the roles, functions or duties of their staff position, any opportunity to use that electricity information to engage in conduct that is contrary to the DNSP's obligations under clause 4.1; or c) only have access to electricity information to the extent necessary to perform services that are not electricity services (such as general administration, accounting, payroll, human resources, legal or regulatory, or information technology support services). <ul style="list-style-type: none"> ii. providing assistance to the extent necessary to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control; iii. regional offices, except to the extent that this exemption has been varied or revoked under clause 5.6; or iv. any arrangements authorised in accordance with the waiver process set out in clause 5 of this Guideline. 	<ul style="list-style-type: none"> ii. ii. staff involved in the provision of prescribed transmission services are not marketing staff involved in the provision of contestable electricity services by a related electricity service provider.
Key Controls and Testing	<p>Key Control No control identified</p> <p>Test Performed</p> <ul style="list-style-type: none"> • Inspected evidence of information access restrictions for 42-24 staff • Inspected building access card to 42-24 and TasNetworks buildings; and • Discussed with TasNetworks compliance team on the application of clause 4.2.1(b)(i)(b) 	<p>Key Control</p> <ul style="list-style-type: none"> • TasNetworks brand guidelines • Interaction between TasNetworks and TasNet Connections Pty Ltd Policy; and • Advanced Ring-fencing training <p>Test Performed</p> <ul style="list-style-type: none"> • Inspected TasNetworks branding and marketing processes and policies, and discussed with the compliance Team the requirements around TasNet Connections Pty Ltd.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • In November 2025, Fortytwo24 Pty Ltd relocated to TasNetworks' Head Office in Lenah Valley • Whilst TasNetworks and 42-24 operate in separated buildings, no physical access restrictions exist • TasNetworks have applied clause 4.2.1(b)(i)(b) of the Distribution Guideline with the following reasons: <ul style="list-style-type: none"> ○ Distribution asset rental is only offered by 42-24, with no one else offering distribution asset rental services in the state ○ There is no ability to discriminate in their favour because they are not competing with anyone ○ The electricity information accessed is basic location data (such as which pole is to be rented) which is not confidential, allowing for anyone to request and receive this information ○ Having access to this information does not give 42-24 a competitive advantage in any way ○ The information does not provide any opportunity to discriminate ○ 42-24 only has access to electricity information that relates to their specific services, not broader technical information that could provide advantage in other markets; and 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • As per confirmation received from the Regulatory team, TasNet Connections Pty Ltd supplied contestable electricity services as defined by the Transmission Guidelines as a business unit of TasNetworks, with sufficient controls in place to maintain compliance. • TasNetworks policy "Interactions between TasNetworks and TasNet Connections" sufficiently address requirements in order to be compliant with the guidelines.

	<ul style="list-style-type: none"> ○ Information access restrictions exist in the information management system to prevent unauthorised access • Though no other contestable electricity services are being conducted by 42-24, their physical access to buildings creates hypothetical security risks (such as accessing unlocked laptops or computer screens) if future contestable services were offered, despite information management system access restrictions being in place. 	
Recommendation	<p>We recommend TasNetworks and 42-24 implement further controls which physically separate the two legal entities to avoid any access of commercial information. These include:</p> <ul style="list-style-type: none"> - Reviewing and restricting access of TasNetworks and 42-24 staff to one another's physical buildings; and <p>The TasNetwork's compliance team conducting a review into the user restrictions of 42-24 ensuring commercial information isn't readily available.</p>	N/A
Rating	No Exception	No exception
Staff sharing		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.2 (a)	N/A
Guideline Obligation	A DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.	N/A
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • TasNetworks brand guidelines; and • Refer 4.1(b) above. <p>Test Performed</p> <ul style="list-style-type: none"> • Refer 4.1(b) above. • Investigated TasNetworks branding and marketing processes. 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • TasNetworks branding and marketing processes have sufficient levels of approvals. 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A

Staff sharing		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.2 (c)	N/A
Guideline Obligation	The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP's obligations under this Guideline.	N/A
Key Controls and Testing	<ul style="list-style-type: none"> • People and Remuneration Committee Charter • Remuneration Report 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • We have obtained the People and Remuneration Committee Charter and the Remuneration Report for the period 1 July 2024 to 30 June 2025 and observed TasNetworks has complied with the Government's Director and Executive Remuneration Guidelines for the year ended 30 June 2025. The Remuneration Report stated that TasNetworks has not paid bonuses or any other short term incentive payments to any member of key management personnel. 	N/A
Recommendation	N/A	N/A
Rating	No exceptions.	N/A

