

Jemena Electricity Networks (Vic) Ltd

Electricity Ring Fencing Guideline Annual Compliance Report

Covering the 2018 Regulatory Year

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Annual Compliance Report

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ABBREVIATIONS/DEFINITIONS

AER	Australian Energy Regulator
CAM	Cost Allocation Methodology
CAP	Cost Allocation Principles set out in clause 6.15.2 of the National Electricity Rules
DNSP	Distribution Network Service Provider
EPM	Enterprise Process Model
JAM	Jemena Asset Management Pty Ltd, the SGSPAA group entity with primary responsibility for provision of asset management services to Jemena's networks businesses, including to JEN
JCARS	Jemena's Compliance and Risk System, the system used by Jemena staff to log and monitor adherence to legal and regulatory obligations
JEN	Jemena Electricity Networks (Vic) Ltd (the operating entity for Jemena's electricity DNSP business)
NER	National Electricity Rules
RESP	Related Electricity Service Provider (as defined in the RFG)
RFG	Electricity Ring Fencing Guideline
SGSPAA	SGSP (Australia) Assets Pty Ltd, the ultimate Australian holding company of the Jemena and Zinfra businesses.

OVERVIEW

On 30 November 2016, the Australian Energy Regulator (**AER**) released its final decision on the Ring Fencing Guideline (**RFG, Guideline**). The Guideline was developed as a requirement under Chapter 6, part H of the National Electricity Rules (**NER**) to introduce functional and accounting separation where distribution network service providers (**DNSPs**) provide direct control services and other services or entities affiliated with the DNSP (**affiliated entities**) provide other services. The Guideline is binding on DNSPs.

The Guideline requires DNSPs to report compliance against the Guideline each year. This document (**Report**) is Jemena Electricity Networks' (**JEN**) submission against the reporting requirements of the Guideline for the 2018 regulatory year.

Throughout the 2018, JEN has maintained the compliance measures developed in 2017 and implemented some additional compliance activities. JEN confirms it has complied with the Guideline through the 2018 regulatory year.

JEN does not claim confidentiality over this submission.

1.1 ABOUT THIS REPORT

Section 1 of this Report contains an introduction, background information and JEN's overall compliance statement.

Section 2 of this Report is structured to align with the reporting obligations specified in clauses 6.1 and 6.2 of the Guideline under the following subsections:

- Report subsection 2.1, addresses JEN's response to clause 6.1 – *establishing and maintaining compliance*;
- Report subsection 2.2, addresses JEN's response to clauses 6.2.1(a) and 6.2.2 – *timing and preparation of annual report*;
- Report subsection 2.3, addresses JEN's response to clause 6.2.1(b)i – *measures taken to ensure compliance*;
- Report subsection 2.4, addresses JEN's response to clause 6.2.1(b)ii – *breaches of this guideline within the reporting year*;
- Report subsection 2.5, addresses JEN's response to clause 6.2.1(b)iii – *all other services provided by JEN*; and
- Report subsection 2.6, addresses JEN's response to clause 6.2.1(b)iv – *purpose of all transactions between JEN and affiliated entities*.

The assessment of compliance by a suitably qualified independent authority is addressed in section 3 of this report.

1.2 OVERALL COMPLIANCE STATEMENT

Throughout the 2018 regulatory year, JEN has maintained the compliance controls as described in Section 2 of this Report. JEN is of the view that there have been no reportable breaches of RFG obligations for the 2018 regulatory year.

2. REPORTING DETAILS

2.1 MAINTAINING AND ESTABLISHING COMPLIANCE

Guideline requirement

Clause 6.1 of the Guideline obligates DNSPs to maintain and establish appropriate internal procedures to ensure they comply with obligations under the Guideline.

Compliance with requirement

JEN's operations are subject to a wide range of legal, regulatory and licence requirements. As such, our business has existing procedures and systems to support JEN to identify, assess, adhere and monitor compliance to its many obligations. Our procedures and systems have been designed in line with AS ISO 19600:2015 Compliance Management Systems. In terms of the Guideline, JEN has incorporated those regulatory requirements into existing policies, procedures and systems where practical. Where necessary, new procedures or controls have been developed and implemented.

