



Independent Limited Assurance Report to the Directors of Jemena Electricity Networks (Vic) Ltd

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in Jemena Electricity Networks (Vic) Ltd's Statement of Compliance that the entity has complied with the Ring-fencing Guidelines as at 31 December 2017 as set out in their Electricity Ring Fencing Guideline Annual Compliance Report.

Information subject to assurance

The information subject to assurance is Jemena Electricity Networks (Vic) Ltd's (Jemena's) Statement of Compliance for the regulatory year ended 31 December 2017, as set out in section 1.2 of Jemena's Electricity Ring Fencing Guideline Annual Compliance Report prepared in accordance with the Ring-fencing Guidelines published by the Australian Energy Regulator (AER) on 17 October 2017 (Statement of Compliance).

Scope

The subject of our limited assurance engagement is whether anything has come to our attention that causes us to believe that Jemena's Statement of Compliance is not, in all material respects, fairly presented as at 31 December 2017. This Statement of Compliance that they have complied with the Ring-fencing Guidelines will accompany our report, for the purpose of reporting to Directors of Jemena and the AER.

Basis for Conclusion

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



In accordance with ASAE 3100 we have:

- used our professional judgement to assess the risk of misstatements in Jemena's Statement of Compliance that they have complied with the Ring-fencing Guidelines issued by the AER;
- considered relevant internal controls when designing our assurance procedures; however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, observation and walk-throughs and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the compliance requirements is likely to arise.

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Jemena personnel and observation of relevant processes to obtain an understanding of Jemena's compliance framework and internal control environment to meet the compliance requirements of the Ring-fencing Guidelines;
- walk-throughs to obtain an understanding of relevant compliance activities that are undertaken to meet the compliance requirements; and
- reading the Electricity Ring Fencing Guideline Annual Compliance Report for consistency with our knowledge and understanding obtained from other procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly we do not express a reasonable assurance opinion on Jemena's compliance with the Ring-fencing Guidelines.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with Ring-fencing Guidelines may occur and not be detected. A limited assurance engagement as at 31 December 2017 does not provide assurance on whether compliance with the Ring-fencing Guidelines will continue in the future.



Use of this Assurance Report

This report has been prepared for the Directors of Jemena for the purpose of compliance with the Ring-fencing Guidelines and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Jemena and the AER, or for any other purpose than that for which it was prepared.

Management's Responsibility

Management are responsible for:

- the compliance activities including identifying, designing and implementing controls to meet the requirements of the Ring-fencing Guidelines;
- identification of risks that threaten the compliance with the Ring-fencing Guidelines from being met
- monitoring ongoing compliance; and
- Preparing and providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guidelines, which accompanies this Independent Assurance Report.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to Jemena's Statement of Compliance with the Ring-fencing Guidelines, as at 31 December 2017 and to issue an assurance report that includes our conclusion.

Our 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 Australian 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.

KPMG

Vicky Carlson

Partner

Melbourne

27 April 2018