Branding and Cross-promotion		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.2.3 (a)	N/A
Guideline Obligation	<p>A DNSP:</p> <ul style="list-style-type: none"> i) must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related ii) must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion.); and iii) must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself. 	N/A
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • TasNetworks Marketing Guidelines • Social media and website approval processes for approved branding uses; and • Marketing personnel are aware of the different entities and their approved business activities. <p>Test Performed</p> <ul style="list-style-type: none"> • Examined TasNetworks policies relating to branding and cross promotion • Inspected Fortytwo24 Pty Ltd issued invoices to ensure there was clear separated branding from the partner TasNetworks and no mention was made; and • Examined social media and website approval processes for approved branding uses. 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> • Distinctly separate Fortytwo24 Pty Ltd branding has been developed for use when performing services • Website and social media approval controls are appropriately designed and operated effectively during the 2025 regulatory year; and • Marketing personnel are aware of the different entities and the services they provide 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A

Office and Staff Registers		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	4.2.4 (a), (b)	N/A
Guideline Obligation	<p>(a) A DNSP must establish, maintain, and keep a register that identifies:</p> <p>(i) The offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii</p> <p>(ii) The staff positions (including a description of the roles, functions, and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.e., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); and</p> <p>(iii) The staff positions referred to in clause 4.2.4(a)ii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced to hold and (if applicable) ceased to hold that position.</p> <p>(b) No later than 15 January, 15 April, 15 July, and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>	N/A
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Office and staff sharing registers Ring-fencing registers procedure; and Calendar of Reporting Requirements. <p>Test Performed</p> <ul style="list-style-type: none"> We inspected the office and staff sharing registers that is publicly available on the TasNetworks website; and We identified that TasNetworks' reporting calendar included Office and Staff sharing registers publish dates. 	N/A
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations with key observations below:</p> <ul style="list-style-type: none"> The office and staff registers are current and publicly available on TasNetworks' website; and TasNetworks has incorporated publishing dates relating to the office and staff registers to their compliance calendar. 	N/A
Recommendation	N/A	N/A
Rating	No exception	N/A

Protection of Confidential Information		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	4.3.1 (a) & (b)	4.2.1(a) & (b)
Guideline Obligation	Subject to this clause 4.3, a DNSP must: (a) keep ring-fenced information confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.	Subject to this clause 4.2, a TNSP must: (b) keep ring-fenced information confidential; and (c) only use ring-fenced information for the purpose for which it was acquired or generated.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Information Classification and Handling Procedures and Protocols IT access approval IT access review Information Management Policy and Procedures; and Dynamic Security Permission Groups. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks Policies regarding the protection of confidential information. We inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of confidential information. We reviewed ring-fencing training materials ensuring they addressed confidentiality obligations We observed the design and function of IT access review controls; and We observed the design and function of IT access approval controls. 	<p>Key Control</p> <ul style="list-style-type: none"> Information Classification and Handling Procedures and Protocols IT access approval IT access review Information Management Policy and Procedures; and Dynamic Security Permission Groups. <p>Test Performed</p> <ul style="list-style-type: none"> We examined TasNetworks Policies regarding the protection of confidential information. We inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of confidential information. We reviewed ring-fencing training materials ensuring they addressed confidentiality obligations We observed the design and function of IT access review controls; and We observed the design and function of IT access approval controls.
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below: <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Distribution Ring-Fencing Guidelines; and TasNetworks has a number of internal controls designed to proactively manage access to ring-fenced information. 	Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below: <ul style="list-style-type: none"> TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Distribution Ring-Fencing Guidelines; and TasNetworks has a number of internal controls designed to proactively manage access to ring-fenced information
Recommendation	N/A	N/A
Rating	No exception	No exception