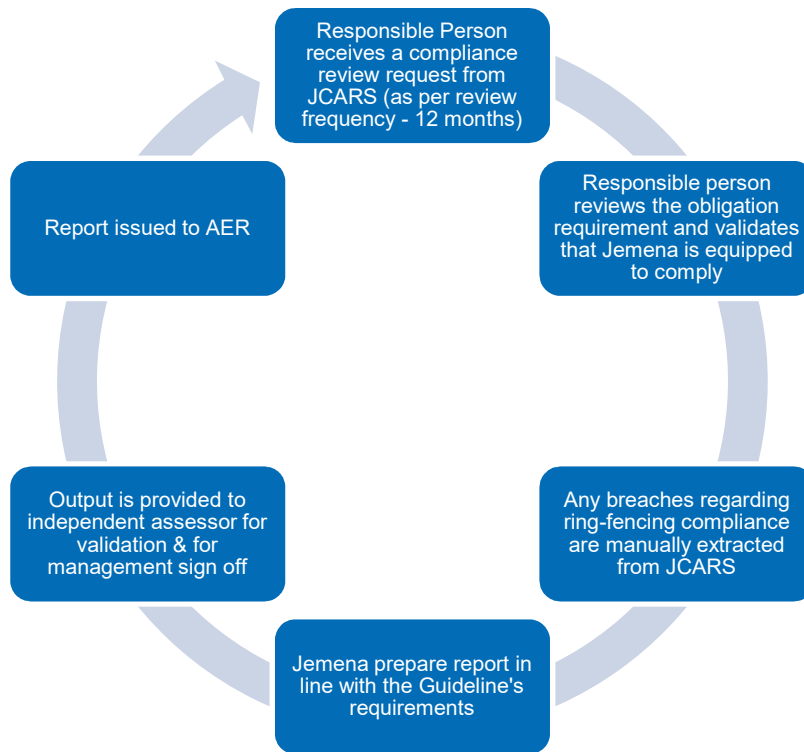
A key existing procedure and system paramount in maintaining our compliance with the Guideline is the integration of RFG obligations within Jemena's Compliance and Risk System (**JCARS**). This system houses detail about the obligations, such as the description, instrument reference, its risk rating (as per Jemena's risk matrix), obligation review frequency (as per risk rating) and the responsible person within the business for certifying compliance. Certification requires the responsible person to verify that JEN is compliant with the relevant obligation and continues to be equipped to be compliant in the future. Figure 2-1 has been produced to illustrate how the ring-fencing obligations are monitored for compliance adherence as part of JCARS and ultimately reported to the AER.

Given the importance JEN places on being compliant with its legislative and regulatory requirements, the JCARS procedure and system is established in a manner that distributes reminders to the responsible persons to review their compliance obligations, in advance of a specified due date. If not completed by the due date, the executive leader who holds ultimate accountability for the relevant obligation, will be notified of the non-response (which equates to non-adherence of the obligation).

This escalation path is critical for Jemena and its staff to reinforce the importance of maintaining, monitoring and acknowledging its compliance with obligations. The system and process assists in maintaining awareness and knowledge of the obligations as it creates a trigger to periodically review, without prompt of an obvious event or trigger such as a complaint, system failure or organisational change which would otherwise suggest or indicate a potential non-compliance risk.

This procedure and process is a critical mechanism for JEN to produce and validate its compliance with the Guideline and to subsequently document this Report.

Figure 2–1: AER Annual Ringfencing Reporting Cycle



2.2 REPORTING PERIOD

Clause 6.2.2 of the Guideline requires DNSPs to submit a compliance report to the AER annually, within four months of the end of each regulatory year.

Compliance with requirement

JEN has compiled this requirement by submitting this Report, based on data from the regulatory year of **1 January 2018 to 31 December 2018**, by 30 April 2019. Refer to section 1.2 for further discussion on JEN's overall compliance.

