



# Independent Auditor's Report

To the Directors of Essential Energy

## Report on the review of the Estimated Historical Financial Information and the Non-Financial Information in the Regulatory Templates

### Conclusion

We have reviewed the Estimated Historical Financial Information and Non-Financial Information in the attached Regulatory Templates ("the Templates") of Essential Energy.

Based on the evidence we obtained from the review procedures we performed, nothing has come to our attention that causes us to believe that the:

- Estimated Historical Financial Information; and
- Actual and Estimated Non-Financial Information

in the Templates of Essential Energy for the regulatory years 1 July 2008 to 30 June 2017 is not prepared, in all material respects, in accordance with the requirements in the Regulatory Information Notice issued under Division 4 of Part 3 of the National Electricity (New South Wales) Law by the Australian Energy Regulator ("the AER") on 20 October 2017 ("the Notice") and the Basis of Preparation as prescribed by the Notice.

### Emphasis of matter – basis of preparation and restriction on use and distribution

The Templates have been prepared based on the Basis of Preparation as prescribed by the Notice. Without qualifying our conclusion, we draw attention to the Basis of Preparation which describes the methodologies, assumptions and judgements made by Management in interpreting the presentation requirements for Actual and Estimated Information and the definitions of Actual and Estimated Information in the Notice, in order to meet the requirements of the Notice.

This Independent Auditor's Report and the Templates have been prepared to assist the Directors of Essential Energy for the purpose of fulfilling their regulatory reporting obligations in accordance with the requirements of the Notice. As a result, the Templates and this Independent Auditor's Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of Essential Energy and the AER and should not be used by or distributed to parties other than the Directors of Essential Energy and the AER. We disclaim any assumption of responsibility for any reliance on this report, or on the Templates to which it relates, to any person other than the Directors of Essential Energy and the AER, or for any other purpose than that for which it was prepared.

### Responsibilities of the Directors and Management for the Templates

Management are responsible for:

- the preparation of the Templates in accordance with the requirements of the Notice; and



- such internal control as Management determine is necessary to enable the preparation of the Templates that are free from material misstatement, whether due to fraud or error.

The Directors of Essential Energy are responsible for:

- overseeing Essential Energy's regulatory reporting process;
- determining that the Basis of Preparation is appropriate to meet the needs of the AER in order to fulfil Essential Energy's reporting obligations; and
- the Statutory Declaration over the Estimated Historical Financial Information and the Actual and Estimated Non-Financial Information included in the Templates in order to comply with the requirements of the Notice.

### Auditor's responsibility for the review of the Templates

Our responsibility is to express a conclusion on the Templates in order to state whether, on the basis of the procedures described below, we have become aware of any matter that makes us believe that the Templates are materially misstated and do not comply with the requirements of the Notice. Our review was completed on this basis.

We conducted our review of the Templates in accordance with:

- *Standard on Review Engagements ASRE 2405 Review of Historical Information Other than a Financial Report* for our review of the Estimated Historical Financial Information; and
- *Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* for our review of the Actual and Estimated Non-Financial Information.

A review of the Templates consists of:

- making enquiries with the persons responsible for financial, accounting and regulatory reporting matters to understand the internal controls, governance structure and reporting process of the Templates;
- applying analytical procedures over the Templates; and
- other review procedures including:
  - walkthroughs of information in the Templates to Essential Energy's source documentation;
  - evaluating the appropriateness of the Basis of Preparation with respect to the Templates; and
  - reviewing the Templates in their entirety to ensure they are consistent with our overall knowledge of our review engagement.

A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit or reasonable assurance opinion.

As required by ASRE 2405 and ASAE 3000, we have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *Accounting Professional and Ethical Standards Board*, and complied with the applicable requirements of *Australian Standard on Quality Control 1* to maintain a comprehensive system of quality control.



## Independence and quality control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *Accounting Professional and Ethical Standards Board*, and complied with the applicable requirements of *Australian Standard on Quality Control 1* to maintain a comprehensive system of quality control.

## Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud or error may occur and not be detected.

A limited assurance engagement as at specified date does not provide assurance on whether compliance with the Notice will continue in the future.

KPMG

D N Ridehalgh  
Partner  
Sydney  
24 April 2018