Disclosure of Information		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	4.3.2 (a)-(i)	4.2.2
Guideline Obligation	<p>A DNSP must not disclose ring-fencing information to any person, including a related electricity service provider, unless:</p> <ul style="list-style-type: none"> (a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates. (b) the disclosure is required by, or for the purpose of complying with any law. (c) the disclosure is necessary to enable the DNSP to provide its distribution services, its transmission services or its other services (including by acquiring services from other legal entities). (d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer. (e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control (f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the DNSP. (g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services. (h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.3 in relation to that confidential information. (i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure. 	<p>A TNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <ul style="list-style-type: none"> (a) the TNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates. (b) the disclosure is required by, or for the purpose of complying with, any law. (c) the disclosure is necessary to enable the TNSP to provide transmission services or (if authorised in accordance with the waiver process set out in clause 5 of this Guideline) other services (including by acquiring services from other legal entities). (d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide non-regulated transmission services or other services to the customer or potential customer. (e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an event (such as an emergency) that is beyond a Network Service Provider's reasonable control. (f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider of the TNSP. (g) a related electricity service provider of the TNSP has requested the disclosure and the TNSP complies with clause 4.2.3 in relation to that ring-fenced information; or (h) another legal entity, other than a related electricity service provider of the TNSP, has requested the disclosure.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Information Sharing Deed Poll • Ring-fencing training modules • TasNetworks Information Register Application Form • Information Register; and • Privacy Policy. <p>Test Performed</p> <ul style="list-style-type: none"> • We examined TasNetworks policies in relation to the disclosure of information. • We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period; and • We inspected the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of confidential information. 	<p>Key Control</p> <ul style="list-style-type: none"> • Information Sharing Deed Poll • Ring-fencing training modules • TasNetworks Information Register Application Form • Information Register; and • Privacy Policy. <p>Test Performed</p> <ul style="list-style-type: none"> • We examined TasNetworks policies in relation to the disclosure of information. • We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period; and • We inspected the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of confidential information.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has developed policies and procedures designed to ensure that confidential information is only disclosed where permitted under the Guidelines; and • According to the Information register, TasNetworks has not disclosed confidential information in the period. 	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has developed policies and procedures designed to ensure that confidential information is only disclosed where permitted under the Guidelines; and • According to the Information register, TasNetworks has not disclosed confidential information in the period.

Recommendation	N/A	N/A
Rating	No exception	No exception
Sharing of Information		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	4.3.3	4.2.3
Guideline Obligation	<p>a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a DNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a DNSP has disclosed under clause 4.3.2(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services. <p>c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(a) to (e).</p> <p>d) Without limiting clause 4.3.3(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities and must make that protocol publicly available on its website.</p> <p>e) Where a DNSP discloses information referred to in clause 4.3.3(a) to any other legal entity under this clause 4.3.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.1 and 4.3.2(a) to (d) in relation to that information as if the other legal entity was a DNSP.</p>	<p>(a) Subject to clause 4.1(c)(iv), and to this clause 4.2.3, where a TNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a TNSP has disclosed under clause 4.2.2(f) or (h) is then disclosed by any person to a related electricity service provider of the TNSP, the TNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p> <p>(b) TNSP is only required by clause 4.2.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> i. the legal entity has requested that it be included on the information register in respect of information of that kind; and ii. the legal entity is competing, or is seeking to compete, with a related electricity service provider, in relation to the provision of contestable electricity services. <p>(c) A TNSP is not required by clause 4.2.3(a) to provide information to a legal entity where the TNSP has disclosed the information in the circumstances set out in clauses 4.2.2(a) to (e).</p> <p>(d) Without limiting clause 4.2.3(a), a TNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.2.3(a) available to legal entities, and must make that protocol publicly available on its website.</p> <p>(e) Where a TNSP discloses information referred to in clause 4.2.3(a) to any other legal entity under this clause 4.2.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.2.1 and 4.2.2(a) to (d) in relation to that information as if the other legal entity was a TNSP.</p>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Information Sharing Deed Poll • TasNetworks Information Register Application Form; and • Information Register. <p>Test Performed</p> <ul style="list-style-type: none"> • We examined TasNetworks policies in relation to the disclosure of information. • We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period. 	<p>Key Control</p> <ul style="list-style-type: none"> • TasNetworks Ring-Fencing Information Sharing Protocol • Information Sharing Deed Poll • TasNetworks Information Register Application Form; and • Information Register. <p>Test Performed</p> <ul style="list-style-type: none"> • We examined TasNetworks policies in relation to the disclosure of information. • We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the period.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has processes currently in place allowing them to comply with the guideline if a related electricity service provider requested disclosure of ring-fenced information. 	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has processes currently in place allowing them to comply with the guideline if a related electricity service provider requested disclosure of ring-fenced information.