JEN has implemented processes that will require responsible persons within Jemena to complete their compliance responses by 30 November in the reporting year, to allow adequate time for this report to be prepared, validated and assessed by an independent authority during March and April. This will enable JEN to prepare and submit its Report, with due care and skill, in accordance with the Guideline.

To complete their compliance responses, the responsible persons need to certify that they are currently compliant and have complied since they last reported with the requirements of the obligation as well as the effective compliance measures are maintained to ensure future compliance.

2.3 MEASURES TO ENSURE COMPLIANCE

Guideline requirement

Clause 6.2.1(b)(i) of the Guideline requires that the annual compliance report must identify and describe, in respect of the regulatory year, the measures the DNSP has taken to ensure compliance with its obligations under this Guideline.

Compliance with requirement

SGAPAA has an internal *Compliance Policy* which affirms the commitment of the business, including JEN, to compliance with its legal and regulatory obligations. This is achieved through structures and management systems supporting the Jemena group of companies to manage and monitor regulatory requirements, create and maintain a compliance culture, and ensure all officers and staff within the SGSPAA group, including contractors, are aware of these obligations and act accordingly.

In 2017, a dedicated project team in conjunction with relevant business owners implemented the required process and system changes to comply with the Guideline.

During the course of the implementation project, Jemena also engaged an independent authority to perform a gap analysis (“gap analysis review”) to consider whether the controls identified and developed to achieve compliance would reasonably achieve compliance once implemented and operating effectively. Findings raised by the independent authority during the gap analysis review were addressed by JEN in November 2017.

This review further supported and reflected JEN’s commitment to compliance, and JEN was accordingly able to demonstrate full compliance with the Guideline as at 31 December 2017.

As part of the implementation project, Jemena also embedded the Guideline compliance controls in Jemena’s JCARS system. Through this system, Guideline obligations have been assigned to responsible persons, and all responsible persons are required to complete a compliance review and certification relating to their assigned obligation(s) within specified timeframes. For the 2018 regulatory year, the output of this management review has been displayed in Appendix A1 and confirms that the listed controls are in place and effective in demonstrating JEN’s compliance to its electricity ring-fencing obligations.

As the Guideline’s obligations are now embedded in the company wide compliance program, they are reviewed periodically (via responsible persons and via assurance activities carried out by Jemena compliance functions), as is the case for all obligations in the JCARS system, to ensure continued monitoring and compliance.

As a further control, Jemena’s Leadership Team (Managing Director and Executive General Managers) receive quarterly reports of compliance activities (which includes any reportable breaches), and a status update on Jemena’s compliance with obligations is provided to the Audit and Compliance Committee of the Board of JEN’s ultimate holding company, SGSP (Australia) Assets Pty Ltd (**SGSPAA**) (which in turn reports to the full SGSPAA Board annually). As such, non-compliances are reported to the highest level of management and addressed accordingly, including in a Board context.

In 2018, JEN has maintained these compliance measures and further enhanced some of the compliance controls. The 2018 compliance activities include:

- Development of the materiality assessment framework for breaches

JEN prepared a framework outlined below as a guide for assessing all breaches as being material or not and this framework will be consistently applied in reviewing all breaches.

