



# Ergon Energy Network Annual Ring-fencing Compliance Report

1 July 2020 – 31 Dec 2021



Part of Energy Queensland

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## 1 PURPOSE AND SCOPE

The Australian Energy Regulator (AER) first published its Ring-fencing Guideline (Guideline) and accompanying Explanatory Statement for Electricity Distribution on 30 November 2016 under the National Electricity Rules (NER).

Under NER clause 6.17.1 the Guideline is binding on distribution network service providers (DNSPs). It seeks to promote competition in the provision of electricity services, whilst preventing DNSPs from providing an unfair advantage to their related electricity service providers (RESPs) operating in contestable markets.

The Guideline requires Ergon Energy to prepare an annual ring-fencing compliance report for submission to the AER each regulatory year. In accordance with section 6.2.1(b) of the Guideline, the annual compliance report must identify and describe, in respect of the regulatory year to which the report relates:

- the measures the DNSP has taken to ensure compliance with its obligations under the Guideline;
- any breaches of the Guideline by the DNSP, or which otherwise relate to the DNSP;
- all other services provided by the DNSP in accordance with clause 3.1; and
- the purpose of all transactions between the DNSP and an affiliated entity.

The annual compliance report must also be accompanied by an assessment of compliance by a suitably qualified independent authority.

On 3 November 2021 the AER released an amended Ring-fencing Guideline (Version 3), with full compliance required by 3 February 2022. Under the amended Guideline the regulatory reporting year changes from a financial year to a calendar year, with reports to be submitted by 30 April each year. A transitional arrangement is provided, extending the reporting period under Version 2 of the Guideline for 6 months.

Accordingly, this report represents Ergon Energy's Annual Ring-fencing Compliance Report covering the period 1 July 2020 to 31 December 2021 (reporting period) under Version 2 of the Guideline. This report is structured to align with the reporting obligations specified in clause 6.2.1(b) of the Guideline. The terms used in this report align to Version 2 of the Guideline.

Ergon Energy does not claim confidentiality over this submission or any attachments.

## 2 MEASURES TO ENSURE COMPLIANCE

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 ring-fencing obligations.

Throughout the reporting period, second line of defence activities were focussed on two key areas: digital access to confidential electricity information and staff movements. Compliance controls implemented in previous reporting periods were reviewed, updated and additional controls implemented to strengthen compliance. The key compliance activities undertaken during the reporting period included:

- Collaborative workshops with Digital teams to increase their knowledge of ring-fencing obligations and assist in identifying confidential electricity information;
- Creation of additional materials to assist Digital teams assess data sources and identify confidential electricity information to be ring-fenced;
- Digital application owners reviewed the suite of applications available to staff to ensure applications containing confidential electrical information require additional levels of approval where access is requested by RESP staff performing work on Ergon Energy's behalf;
- Internal communications across various channels to remind staff of their ring-fencing obligations. A targeted awareness campaign was performed in early 2021 when Brisbane CBD offices were consolidated;
- Additional signage was installed at Energy Queensland's Newstead office (where DNSP staff, shared services staff, and RESP staff are located on separate floors) as a visual reminder of their ring-fencing obligations and the floors they are permitted to access;
- A ring-fencing toolkit was developed for any staff moving to a RESP, which included a checklist of actions and reminders to ensure confidential electricity information was not shared and ring-fencing obligations were front of mind for those staff;
- A ring-fencing awareness package was developed to facilitate practical understanding of ring-fencing obligations and associated controls. This is available for staff to use whilst an improved version of the online training module is developed;
- The internal ring-fencing SharePoint site was refreshed and enhanced to include frequently asked questions;
- Established a new quarterly review process for the registers published on our external website, with additional ad hoc reviews when a register is updated; and
- The ring-fencing controls captured in our Governance Risk and Compliance Tool were reviewed and, where appropriate, reassigned to control owners with responsibility and accountability. Subject matter experts and control testers were also assigned for control assurance activities over the design and effectiveness. Currently, these testing activities are performed outside of the Tool, with a view to using the Tool to automate control testing where feasible.

Ergon Energy's ring-fencing compliance controls include a mixture of preventative, detective, and corrective controls. A list of the controls, including a description and the relevant compliance actions, is provided in **Appendix 1**.

## 2.1 Breaches of the Guideline

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.