	<ul style="list-style-type: none"> TasNetworks has not been engaged by a related electricity service provider in relation to a disclosure during the audit period of 1 January 2025 to 31 December 2025. We found the information sharing protocol to be publicly available on TasNetworks website. 	<ul style="list-style-type: none"> TasNetworks has not been engaged by a related electricity service provider in relation to a disclosure during the audit period of 1 January 2025 to 31 December 2025. We found the information sharing protocol to be publicly available on TasNetworks website.
Recommendation	N/A	N/A
Rating	No exception	No exception
Information Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.3.4 (a) - (c)	4.2.4 (a), (b) & (c)
Guideline Obligation	<p>(a) A DNSP must establish, maintain, and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers; and ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP. <p>who request access to information identified in clause 4.3.4(a) and must make the register publicly available on its website.</p> <p>(b) For each related electricity service provider or other legal entity that has requested that a DNSP provide access to information identified in clause 4.3.3(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP. <p>(c) A legal entity may request that the DNSP include it on the information register in relation to some or all the kinds of information that the DNSP is required to provide under clause 4.3.4(a), and the DNSP must comply with that request.</p>	<p>(a) A TNSP must establish, maintain and keep a register of all:</p> <ul style="list-style-type: none"> i. related electricity service providers. ii. other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>who request access to information identified in clause 4.2.3(a) and must make the register publicly available on its website.</p> <p>(b) For each related electricity service provider or other legal entity that has requested that a TNSP provide access to information identified in clause 4.2.3(a), the TNSP's information register must:</p> <ul style="list-style-type: none"> i. identify the kind of information requested by the related electricity service provider or other legal entity; and ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the TNSP. <p>(c) A legal entity may request that the TNSP include it on the information register in relation to some or all of the kinds of information that the TNSP is required to provide under clause 4.2.3(a), and the TNSP must comply with that request.</p>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Information Register <p>Test Performed</p> <ul style="list-style-type: none"> We observed that the information register is publicly available on TasNetworks website. 	<p>Key Control</p> <ul style="list-style-type: none"> Information Register <p>Test Performed</p> <ul style="list-style-type: none"> We observed that the information register is publicly available on TasNetworks website.
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:	Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:

	<ul style="list-style-type: none"> TasNetworks has established an information register that is publicly available on the TasNetworks website; and TasNetworks has process in place to maintain the information register. 	<ul style="list-style-type: none"> TasNetworks has established an information register that is publicly available on the TasNetworks website; and TasNetworks has process in place to maintain the information register.
Recommendation	N/A	N/A
Rating	No exception	No exception
Conduct of Service Providers		
	Electricity Distribution	Electricity Transmission
Guideline Reference	4.4.1 (a)	4.4.1 (a)
Guideline Obligation	<p>A DNSP:</p> <p>(a) 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:</p> <ul style="list-style-type: none"> i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP. 	<p>A TNSP:</p> <p>(a) must ensure that any new or varied agreement between the TNSP and a service provider, for the provision of services to the TNSP that enable or assist the TNSP to provide prescribed transmission services, requires the service provider to comply, in providing those services, with clauses 4.1, 4.2.1 and 4.3 of this Guideline as if the service provider was the TNSP</p>
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Standard Terms and Conditions; and TasNetworks contract template. <p>Test Performed</p> <ul style="list-style-type: none"> We observed TasNetworks contract templates and sampled contracts from the 2025 reporting period to ensure they have been applied in accordance with the guidelines. 	<p>Key Control</p> <ul style="list-style-type: none"> TasNetworks Standard Terms and Conditions; and TasNetworks contract template. <p>Test Performed</p> <ul style="list-style-type: none"> We observed TasNetworks contract templates and sampled contracts from the 2025 reporting period to ensure they have been applied in accordance with the guidelines.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We selected a sample of suppliers with new contracts entered in the 2025 year and confirmed that ring-fencing clauses were inserted to relevant contracts; and We noted the TasNetworks contract template clearly defined all ring-fencing obligations for new or varied agreements. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> We selected a sample of suppliers with new contracts entered in the 2025 year and confirmed that ring-fencing clauses were inserted to relevant contracts. We noted the TasNetworks contract template clearly defined all ring-fencing obligations for new or varied agreements.
Recommendation	N/A	N/A