Table 2–1: Materiality assessment framework for breaches

Material breach category	Source obligation	Pre-requisites
1 Discrimination test	4.1	<ul style="list-style-type: none"> A decision is made – or action taken - by or on behalf of JEN or a contracted service provider working on behalf of JEN, which clearly favours a RESP that provides contestable electricity services (e.g. Ovida) or its customer over a competitor of the RESP or its customer Evidence of a clear competitive advantage being afforded to the RESP over the competitor, through a transaction involving JEN having been entered into or otherwise effected
2 Information-sharing test	4.3	<ul style="list-style-type: none"> Confidential electricity information is made available by JEN or a contracted service provider to a party in breach of the RFG (either deliberately or inadvertently), and There is evidence of that information having been received and acted on / used in some way / circulated further by the recipient of that information
3 Frequent breach test	3.1, 3.2, 4.1-4.4	<ul style="list-style-type: none"> Where an RFG obligation is breached at least 4 times in a regulatory year, and the circumstances of each breach are the same or substantially similar (regardless of whether there is any practical consequence), and There is no RFG waiver in place
4 JEN provides “other services”	3.1	<ul style="list-style-type: none"> A transaction is entered into in which JEN agrees to provide a service that is not classified in the Electricity Distribution Price Review (EDPR) decision that applies at the relevant time, and There is no RFG waiver in place
5 Co-branding	4.2.3	<ul style="list-style-type: none"> The RESP and JEN brands appear together in publicly circulated promotional documentation, or on publicly visible uniforms, vehicles or building signage There is no RFG waiver in place, and RFG clause 4.2.3(b) does not apply
6 Cross-subsidy	3.2.2	<ul style="list-style-type: none"> JEN has not applied cost allocations to distribution services in a manner that is consistent with the JEN CAM, as confirmed by a finding in the auditor’s annual RIN report
7 Unauthorised co-location	4.2.1, 4.2.2	<ul style="list-style-type: none"> One or more staff members occupying JEN-designated roles and RESP staff providing contestable electricity services occupy and work in the same (unseparated) office space for any period A staff member occupying a JEN-designated role performs work involving the provision or marketing of contestable electricity services by a RESP
8 Other		<ul style="list-style-type: none"> The Compliance Manager will assess for materiality other breaches not falling into the above categories, including by reference to the context of the breach and the materiality factors set out in section 2.1 of the AER’s Ring-Fencing Guideline – Compliance reporting best practice manual Version 1 (June 2018). In assessing materiality, the Compliance Manager will also take into account any consequences of the breach

- Review of Jemena’s internal Ring Fencing Compliance Manual

Jemena has in place an internal Ring Fencing Compliance Manual, that describes how Jemena has applied, and implemented practices to ensure JEN adheres to the Guideline. This Manual is one of the key compliance controls. During 2018, Jemena undertook a review of the Manual, including to reflect recent organisational changes and the additional compliance controls implemented during the year.

- Review of JEN's interpretation of Physical Separation requirements

In accordance with the Guideline, staff of the DNSP who have been assessed as being in roles in which they have the opportunity to engage in discriminatory behaviour (described internally as "JEN designated staff") provide direct control services from offices that are separate from the offices occupied by other parts of the Jemena business and of the RESP. Secure areas have been established within Jemena's premises and JEN designated staff are required to work in those secure areas. This includes:

- dedicated meeting rooms within this area
- appropriate instructions on the sign-in and registration devices and a reception desk for visitors to register (and get escorted access, if necessary)
- building security access cards, with access protocols controlling staff access to the secure area.

JEN designated staff may use common spaces within the Jemena premises, for example kitchen areas, corporate reception, corridors, elevators and spaces used for internal events. Jemena has in place internal protocols regarding the use of common areas by JEN designated staff to ensure compliance with the Guideline in this regard. JEN designated staff have been trained in these protocols, including periodic refreshers.

On 9 April 2019, at the request of AER staff, a telephone call was held between AER staff, Jemena staff and JEN's independent assessor ahead of submission of Jemena's 2018 annual ring-fencing compliance report and independent assessor's report on 30 April 2019. On this telephone call, AER staff expressed comments that JEN designed staff that have access to electricity information, and staff of the RESP, should not have access to shared spaces where staff tend to "mingle", for example, kitchens. The AER staff also referred to the same comments expressed in the in the AER's 2017-18 Annual Ring Fencing Compliance Report released by the AER on 23 March 2019.

Clause 4.2.1 of the Guideline states:

... in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services. (emphasis added).

JEN has a different interpretation and one that differs to the AER's comments expressed above. In JEN's view, both the plain meaning of clause 4.2.1 of the Guideline and the drafting history of section 4.2.1 of the Guideline (which involved a move away from requiring use of entirely separate buildings in the original draft Guideline to permit shared use of a building) support our view that the use of shared spaces such as shared kitchen amenities does not **of itself** contravene the Guideline.

In our view:

- the existence of shared spaces and access to them where JEN Designated staff and staff of the RESP may "mingle" is not prohibited by the guideline
- what is prohibited is JEN designated staff providing direct control services from those shared spaces (for JEN, this is not the case, as direct control services are provided in secure areas, including secure meeting rooms).