During the reporting period, Ergon Energy identified 2 breaches as outlined in **Table 1**.

**Table 1:** Breaches of the Guideline during the reporting period

Obligation	Details
Protect confidential information Clause 4.3.1	A number of RESP staff had the ability to access Ergon Energy's southeast geographic information system which contains ring-fenced information. The system does not have the ability to partition information so that access is only provided to publicly available information.
Obligation not to disclose confidential obligation, including to a RESP Clause 4.3.1	During a presentation to senior leaders of the EQL Group on Energy Queensland's strategy, an infographic showing the current figures and 2025 and 2030 collaborative consumer scenario forecasts for the number of electric vehicles, the number of customers, solar PV Capacity (systems below 5MVA), un-aggregated batteries charging capacity and peak demand in Queensland was shown. The current figures, apart from EVs, are publicly available. However, the forecasts were developed internally using confidential electricity information.

### System access

The systems involved in the breaches above had previously been assessed as not containing confidential electricity information. This meant that they were not classified as a 'ring-fenced application' and were not captured as part of the digital ring-fencing approval and assurance processes.

Upon further review, the applications were re-classified as 'ring-fenced applications'. Access to the systems were revoked for any RESP staff member who did not require access to perform work on behalf of Ergon Energy.

Where RESP staff members have retained access, they have confirmed in writing that they will only access the platform to enable them to perform work on our behalf and will not use the information accessed for any other project. A small number of Ergon Energy Retail staff have retained access to support customers with drought relief applications until an alternative option is found.

As the systems have since been reclassified as ring-fenced, they are now captured by the digital access and assurance controls.

The list of ring-fenced digital applications available to staff has been reviewed and the catalogue of applications updated accordingly.

Both systems are legacy systems that are being replaced as part of EQL's Digital Enterprise Building Blocks program. Until the replacement systems are implemented, manual reviews of system access will be performed as part of second line of defence activities.

As part of continuous improvement, the digital ring-fencing access and assurance controls are being reviewed.

### Information sharing

Where it was identified that confidential electricity information was shared with a RESP without following the Information Sharing Process, it was reported and the Information Sharing Register was promptly updated to notify the market.

## 2.2 Prevention of cross subsidies

### 2.2.1 Legal Separation

Ergon Energy, as a DNSP, is part of the Energy Queensland Group of companies (EQL Group). Included in the EQL Group are the following:

- **Energy Queensland Limited** ABN 96 612 535 583 (Energy Queensland/EQL) - the parent company which provides administrative, corporate and management functions;
- **Energex Limited** ABN 40 078 849 055 (Energex) - the DNSP operating in south east Queensland;
- **Ergon Energy Corporation Limited** ABN 50 087 646 062 (trading as Ergon Energy Network) - the DNSP operating in regional Queensland;
- **Ergon Energy Queensland Pty Limited** ABN 11 121 177 802 (trading as Ergon Energy Retail) – a RESP, providing standard retail contracts to regional Queensland customers; and
- **Yurika Pty Limited** ABN 19 100 214 131 - a RESP, with two subsidiaries:
  - **Metering Dynamics Pty Limited** ABN 58 087 082 764 (trading as Yurika Metering) which provides contestable metering services across the National Electricity Market; and
  - **Ergon Energy Telecommunication Pty Ltd** ABN 34 106 459 465 (trading as Yurika Telecoms) which provides telecommunications services but not contestable electricity services.

All companies are separate legal entities registered with the Australian Securities Investment Commission, each with its own board of directors and ring-fencing compliant constitutions and board charters.

Ergon Energy also has a RESP that is not part of the EQL Group. Energy Queensland holds a minority shareholding in Redback Technologies Holdings Pty Ltd ACN 634 626 538 (Redback Technologies). Under the Guideline, Redback Technologies and its subsidiaries which also provide contestable electricity services, such as Redback Operations Pty Ltd ACN 605 542 541 (Redback Operations), are RESPs.

### 2.2.2 Establish and maintain accounts

Established documented work procedures are in place for finance staff which provide instructions on how accounts are to be separated between the affiliated entities.

During the year the EQL Group maintained separate accounts for Ergon Energy and affiliated entities. We have ensured that costs for distribution services have been attributed or allocated in accordance with Ergon Energy's Cost Allocation Methodology (CAM), as approved by the AER.