Rating	No exception	No Exception
Waiver Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	5.7 (a)	5.7 (a)
Guideline Obligation	(a) A DNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.	(a) A TNSP must establish, maintain and keep a register of all waivers (including any variation of a waiver) granted to the TNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register <p>Test Performed</p> <ul style="list-style-type: none"> We observed that the waiver register is publicly available on TasNetworks website. 	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register <p>Test Performed</p> <ul style="list-style-type: none"> We observed that the waiver register is publicly available on TasNetworks website.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its waiver register publicly and it can be accessed via the TasNetworks website 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its waiver register publicly and it can be accessed via the TasNetworks website
Recommendation	N/A	N/A
Rating	No exceptions	No exceptions
Waiver Register		
	Electricity Distribution	Electricity Transmission
Guideline Reference	5.7 (b)	5.7 (b)
Guideline Obligation	<p>The register established under clause 5.7(a) must include:</p> <ol style="list-style-type: none"> the description of the conduct to which the waiver or interim waiver applies; and the terms and conditions of the waiver or interim waiver; as set out in the AER's written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver. 	<p>The register established under clause 5.7(a) must include:</p> <ol style="list-style-type: none"> the description of the conduct to which the waiver or interim waiver applies; and the terms and conditions of the waiver or interim waiver; as set out in the AER's written decision, provided by the AER to the TNSP, to grant (or vary) the waiver or interim waiver.

Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register. <p>Test Performed</p> <ul style="list-style-type: none"> We observed the content of the waiver register against the requirements of the Guideline. 	<p>Key Control</p> <ul style="list-style-type: none"> Waiver register. <p>Test Performed</p> <ul style="list-style-type: none"> We observed the content of the waiver register against the requirements of the Guideline.
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website. TasNetworks held two waivers in the assessable period: <ul style="list-style-type: none"> Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program; and Distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) services via voltage management TasNetworks waiver register includes terms and conditions as set out in the AER's written decision, provided by the AER to the DNSP. <p>We observed that TasNetworks has reported the waivers indicated in the 2025 Ring-fencing compliance report on page 11 section 7.1.</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has maintained its wavier register publicly and it can be accessed via the TasNetworks website. TasNetworks held no TNSP related waivers for the 2025 reporting period. <p>We observed that TasNetworks has reported the waivers indicated in the 2025 Ring-fencing compliance report on page 11 section 7.1.</p>
Recommendation	N/A	N/A
Rating	No exception	No exception
Maintaining Compliance		
	Electricity Distribution	Electricity Transmission
Guideline Ref.	6.1	6.1
Guideline Obligation	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.	A TNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under clause 6A.21.1 of the NER. The AER may require the TNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER about the adequacy of the TNSP's compliance procedures doesn't affect the TNSP's obligations under clause 6A.21.1 of the NER.
Key Controls and Testing	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Team <p>Key Control</p> <ul style="list-style-type: none"> Dedicated Regulatory Team Onboarding Ring-Fencing Awareness Training Biennial Refresher Ring-fencing Awareness Training 	<p>Discussions held with:</p> <ul style="list-style-type: none"> Regulatory Team <p>Key Control</p> <ul style="list-style-type: none"> Dedicated Regulatory Team Onboarding Ring-Fencing Awareness Training Biennial Refresher Ring-fencing Awareness Training