Should the AER consider that the plain meaning of clause 4.2.1 is not as it intended, and the controls described by JEN require further strengthening, the AER, consistent with its comments expressed on the call may wish to consider amending the Guideline to ensure that all network businesses and their independent assessors have a common and explicit understanding of the AER's intent and what flexibility exists, if any, in interpreting this aspect of the Guideline prospectively by JEN and its independent assessor.

- Review of the Shared Staff Register

Jemena reviewed and revised its Shared Staff Register, including to address the AER's comments from the previous year's annual report. The new version of the staff register focuses on staff who perform roles that are likely to be shared between JEN and Ovida (a RESP which provides contestable electricity services), particularly where the roles have a customer-facing element, and / or come into contact with contestable service providers who are competitors to Ovida.

- Review of the transaction report

Jemena undertook a review of its transaction report to address the AER's comments from the previous year's annual report. The transaction report added a sentence or two for each item that makes the nature of the services being provided more explicit and also added dollar values associated with affiliated entity transactions.

- Ongoing and transparent communication with the AER

Jemena maintained an open and transparent communication with the AER, and sought the AER's guidance where required in 2018 in relation to the following:

- Electrical vehicle trial
- Metering within embedded networks

On each of these items, JEN did not have any reportable breaches.

- Ovida's Community Energy Hubs project

In 2018, JEN's RESP, Ovida, was awarded grant funding by the Victorian Government as part of the state wide Microgrid Demonstration Initiative – the "Community Energy Hubs" Project (Project). The Project seeks to demonstrate that occupants of multi-tenanted buildings can easily access and benefit from solar power and battery storage through a community microgrid.

Ovida is leading this project and is supported by the project consortium which consists of Allume Energy, RMIT (Graduate School of Business & Law), Moreland Energy Foundation Limited and JEN.

JEN's role is limited to assessing the microgrid sites for their potential to provide network benefits such as demand response during peak period. This role also involves input to develop the network interface between the on-site energy management system and any networks systems to derive such network benefits.

For the avoidance of doubt, JEN's role does not involve any activities relating to microgrid site or customer identification, acquisition or support of connection applications.

2.4 BREACHES

2.4.1 BREACHES OF REPORTABLE OBLIGATIONS

Guideline requirement

Clause 6.2.1(b)ii of the Guideline requires DNSPs to report any breaches of the Guideline by the DNSP, or which otherwise relate to the DNSP.

Compliance with requirement

Based on internal monitoring and reporting processes, JEN is of the view that there are no reportable breaches for the 2018 regulatory year.

This Report has been prepared by JEN with all due care and skill and in accordance with the Guideline.

2.5 OTHER SERVICES PROVIDED BY JEN

Guideline requirement

Clause 6.2.1(b)iii of the Guideline requires DNSPs to report all other services provided by the DNSP in accordance with clause 3.1 of the Guideline.

Compliance with requirement

During the 2018 regulatory year, JEN did not provide any other services.

2.6 TRANSACTION REPORT

Guideline requirement

Section 6.2.1(b)iv requires DNSPs to report the purpose of all transactions between the DNSP and its affiliated entities.

Compliance with requirement

JEN primarily transacts with Jemena Asset Management Pty Ltd (**JAM**). JAM is the Jemena entity used for procuring and contracting assets and services for Jemena's distribution networks businesses. Transactions between JAM and JEN are captured within projects using Work Breakdown Structures in Jemena's accounting and finance ERP system.

Throughout 2018, JEN also had a limited number of transactions with the following affiliated entities: SGSPAA, and Jemena Limited.

Transactions are categorised within Jemena's systems by cost types as either: Labour; Material; Contract; Maintenance Other; Administration; Fleet; Network Overheads; or Corporate Overheads. Further costing details are also summarised in Table 2–2 below.