Ergon Energy's audited financial data will be provided to the AER through the annual Regulatory Information Notice (RIN).

## 2.3 Functional Separation

### 2.3.1 Obligation not to discriminate

#### Training

It is mandatory that all EQL Group employees undergo detailed online ring-fencing awareness training. New starters are automatically nominated for the training through the internal learning platform. Staff receive a system generated reminder every fortnight until they complete the training. Managers also receive a fortnightly training non-completion report for their teams.

We have maintained a high completion of the training, with 98% of employees having completed the training as at 31 December 2021.

A ring-fencing training package is also available for all EQL Group staff to access at any time (together with other ring-fencing resources) via the internal staff SharePoint site. Any staff moving to the RESP through a transfer or secondment are reminded of their ring-fencing obligations and encouraged to re-familiarise themselves with the training prior to transitioning to their new role.

In response to staff feedback, the training package was reviewed during the reporting period. The new training package is role-specific (field or office), simplified, interactive and more engaging. The training will be hosted on a new digital platform which will enable real-time tracking of completion rates.

### **Reviews of tender processes and documentation**

Procurement, contract and tender templates and documents were reviewed during the reporting period to ensure ring-fencing compliance. In line with previous years, periodic reviews of tender and contract documents were undertaken to ensure that sourcing activities included a ring-fencing assessment and that relevant contracts contained the ring-fencing service provider guidelines when required.

## **2.3.2 Offices, staff, branding and promotions**

### **Physical separation/co-location**

The EQL Group is seeking a more efficient office footprint and to reduce operational leasing costs.

Where possible, staff providing contestable electricity services are located in separate buildings to DNSP staff. Where this is not possible, staff are located in a restricted-access area or a separate floor within a building. Where building security access allows, staff access passes are updated to ensure relevant staff are unable to access offices or areas involved in direct control services.

During the reporting period staff located at the 825 Ann Street Office were moved to the Newstead Office. These staff performed work for Ergon Energy's RESPs, Ergon Energy Retail and Yurika.

As a result, Newstead floor allocations and seating arrangements were changed to ensure compliance with the Guideline. RESP staff are located on Level 4 while the regulated business groups are located on levels 2,3 and 5. Shared staff who perform corporate functions, such as administration, finance, HR, IT, legal are located on levels 1 and 6, and some (finance and regulatory staff) are located on level 5.

Prior to moving to Newstead, all relocating staff were reminded of the ring-fencing obligations. They were specifically asked to:

- Check they had completed their mandatory Ringfencing Training, and to complete it if they had not already done so; and
- Check their ID card to ensure it met the branding and ID Card Guidelines and wear the ID card at all times within the building so they are easily identifiable as RESP staff.

Additionally, all staff were reminded to:

- Lock their computer when not at their desk, or when they leave it in a meeting room or shared area, even if just for a few minutes;
- Be aware of their movements around the building and the use of shared spaces;
- Encrypt portable electronic devices and keep them secured;
- Clean whiteboards and remove notes from writable surfaces in meeting spaces and open areas;

- Store printed materials safely and securely at their workspace; and
- Observe signage displayed and follow the directions.

To act as a visual reminder, signage is displayed in the lifts and foyers on each floor to remind staff which levels they are permitted to access.

### **Staff sharing**

Our parent company Energy Queensland employs the majority of all staff and staff are shared across the subsidiaries where permitted to do so under the Guideline. Staff sharing controls include:

- The Staff Sharing Protocol, reference guide and matrix for any sharing of staff across the EQL Group to ensure it complies with the staff sharing obligations of the Guideline;
- A detailed staff register for internal use which lists the nature of the positions identified, including the roles and duties of the staff, to assist staff determining whether a position can be shared with a RESP;
- HR and digital processes for staff on-boarding and transfers; and
- Staff training and awareness activities.