	<ul style="list-style-type: none"> • Target Ring-Fencing Awareness Training • TasNetworks Ring-Fencing Compliance plan ; and • Regulatory Reporting Calendar. <p>Test Performed</p> <ul style="list-style-type: none"> • We inspected the TasNetworks Ring-Fencing Compliance Plan • We inspected the online ring-fencing training module for evidence that the ring-fencing obligations are explained in clear terms; and • We obtained the training report indicating the employees who completed the training and the overall rate of completion. 	<ul style="list-style-type: none"> • Targeted advanced Ring-Fencing Awareness Training • TasNetworks Ring-Fencing Compliance plan; and • Regulatory Reporting Calendar. <p>Test Performed</p> <ul style="list-style-type: none"> • We inspected the TasNetworks Ring-Fencing Compliance plan. • We inspected the online ring-fencing training module for evidence that the ring-fencing obligations are explained in clear terms; and • We obtained the training report indicating the employees who completed the training and the overall rate of completion. • We conducted a walkthrough of TasNetworks customer complaints system Podium.
Observations	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines • The ring-fencing training module explains the Guideline obligations in clear terms; and • Deloitte noted that 98.8% of TasNetworks employees completed the ringfencing compliance advanced training. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines • The ring-fencing training module explains the Guideline obligations in clear terms • Deloitte noted that 98.8% of TasNetworks employees completed the ringfencing compliance ; and refresher training and controls are in place to maintain training be completed every two years.
Recommendation	N/A	N/A
Rating	No Exception	No Exception
Annual Compliance Report		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.2.1 (a), (b)	6.2.1 (a), (b)
Guideline Obligation	<p>(a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ol style="list-style-type: none"> i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline. ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP. iii. all other services provided by the DNSP in accordance with clause 3.1; and iv. the purpose of all transactions between the DNSP and an affiliated entity. 	<p>(a) A TNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <ol style="list-style-type: none"> i. the measures the TNSP has taken to ensure compliance with its obligations under this Guideline. ii. any breaches of this Guideline by the TNSP, or which otherwise relate to the TNSP. iii. all other services provided by the DNSP in accordance with clause 3.1 iv. the purpose of all transactions between the TNSP and an affiliated entity.

		<ul style="list-style-type: none"> v. the total number of connection applications received by the TNSP in that calendar year vi. the proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services solely by a related electricity service provider of the TNSP; and vii. the proportion of the total number of connection applications received by the TNSP in that calendar year that include the provision of contestable electricity services by a person other than a related electricity service provider of the TNSP viii. for connections commissioned in that calendar year that have included the provision of contestable electricity services by a related electricity service provider, the average time (in business days) between initial receipt of the connection application and the commissioning of the connection. ix. for connections commissioned in that calendar year that have not included the provision of contestable electricity services by a related electricity service provider, the average time (in business days) between initial receipt of the connection application and the commissioning of the connection.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> • Ring-fencing compliance report <p>Test Performed</p> <ul style="list-style-type: none"> • We compared the final 1 January 2025 – 31 December 2025 ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (version 3). 	<p>Key Control</p> <ul style="list-style-type: none"> • Ring-fencing compliance report <p>Test Performed</p> <ul style="list-style-type: none"> • We compared the final 1 January 2024 – 31 December 2025 ring-fencing compliance report against the requirements of the AER Electricity Transmission Ring-Fencing Guideline – Compliance reporting best practice manual (Version 1).
Observations	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual. • The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Transmission Ring-Fencing Guideline –Compliance reporting best practice manual. • The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.
Recommendation	N/A	N/A
Rating	No Exception	No Exception

Annual Compliance Report		
	Electricity Distribution	Electricity Transmission
Guideline Reference	6.2.1 (c)	6.2.1 (c)
Guideline Obligation	The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.	The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except 6.2.2 and 6.2.3) by a suitably qualified independent authority.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report Deloitte has been engaged as the independent authority to assess TasNetworks compliance with the Guideline. <p>Test Performed</p> <p>We reviewed the draft annual ring-fencing compliance report for evidence that it is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>	<p>Key Control</p> <ul style="list-style-type: none"> Ring-fencing compliance report Deloitte has been engaged as the independent authority to assess TasNetworks compliance with the Guideline. <p>Test Performed</p> <p>We reviewed the draft annual ring-fencing compliance report for evidence that it is accompanied by an assessment of compliance by a suitably qualified independent authority.</p>
Observations	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual; and The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority. 	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual; and The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.
Recommendation	N/A	N/A
Rating	No Exception	No Exception
Compliance Breaches		
	Electricity Distribution	Electricity Transmission
Guideline Ref	6.3	6.3
Guideline Obligation	A DNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a DNSP, in accordance with the NEL.	A TNSP must notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under this Guideline, except for a breach of clause 6.2.2 or this clause 6.3 of this Guideline. The AER may seek enforcement of this Guideline by a court in the event of any breach of this Guideline by a TNSP, in accordance with the NEL.
Key Controls and Testing	<p>Key Control</p> <ul style="list-style-type: none"> Targeted advanced Ring-fencing training module Ring-fencing Compliance Plan Calendar of Reporting Requirements 	<p>Key Control</p> <ul style="list-style-type: none"> Targeted advanced Ring-fencing training module Ring-fencing Compliance Plan Calendar of Reporting Requirements