Table 2–2: Summary details of transactions between JEN and affiliated entities

Affiliated Entity	Cost Type	Nature of the Services Provided	Cost (\$)	Transaction Description and Purpose
JAM	Labour	All operational, network construction and non-network services, focusing on maintenance and operational network services, non-network, management and corporate support services such as Finance, HR and Legal.	97,806,572	Comprises direct labour time-writing to JEN projects and work activities using Cross Allocation Time Sheets (CATS) in Jemena’s SAP system. Direct labour costs includes:
				- Wages;
				- Overtime;
				- Allowances;
				- Superannuation and defined benefit plan costs;
				- Medical charges;
				- Staff training;
				- Welfare expenses;
				- Personnel insurance;
				- Uniforms & clothing;
				- Annual, long service, personal and other types of leave;
				- Payroll tax.
				Indirect labour costs are recovered as either Network or Corporate Overheads.
JAM	Material	As above	31,482,086	Material comprises costs that are direct:
				- Direct acquisitions;
				- Goods issued; and
				- Other miscellaneous material costs.
				Indirect material costs are recovered as either Network or Corporate Overheads.
JAM	Contractor	As above	71,267,532	Contractor comprises cost that are direct:
				- Contractor costs; and
				- Consulting costs,
				in each case where JAM has engaged contractors to perform works or services in relation to JEN’s network
JAM	Maintenance and Transmission	All operational, maintenance for network and non-network services, including the	73,335,631	Maintenance comprises work including the following:
				- Feed-in Tariff;
				- Transitional Feed-in Tariff;
				- Use of System
				- Cross boundary charges;
- Grid Connection charges;				

Affiliated Entity	Cost Type	Nature of the Services Provided	Cost (\$)	Transaction Description and Purpose
		recording of the transmission type costs		<ul style="list-style-type: none"> - Property tax; - Maintenance - Building & grounds and computer equipment; - Security measures; - Maintenance fees.
JAM	Administration	Provision of administration type services for the capex and operational activities.	4,079,118	<p>Administration comprises work items of a back office / support nature that are directly attributable to JEN projects and work activities, such as:</p> <ul style="list-style-type: none"> - Office supplies; - Utilities; - External audit services; - External legal services; - Other professional fees & expenses; - Licence fees (excluding motor vehicle rego fees); - Subscriptions & registrations; - Telephone, postage and courier service costs; - Rental costs; - Insurance (other than motor vehicle and personnel); - Meter reading fees. <p>In most cases, Administration costs are indirect in nature and recovered as Network or Corporate Overheads.</p>
JAM	Fleet	Provision of fleet type services for the capex and operational activities.	6,074,382	<p>Fleet costs comprises those that are directly attributable to JEN projects and work activities, such as:</p> <ul style="list-style-type: none"> - Fleet charges; - Vehicle and major equipment maintenance; - Fuel costs; - Lease expense; - Registration and third party costs; - Unrecovered accident costs; - Insurance. <p>In most cases, Fleet costs are indirect in nature and recovered as Network Overheads.</p>
JAM	Other	Provision of miscellaneous type services for the capex and	3,444,833	<p>This category comprises work items that are attributable to JEN projects and work items, such as:</p> <ul style="list-style-type: none"> - Tender expenses; - Management fees;

Affiliated Entity	Cost Type	Nature of the Services Provided	Cost (\$)	Transaction Description and Purpose
		operational activities.		<ul style="list-style-type: none"> - Marketing services; - Travel and Accommodation expenses; - Minor equipment. In most cases, other costs are indirect in nature and recovered as Network or Corporate Overheads.
JAM	Network Overheads	Provision of property, engineering and program management support type services for the capex and operational activities.	15,924,689	Network overheads comprise indirect costs that are recovered to capex or opex projects using costing sheets and assessment cycles in SAP. These costs consist of: <ul style="list-style-type: none"> - Direct Support Allocations (DSA) (indirect labour recoveries); - Non labour recoveries (such as Indirect materials, Indirect contractor costs, Indirect maintenance other, Administration costs and Other costs) - Property recoveries; - Store Recoveries; and - Fleet costs.
JAM	Corporate Overheads	Provision of administration type services for the capex and operational activities.	19,263,018	Corporate overheads comprise indirect costs that are recovered to JEN capex or opex projects using costing sheets and assessment cycles in SAP. These costs consist of: <ul style="list-style-type: none"> - Indirect labour recoveries; and - Non labour recoveries (such as indirect materials, indirect contractor costs, indirect maintenance other, administration costs).
JAM	Settlement of receivables / payables	n/a	(371,763,619)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
Jemena Ltd	Settlement of receivables / payables	n/a	443,202,921	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.
SGSPAA	Settlement of receivables / payables	n/a	(31,901,230)	Settlement of outstanding receivable / payable balances with related parties through a process of net loan reassignments.