### **Branding and cross-promotion**

Ergon Energy must ensure we do not highlight or cross-promote our relationship with our RESPs, allowing them to trade on our reputation to gain an advantage over competitors in the contestable electricity market. The branding and cross-promotion controls include:

- A dedicated Brand Centre SharePoint page which provides staff brand information to ensure all entities in the EQL Group maintain compliance with the ring-fencing obligations;
- FAQs on branding and cross promotion have been added to the dedicated internal ring-fencing SharePoint page;
- The EQL Group Brand Guideline, Employee ID Guidelines, Email Signature Guideline and Brand Wheel Guideline provide detailed information for each entity in the EQL Group and ring-fencing compliant templates for use by staff;
- The EQL Group Branding Team maintain a central email address where staff can direct questions and request advice in relation to the proper use of branding;
- External-facing websites and social media (such as Facebook and LinkedIn pages) are also monitored by the Branding Team to ensure there are no actual or potential branding or cross-promotion breaches; and
- The EQL Group Workwear Handbook provides additional guidance for staff to understand how to use the correct uniforms and fleet branding.

### **Office and staff registers**

Ergon Energy keeps its office and staff sharing registers on both our external and internal websites. Both registers were reviewed and updated during the reporting period in addition to being amended when updates were required.

Current copies of Ergon Energy's registers can be viewed via the following link:

<https://www.ergon.com.au/network/help-and-support/about-us/the-electricity-industry/ring-fencing>

## **2.4 Information access and disclosure**

### **Protection of confidential information**



Information access and disclosure remains an area of focus for Ergon Energy. During the reporting period, a concerted effort was made to review and improve digital information access controls, particularly in relation to legacy systems.

As noted previously in this report, during the reporting period Ergon Energy identified RESP staff with access to a legacy system that contained confidential electricity information. Improvements in access and security restriction requirements for all ring-fenced platforms and systems were made with the view to implement automated preventative security access controls and reduce reliance on detective controls (such as manual access reviews).

The Digital Enterprise Building Blocks program which will replace the legacy systems is currently underway and will support Ergon Energy to protect confidential electricity information through security access and platform design and integration. The frequency of manual reviews of system access to identify any RESP staff who have unauthorised access have increased and will continue until the replacement systems are implemented.

During the reporting period, digital access processes were streamlined with a new digital ServiceNow platform. The full catalogue of digital applications was reviewed and those that contained confidential electricity information were flagged. If any RESP staff request access to a flagged application, a separate workflow is triggered requiring additional review and approval prior to access being granted.

Staff awareness and guidance materials are made available to staff through an internal SharePoint site dedicated to explaining confidential electricity information and the obligation to protect it under the Guideline. An information decision tree is also available for staff to assist in determining what information falls under the definition of confidential electricity information. To specifically assist the Digital teams to identify confidential electricity information and data sources, a customised decision tree and an information classification protocol was developed during the reporting period. Collaborative workshops were conducted with Digital teams to enhance understanding and identify potential sources of confidential electricity information across platforms and systems.

Staff are encouraged to seek advice if they have queries in relation to confidential electricity information by emailing a monitored ring-fencing email address.

### **Disclosure and sharing of information**

There were five requests for confidential electricity information made by RESPs of Ergon Energy. The information was shared with the RESP/s and the Information Sharing Register updated to reflect the disclosure. There were no requests for access to the information from competitors or potential competitors.

Given Ergon Energy identified a breach of this obligation during the reporting period, additional targeted training of staff for the process to disclose and share information with RESPs is being conducted.

### **Information register**

Ergon Energy's Information Sharing Register is published on our external website and can be viewed via the following link:

<https://www.ergon.com.au/network/help-and-support/about-us/the-electricity-industry/ring-fencing>

### 3 WAIVERS

Section 5 of the Guideline allows for a DNSP to seek a waiver of obligations under clauses 3.1, 4.2 and/or 4.4.1(a) if certain conditions are met.

Ergon Energy has an established, maintained register of all waivers (including any variations) granted to it by the AER, which is published on the external website. The register makes clear the terms and conditions of the waiver, including the specific conduct to which the waiver applies. Ergon Energy's waiver register is available for viewing via the following link:

<https://www.ergon.com.au/network/help-and-support/about-us/the-electricity-industry/ring-fencing>

Ergon Energy had five waivers of its obligations in place during the reporting period:

- Waiver to allow Ergon Energy to provide services to and on behalf of Powerlink.
- Waiver to continue to use the Ergon Energy brand for the retailer Ergon Energy Queensland.
- Waiver to allow the offices at Mareeba and Charters Towers to be classified as regional offices.
- Waiver to continue to offer generation, distribution and retail services, using the Ergon Energy brand and distribution staff in remote areas of Queensland.
- Waiver to continue to provide a connection service under long-term contract to Hayman Island.