	<p>Test Performed</p> <ul style="list-style-type: none"> • We inspected the Incident Management Flowchart • We inspected the Ring-fencing Compliance Plan • We selected a sample of customer complaints to investigate for instances of non-compliance with the Guideline • We reviewed the ring-fencing training module for evidence that employees are informed of the breach reporting process • We obtained the training report indicating the employees who completed the training and the overall rate of completion; and • We obtained and inspected the correspondence with the AER during 2025 relating to the breach that occurred that year. 	<p>Test Performed</p> <ul style="list-style-type: none"> • We inspected the Incident Management Flowchart • We inspected the Ring-fencing Compliance Plan • We selected a sample of customer complaints to investigate for instances of non-compliance with the Guideline • We reviewed the ring-fencing training module for evidence that employees are informed of the breach reporting process; and • We obtained the training report indicating the employees who completed the training and the overall rate of completion.
Results of Testing	<p>Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks have implemented a refresher course employees must complete every two years. • TasNetworks have a targeted ring-fencing training module that addresses reporting non-compliance; and • From the correspondence with the AER (notice of breach), Deloitte observed that the breach had been reported in line with TasNetworks Regulatory Breach Reporting Procedure. 	<p>Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> • TasNetworks have implemented a refresher course employees must complete every two years; and • TasNetworks have a targeted ring-fencing training module that addresses reporting non-compliance.
Recommendation	NA	N/A
Rating	No exception	No exception

Decision: Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program ("the Decision")

The Distribution Ring-fencing Guideline restricts DNSPs from leasing new energy storage devices to another legal entity without a waiver from the AER. The AER granted a ring-fencing class waiver, effective from 3 February 2023 to 30 June 2041, to waive clauses 3.1, 4.2.1 and 4.2.2 of the Guideline for battery assets funded under the Australian Government's Community Batteries for Household Solar Program.

Under the Decision, prior to the Regulatory Asset Base ("RAB") allocation at the DNSP's next regulatory proposal, the DNSP must include in its regulatory proposal evidence, and a report from an independent auditor, that confirms compliance with provision b of the Decision. To assist DNSP's to comply with the Decision, the AER issued the Guidance Note- Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program ("the Guidance Note")

	Electricity Distribution
Decision Ref	4 b)
Decision Obligation	<p>What is allocated to the DNSP's RAB is only the part of the total cost of the asset that reflects the proportionate share (that relates to direct control services) of the total quantified benefit that is forecast at the time the investment decision is made, where:</p> <ul style="list-style-type: none"> i. prior to the RAB allocation at the DNSP's next regulatory proposal, the DNSP includes in its regulatory proposal evidence, and a report from an independent auditor, that confirms compliance with this provision b); ii. the DNSP may use the Government contribution to offset costs (regulated or unregulated) either partially or fully but may not exceed the total cost allocation to a particular stack (regulated or unregulated); iii. the total cost of the battery allocated to the RAB must be an amount equal to or less than the forecast network benefit; and iv. definitions: <ul style="list-style-type: none"> • the total quantified benefit is the sum of both the forecast network benefit (quantified benefit derived from the deployment of the asset for direct control services) and the forecast non-network benefit (quantified benefit accruing to the DNSP derived from the deployment of the asset for other distribution service and other services) over its economic life. <p>The following criteria apply to projects that fall within class b):</p> <ol style="list-style-type: none"> 1. A DNSP must comply with the Cost Allocation Principles that require a DNSP to appropriately allocate and attribute costs for use of the asset between direct control services, other distribution services, and other services. 2. A DNSP must provide, as part of that DNSP's independently audited annual ring-fencing compliance report that is required under clause 6.2 if the Guideline. <ul style="list-style-type: none"> a) the total quantified benefit derived from the deployment of the asset or all services over the most recent financial year; b) the total quantified benefit derived from the deployment of the asset from direct control services over the most recent financial year; c) the total quantified benefit derived from the deployment of the asset from other distribution services and other services over the most recent financial year; and d) a comparison of the uses (volume and frequency) of the battery that confirms the usage by the DNSP and usage by its retail partner (or other third party), including the initial proposed allocation as a baseline against which actual usage of the assets can be compared.