3. INDEPENDENT ASSESSMENT OF COMPLIANCE

Guideline requirement

Clause 6.2.1(c) of the Guideline requires DNSPs to ensure the annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority.

Compliance with requirement

JEN engaged the services of KPMG to undertake a reasonable assurance review of JEN's compliance against the Guideline requirements. KPMG's audit report is provided at Appendix C to this Report.

Appendix A

Measures to ensure compliance

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2 a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
8	Secondment Guideline	<p>What it is: Guideline regarding how to treat the security (e.g. email, share drive access, cost centre allocations) in instances where personnel transfer from JEN to another role within Jemena under a secondment arrangement (particularly in the cases where the secondment is to support a RESP business).</p> <p>How it demonstrates and supports Jemena’s compliance with its obligations:</p> <p>In terms of ring-fencing, it provides guidance and clarifies responsibilities to ensure confidential electricity information is not inadvertently provided to an RESP as a consequence of staff secondments.</p>							✓			✓		
9	JEN Electricity Confidential Guideline	<p>What it is: This guideline articulates how to determine JEN confidential information and associated rules relating to sharing under the Guideline.</p> <p>How it demonstrates and supports Jemena’s compliance with its obligations:</p> <p>This demonstrates Jemena establishing internal knowledge and procedural information to ensure JEN complies with its obligations as regards confidential information under the Guideline.</p>										✓		
10	JEN Information Sharing protocol	<p>What it is: Protocol and tools (register, process and request forms) outlining how JEN maintains and manages its obligations regarding</p>										✓		

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2 a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
		<ul style="list-style-type: none"> - Sharing Information with RESPs and other contestable electricity service providers; and - Obtaining customer consent. <p>How it demonstrates and supports Jemena’s compliance with its obligations:</p> <p>This demonstrates Jemena establishing internal knowledge and procedural information to ensure JEN complies with information sharing protocol obligations under the Guideline.</p>												
11	Fleet Asset Class Strategy	<p>What it is: This provides guidance when “procuring, managing and disposing of fleet and plant equipment that is owned, leased and operated by Jemena.</p> <p>How it demonstrates and supports Jemena’s compliance with its obligations: In terms of electricity ringfencing, it puts in place guidelines to restrict JEN procuring assets on behalf of its RESP.</p>								✓				
12	Contractor Management Procedure	<p>What it is: Used by Jemena Contractor Managers who are responsible for ensuring that each contractor delivers to the requirements of the contract and minimising the risks to Jemena associated with this delivery.</p> <p>How it demonstrates and supports Jemena’s compliance with its obligations:</p> <p>In terms of Electricity Ringfencing, it puts in place procedures to ensure that JEN’s obligations are extended</p>				✓						✓		

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2 a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
		to contractors should the contractor be involved in supporting JEN to provide direct control services.												
13	Asset Management Strategy	<p>What it is: This provides a consistent, collaborative and integrated approach to the activities undertaken by Jemena to manage the lifecycle of its assets.</p> <p>How it demonstrates and supports Jemena's compliance with its obligations:</p> <p>In terms of Electricity Ringfencing it provides for regulated assets to be managed in line with regulatory requirements so that cross promotion and cross subsidy does not occur.</p>			✓	✓				✓				
14	Scheduling Principles within Guidelines	<p>What it is: These principles have been documented and embedded in operational guidelines that work to ensure that JEN does not discriminate in the way it supplies (or markets) its direct control services between services supplied to related electricity service providers (RESPs) (and customers of RESPs) and services supplied to competitors of those RESPs (and their customers).</p> <p>How it demonstrates and supports Jemena's compliance with its obligations:</p> <p>This demonstrates Jemena establishing internal knowledge and procedural information to ensure it complies with non-discrimination obligations under the Guideline.</p>				✓			✓					