### 4 COMPLIANCE AND ENFORCEMENT

Clause 6.1 of the Guideline requires a DNSP to establish and maintain appropriate internal procedures to ensure it complies with its obligations under the Guideline.

During the reporting period, Ergon Energy operated under the three lines model for risk and compliance, including for the management of ring-fencing compliance. Compliance incidents continue to be assessed using the Energy Queensland Risk Evaluation (Consequence and Likelihood) Matrix and escalated using the Energy Queensland Risk Reporting Escalation Mechanism. Any potential breach was escalated and reported internally for investigation and external reporting if a material breach as required by the Guideline.

This year has seen an increase in breaches identified. This increase has been attributed to greater awareness and understanding of ring-fencing obligations through periodic, targeted training and awareness activities, increasing the frequency of manual reviews of access to digital systems, and a more prudent interpretation of the Guideline through the Regulatory team.

A dedicated internal email address is available for staff to ask questions, clarify issues and to report any potential breaches regarding ring-fencing compliance. During the reporting period staff continued to use this email address to seek advice and clarification prior to undertaking activities, asking questions and requesting additional training resources, and reporting any ring-fencing risks or issues which may give rise to a potential breach.

Ring-fencing controls and assurance activities are captured and tracked in the SAP Governance Risk and Compliance Tool. The controls and activities are assigned to those who with requisite responsibility and accountability for their design and effectiveness. Subject matter experts and control testers are also assigned to each control. However, assurance activities will continue to be performed outside of the Tool until the full functionality of the GRC toolset is implemented.

Our independent assessor for the previous reporting period provided Ergon Energy with recommendations to improve compliance controls. These recommendations and our corrective actions in response are outlined in **Table 2**.

**Table 2:** 2019-20 Independent assessor recommendations and respective corrective actions

Obligation	Recommendation	Corrective action
Obligation not to discriminate Clause 4.1(b))	To address the identified matters of improvement, it was recommended the Call Quality Evaluation Form be updated to identify the entity for which the call was received by.	The call quality evaluation form was updated and includes identification of the relevant entity, including Ergon Energy.
Office and staff registers Clause 4.2.4 (a), (b)	To address the identified matters of improvement, it was recommended that a version control number to denote the version of the staff sharing register and a point of contact (i.e. the Ring-Fencing functional mailbox) be included on the registers.	The office and staff sharing registers were updated to include version control and point of contact.
Information register Clause 4.3.5 (a), (c)	To address the identified matters of improvement, it was recommended that a version control number to denote the version of the information register and a point of contact (i.e. the Ring-Fencing functional mailbox) be included on the register.	The information sharing register was updated to include version control and point of contact.
Waiver register Clauses 5.2 (a), (h) and 5.7 (a), (b)	To address the identified matters of improvement, it was recommended that a version control number to denote the version of the waiver register and a point of contact (i.e. the Ring-Fencing functional mailbox) be included on the register.	The waiver register was updated to include version control and point of contact.
6.1 Maintaining compliance	To address the results of testing it was recommended that: <ul style="list-style-type: none"> <li>the 214 Ergon employees who had not yet completed Ring-Fencing training program do so as soon as possible. Consideration be given to the restriction of secondment of these employees until the Ring-Fencing training is completed.</li> <li>the responsibility of monitoring Ring-Fencing compliance matters be allocated to a dedicated team or person.</li> <li>flagging complaints for potential Ring-Fencing consideration be considered.</li> </ul>	<p>Employees going on secondment (between DNSPs &amp; RESPs) are required to complete the training prior to starting the new role.</p> <p>Ring-fencing compliance matters are monitored by the Enterprise Risk and Compliance Team and a dedicated mailbox is in place for staff to request advice, additional training, and report potential and actual breaches.</p> <p>Any ring-fencing complaints are escalated and reported for investigation and necessary action.</p>

## 5 ANNUAL REPORTING

### 5.1 Other services provided

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. Specifically, the provision of 'other services' is subject to the granting of ring-fencing obligation waivers by the AER (clause 3.1(d)vi).

Ergon Energy was granted a waiver for the provision of:

- Field services to and on behalf of Powerlink;
- generation, distribution and retail services using its own brand and distribution staff in remote areas of Queensland; and
- connection services under a long-term contract to Hayman Island.