	<p>The following criteria will apply to projects which fall within class (a) or (b):</p> <ol style="list-style-type: none"> 3. A DNSP must provide the AER with information as to the terms and conditions of the contracts entered into with third parties for the leasing of battery capacity. This information should include: <ol style="list-style-type: none"> a. the name of the contracting party or parties; b. the volume of capacity (in kW or kWh) leased to that party or parties; c. the price the capacity is leased for; and d. which party controls the operation of the battery and on what terms.
<p>Key Controls and Testing</p>	<p>Key Control</p> <ul style="list-style-type: none"> • Regulations team holding overall responsibility of managing the implementation of the AER's final decision and guidance note for community batteries; and • Regular meetings between the Regulations team and Network Innovation and Finance teams. • Cost Allocation Methodology ("CAM") approved by the AER • Cost Allocation Calculation <p>Test Performed</p> <p>As per section 4 b) we performed the following:</p> <ul style="list-style-type: none"> • We obtained documents and procedures for the CAM process to confirm that it addresses the allocation of costs of the DNSP and observed a functional area "SIAPC" for Batteries. • We obtained the Decision and guidance note for the Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program and examined whether the TasNetworks 2025 Compliance Report met the relevant requirements and criteria • We obtained the 2025 Ring-fencing compliance report and examined the contractual agreement with the operator of the batteries and TasNetworks underlying calculations of how the total quantified benefits were derived under the Australian Government's Community Batteries for Household Solar Program and observed the following: <ul style="list-style-type: none"> ✓ Total quantified benefit derived from the deployment of the asset or all services equivalent to \$2,221.15 relating to 1 May 2025 to 30 June 2025 ✓ Total quantified benefit derived from the deployment of the asset from direct control services equivalent to \$2,221.15 relating to 1 May 2025 to 30 June 2025 ✓ Total quantified benefit derived from the deployment of the assets from other distribution services equivalent to \$0; and ✓ Name of the contracting party, price, volume and capacity and the party that controls the operation. • We obtained the report "Underlying calculations" and examined the contractual agreement with the operator of the batteries, and observed the following: <ul style="list-style-type: none"> ✓ Total quantified benefit derived from the deployment of the asset all services \$2,221.15 ✓ Total quantified benefit derived from the deployment of the asset from direct control services \$2,221.15; and ✓ Total quantified benefit derived from the deployment of the assets from other distribution services \$0 • We obtained the communication to AER regarding the terms and conditions of the contract entered.

	<ul style="list-style-type: none">• We enquired the Regulation team on their interactions with relevant business units and the process to ensure AER's final decision and guidance notes are implemented correctly, no issues were identified by them.
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below: <ul style="list-style-type: none">• TasNetworks has sufficient evidence which supports compliance with 4 b) of the Decision; and• TasNetworks has met the requirements set out in the criteria of the Decision.
Recommendation	N/A
Rating	No exception

APPENDIX

Management Response(s)

The following table provides management responses against each identified non-material breach noted above (managements responses are not within the scope of our assurance report).

No.	Ref.	Category	Rating	Recommendation	Response
1.	Distribution Guideline 4.2.1a 4.2.1b	Physical separation / co-location	No Exception	<p>We recommend TasNetworks and 42-24 implement further controls which physically separate the two legal entities to avoid any access of commercial information. These include:</p> <ul style="list-style-type: none"> - Reviewing and restricting access of TasNetworks and 42-24 staff to one another's physical buildings; and - The TasNetwork's compliance team conducting a review into the user restrictions of 42-24 ensuring commercial information isn't readily available. 	<p>TasNetworks will continue to assess the risk and consider physically separating TasNetworks and 42-24.</p> <p>TasNetworks will conduct a review into user restrictions on its information management system to ensure commercial information isn't readily available.</p>