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
15	Procurement Policy	<p>What it is: The policy provides a framework within Jemena to efficiently and effectively procure goods and services; provide guidance on roles and responsibilities of employees undertaking procurement activities; and detail the core principles that underpin the procurement activities with Jemena.</p> <p>How it demonstrates and supports Jemena's compliance with its obligations: In terms of Ringfencing, it puts in place procedures to procure goods and services.</p>				✓								
16	Accountability Model and End to End Processes	<p>What it is: The Accountability Model is a tool related to Jemena's Enterprise Process Model (EPM). It provides a single source of truth for accountabilities across the Jemena business.</p> <p>The End to End processes is a tool related to Jemena's Enterprise Process Model (EPM). Jemena's 4 core End to End processes are Construction process, Maintenance process, Fault & Emergency process and Customer, Metering & Billing process.</p> <p>How it demonstrates and supports Jemena's compliance with its obligations: In terms of Electricity Ringfencing, it documents obligations in terms of staff/employee responsibilities (for example, of relevance to staff sharing).</p>						✓						

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
		<p>The compliance manual (Control 1 in this table) articulates how, who and when this register is reviewed and updated.</p> <p>How it demonstrates and supports Jemena's compliance with its obligations: This demonstrates Jemena establishing internal knowledge and procedural information to ensure it complies with its register obligations under the Guideline.</p>												
20	Physical Separation	<p>What it is: Any personnel involved in provision or marketing of Contestable Electricity Services are not permitted to access office secure areas where JEN dedicated staff work.</p> <p>This is reflected in Jemena's site manual, access restrictions (security access card) and requests forms (Onboarding checklist).</p> <p>How it demonstrates and supports Jemena's compliance with its obligations: This demonstrates Jemena's establishing procedural information and physical controls to ensure it complies with Physical Separation and Information Sharing obligations under the Guideline.</p>					✓				✓			
21	Checklist for publishing content on	<p>What it is: A checklist for determining whether information is suitable to be published on the Jemena website or on the intranet.</p>							✓		✓			

	Control Name	Description	AER Guideline Obligation Clause Reference											
			3.1a	3.2a	3.2.2	4.1b	4.2.1a	4.2.2 a	4.2.3	4.2.4	4.3	4.4.1	5.7	6
			Legal separation	Maintain Accounts	Cost Allocation	Non Discrimination	Office, staff brand, promotions	Staff Sharing	Branding and Cross Promotions	Office and Staff Registers	Information	Service Provider Conduct	Waiver	Compliance
	internet and intranet	<p>How it demonstrates and supports Jemena’s compliance with its obligations: This demonstrates Jemena’s establishing and embedding procedural information to support information protections and cross promoting obligations. In establishing these checklists, both Jemena’s website and intranet site were reviewed to ensure compliance.</p>												
22	Brand Separation	<p>What it is: The Ovida brand has been established as Jemena’s RESP.</p> <p>Review of the external website has been conducted to ensure that Ovida is not promoted as part of the Jemena Brand which is associated with the delivery of direct control services. In addition, staff working in contestable electricity services are separated from JEN dedicated staff, and required to contact and communicate with customers via ‘Ovida’ branded emails. This is reinforced in the onboarding checklist.</p> <p>How it demonstrates and supports Jemena’s compliance with its obligations: This demonstrates Jemena establishing a separate brand for its RESP.</p>								✓				
23	Compliance Reporting	<p>What it is: A compliance reporting process has been established, implemented and documented to facilitate the compilation, assessment and sending of this report to</p>												✓

Appendix B
Guideline Breaches for Regulatory Year

B1. GUIDELINE BREACHES FOR REGULATORY YEAR

Jemena is of the view that there are no reportable breaches for the 2018 regulatory year.

Appendix C
KPMG Review Report





C1. KPMG AUDIT REPORT

As per the attachment.