These services continue to be provided as outlined in the respective waiver applications until 30 June 2025. We did not provide any 'other services' during the reporting period.

### 5.2 Transactions with affiliate entities

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

Throughout the reporting period, we had a limited number of transactions with affiliated entities. These transactions between affiliated entities are captured in Ergon Energy's accounting and finance systems.

Costs are largely captured in our parent entity, Energy Queensland, and charged to us and the other entities within the EQL Group. Costs relating to the program of work (i.e. projects and work orders) are directly charged to projects and recorded in the relevant entity. Other indirect costs and overheads are allocated via the cost allocation methodology (CAM).

Further transaction details are provided in **Table 3** (on the following page).

**Table 3:** Transactions between Ergon Energy and affiliated entities

Affiliated Entity	Cost Type	Transaction Description and Purpose
Energex	Materials	Material costs comprise the following direct costs: <ul style="list-style-type: none"> <li>- direct acquisitions;</li> <li>- goods issued; and</li> <li>- other miscellaneous material costs.</li> </ul>
EQL	Network, Non-network and Corporate Overheads	Overheads comprise indirect costs incurred by the EQL Group. These are charged to Ergon Energy in accordance with the CAM and reported as Network, Non-network or Corporate Overhead. These costs consist of: <ul style="list-style-type: none"> <li>- indirect labour and contractors;</li> <li>- office supplies;</li> <li>- utilities;</li> <li>- audit services;</li> <li>- legal services;</li> <li>- other professional fees &amp; expenses;</li> <li>- licence fees (excluding motor vehicle rego fees) and other ICT operating costs;</li> <li>- subscriptions and registrations;</li> <li>- telephone, postage and courier service costs;</li> <li>- rental costs;</li> <li>- insurance (other than motor vehicle and personnel);</li> <li>- tools and equipment; and</li> <li>- fleet, building and property running costs.</li> </ul>
Yurika (including Yurika Telecoms and Yurika Metering)	Various support services provided to Yurika	These services include: <ul style="list-style-type: none"> <li>- installation/replacement of meters;</li> <li>- infrastructure services;</li> <li>- operating and maintenance services on generators; and</li> <li>- telecommunication expense.</li> </ul>
Ergon Energy Retail	Network charges	Ergon Energy Retail incurs network charges from Ergon Energy (i.e. NUOS charges).
Ergon Energy Retail	Service fees	Ergon Energy provides business management, financial, corporate, customer care and administration services to Ergon Energy Retail.
Redback Operations	Materials	Ergon Energy purchases low voltage monitoring devices under contract from Redback Operations.

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### 5.3 Independent assessment

Clause 6.2.1(c) of the Guideline requires a DNSP's annual compliance report to be accompanied by an assessment of compliance with the Guideline by a suitably qualified independent authority.

Ergon Energy engaged O'Connor Marsden & Associates Pty Ltd (OCM) to undertake an Independent Assessment of Ergon Energy's compliance against the Guideline requirements. The review covered the period from 1 July 2020 to 31 December 2021. OCM's report is provided as **Attachment 1** to this Report.

