



# Independent Auditor's Report

To the Directors of Essential Energy

## Report on the audit of the Historical Financial Information in the Regulatory Templates

### Opinion

We have audited the Historical Financial Information of Essential Energy.

In our opinion, the accompanying **Historical Financial Information** of Essential Energy for the regulatory years 1 July 2008 to 30 June 2017 is prepared, in all material respects, in accordance with 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.

The **Historical Financial Information** comprises the Actual Historical Financial Information for the regulatory years 1 July 2008 to 30 June 2017 ("the Historical Reporting Period") in the attached Regulatory Templates.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Information* section of our report.

We are independent of Essential Energy in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Historical Financial Information in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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

The Historical Financial Information in the Regulatory Templates has been prepared based on the Basis of Preparation as prescribed by the Notice.

Without qualifying our opinion, 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 Historical Information and the definitions of Actual and Estimated Historical Information in the Notice, in order to meet the requirements of the Notice.

This Auditor's Report and the Financial Information 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 Historical Financial Information and this Auditor's



Report may not be suitable for another purpose. Our opinion 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 Financial Information 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.

### Other Information

'Other Information' is financial and non-financial information in Essential Energy's reset reporting which is provided in addition to the Historical Financial Information, the Basis of Preparation and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Historical Financial Information does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the Other Information as it relates to the Historical Reporting Period. In doing so, we consider whether the relevant Other Information is materially inconsistent with the Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information as it relates to the Historical Reporting Period, and based on the work we have performed on the relevant Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors and Management for the Historical Financial Information

Management is responsible for:

- the preparation of the Historical Financial Information in accordance with the requirements of the Notice; and
- such internal control as Management determine is necessary to enable the preparation of the Historical Financial Information that is 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 regulatory reporting obligations; and
- the Statutory Declaration over the Historical Financial Information included in order to comply with the requirements of the Notice.

### Auditor's responsibilities for the audit of the Historical Financial Information

Our objective is:

- to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error; and



- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information.

A further description of our responsibilities for the audit of the Historical Financial Information is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar4.pdf](http://www.auasb.gov.au/auditors_files/ar4.pdf). This description forms part of our Auditor's Report.

A handwritten signature of the KPMG firm, written in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'D N Ridehalgh'.

D N Ridehalgh  
*Partner*  
Sydney  
24 April 2018