## APPENDIX 1 – COMPLIANCE CONTROLS

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative  (D) Defective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
C1	Ensure costs are allocated appropriately	The Cost Allocation Methodology (CAM) ensures there is an approved process for capturing ring-fencing cost-reflective transactions and allocating costs between DNSPs and RESPs	<ul style="list-style-type: none"> <li>CAM continues to incorporate ring-fencing requirements (HP)</li> <li>Treasury Agreement in place between affiliated entities (HP)</li> <li>RINs audited annually for compliance (HDC)</li> <li>Monthly variance analysis conducted (HDC)</li> <li>Monthly reconciliation of budget vs actual (HDC)</li> </ul>	3. Prevention of Cross Subsidies	3.2 Establish and Maintain Accounts	3.2.1(a) Establish and maintain appropriate internal accounting procedures  3.2.2(a), (b), (c) Cost allocation and attribution
C2	Secondments between DNSPs and RESPs are ring-fencing compliant	HR notifications sent to IT to identify start and end dates for secondments.  Access to confidential information is appropriately applied depending on whether employee is DNSP, RESP or corporate support	<ul style="list-style-type: none"> <li>Ellipse is automatically updated to recognise movements between DNSP and RESP (HP)</li> <li>Automatic notifications generated (IT, Access, physical location) (HP)</li> <li>Appropriate IT accesses applied to new position (HP)</li> <li>Staff located appropriate to RESP or DNSP position (HPC)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions  4.3 Information Access and Disclosure	4.2.1(a) Physical separation  4.2.2(a), (b) Staff sharing  4.3.2 Protection of confidential information
C3	Ensure all new EQL staff are aware of their ring-fencing obligations and provided with appropriate accesses	All EQL Group position descriptions reference ring-fencing obligations HR onboarding online training includes introduction to ring-fencing obligations All new employees are required to complete the online Ring-fencing awareness training module  HR onboarding process for new staff ensures:	<ul style="list-style-type: none"> <li>EQL employee induction material includes ring-fencing awareness (SP)</li> <li>All new staff are required to undertake mandatory ring-fencing awareness online module training (SP)</li> <li>EQL role descriptions templates updated to include ring-fencing obligation as mandatory role responsibility (HP)</li> <li>Specific role description templates (HP)</li> </ul>	4. Functional Separation	4.1 Obligation not to Discriminate  4.2 Offices, staff, branding and promotions	4.1(b) DNSP must not discriminate  4.2.1(a) Physical separation  4.2.2(a) DCS marketing and provision Staff not involved in RESP provision and marketing unless an exemption applies

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
		<ul style="list-style-type: none"> <li>Staff have been made aware of ring-fencing obligations</li> <li>Staff are physically located appropriate to their role as a RESP or DNSP employee</li> <li>Employee/contractor role descriptions do not include marketing and/or provision roles for both the DNSP and RESP. A role will only be a shared staff position if an exception under Clause 4.2.2 applies (e.g., the employee does not have access to CEI)</li> </ul>	<ul style="list-style-type: none"> <li>Physical location of staff and security/building access based on whether they are DNSP or RESP or corporate support (HP)</li> <li>Staff are required to display ID cards which are ring-fencing compliant and are provided based on role (HP)</li> <li>Guidance available to staff on which ID card should be applied for to ensure compliance with ring-fencing requirements (HP)</li> </ul>		4.3 Information Access and Disclosure	4.3.2 Protection of confidential information
C4	Legal Separation of DNSPs and RESPs	DNSPs and RESPs are legally separated entities	<ul style="list-style-type: none"> <li>All EQL Group companies have separate ABNs and are registered with ASIC (HP)</li> <li>Constitutions are ring-fencing compliant (HP)</li> <li>Board Charters ring-fencing compliant (HP)</li> <li>Board paper templates include means for identifying ring-fenced papers (HP)</li> <li>Executive Governance Framework includes mechanism for Executive General Managers who undertake both regulated and unregulated roles (HP)</li> <li>Group Governance Framework is ring-fencing compliant (HP)</li> </ul>	3. Prevention of Cross Subsidies	3.1 Legal Separation	3.1(a) Separate legal entities  3.1(b) DNSP only to provide Distribution and Transmission Services
C5	Ensure fleet branding protocols are ring-fencing compliant	Fleet branding protocols incorporate ring-fencing requirements for branding of DNSP or RESP vehicles	Fleet branding for DNSP or RESP fleet follow approved ring-fencing Branding Guidelines	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.3(a) Branding and advertising



	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative  (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
		Fleet procures and provides the magnets to cover branding as appropriate and responsible for the procurement and provision of same				
C6	Fleet branding is ring-fencing compliant	Fleet branding is ring-fencing compliant	White magnetic stickers are to be placed over DNSP logos on vehicles prior to undertaking unregulated works (HPC)	4. Functional Separation  5. Waivers	4.2 Offices, staff, branding and promotions  5.7 Waiver register	4.2.3(a) Branding and advertising  N/A
C7	Accommodation allocation controls are ring-fencing compliant	Accommodation allocation controls have been implemented to ensure appropriate segregation of DNSP and RESP staff including: • In SEQ, where a significant volume of DNSP and Non-DNSP staff are located, segregation is achieved through floor level allocation e.g., Newstead. • In regional centres, and the EQL headquarters in Townsville, the Non-DNSP staff are located on separate floors of office buildings to DNSP staff, or staff or co-located with shared services staff that support all EQL businesses, depending on the volume of Non-DNSP staff • In areas with less than 25,000 customer connection points within a 100km radius, the	<ul style="list-style-type: none"> <li>Staff re-located based on roles DNSP / Corporate / RESP (HP)</li> <li>Physical signage at offices is ring-fencing compliant (HP)</li> <li>Electronic security access to all sites (HP)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions  4.3 Information Access and Disclosure	4.2.1(a) Separate offices  4.3.2 Protection of confidential information

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative  (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
		Non-DNSP staff may work near the DNSP staff, in accordance with ring fencing exemptions (i.e., regional offices) • Physical brand signage is appropriately maintained based on location				
C8	Ring-fencing compliance management process is in place	Compliance Management Policy incorporates Ring-fencing obligations	<ul style="list-style-type: none"> <li>Confidential Information Policy includes ring-fencing obligations (SP)</li> <li>Compliance Management Policy incorporates Ring-fencing obligations (SP)</li> <li>Implementing the Governance Risk and Compliance Tool to capture and manage ring-fencing (SPC)</li> </ul>	6. Compliance and Enforcement	6.1 Maintaining compliance	N/A
C9	Contracts are ring-fencing compliant	Contracts incorporate ring-fencing obligations where necessary	<ul style="list-style-type: none"> <li>All contract templates are ring-fencing compliant (HP)</li> <li>Ring-fencing obligations are incorporated into new contracts where necessary (HP)</li> <li>Random audits of contracts undertaken to check for compliance (HDC)</li> </ul>	4. Functional Separation	4.1 Obligation not to Discriminate  4.2 Offices, staff, branding and promotions  4.3 Information Access and Disclosure  4.4 Service providers	4.1(b) DNSP must not discriminate  4.2.3 Branding and cross-promotion  4.3.2 Protection of confidential information  4.4.1 Conduct of service providers

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative  (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
C10	Ring-fencing Breach Register and Reporting	Breach register is maintained  Protocols exist for assessing and reporting ring-fencing breaches	<ul style="list-style-type: none"> <li>Ring-fencing breach register is created and maintained (SD)</li> <li>Breach notification and reporting procedure in place (SP)</li> <li>Breach reporting guidance document available for EQL staff on the intranet (SD)</li> <li>Control testing guidance available for control owners, including advice on escalating findings for investigation (SP)</li> </ul>	6. Compliance and Enforcement	6.1 Maintaining compliance  6.2 Compliance reporting  6.3 Compliance breaches	N/A  N/A  N/A
C11	Corporate documents and templates are Ring-fencing compliant	Corporate documents and templates (i.e. excluding ECM controlled documents) available through the Brand Centre, which provides brand guidelines are Ring-fencing compliant and provide links for seeking specific ring-fencing advice	<ul style="list-style-type: none"> <li>Templates are available to all employees through the Brand Centre with accompanying general ring-fencing information and links to the Ring-fencing SharePoint site for further advice (HP)</li> <li>Periodic review of ring-fencing information contained in the Brand Guidelines to ensure ongoing compliance (SC)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.3 Branding and cross-promotion
C12	Brand guidelines are ring-fencing compliant	Branding guidelines reflect current ring-fencing advice	<ul style="list-style-type: none"> <li>EQL branding guidelines are available to all employees with accompanying general ring-fencing information and links to the Ring-fencing SharePoint site for further advice (SP)</li> <li>Branding guidelines are easily accessible through EQL Brand Centre on the Intranet site (SP)</li> <li>EQL email signature guidelines are available through on the EQL Brand Centre (SP)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.3 Branding and cross-promotion

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative  (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
C13	Uniform branding is ring-fencing compliant	Uniforms for corporate and field staff have ring-fencing compliant branding	<ul style="list-style-type: none"> <li>All staff uniforms have ring-fencing compliant branding (HP)</li> <li>Instructions are available to field staff on how to correctly use the branding on uniforms (SP)</li> <li>Intranet site is maintained with guidance to staff on how to wear uniforms and FAQs (SP)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.3 Branding and cross-promotion
C14	Digital ring-fencing audit	Testing is performed to determine whether any RESP staff have access to DNSP CEI  Exceptions are investigated for potential breaches and remediation activities undertaken	<ul style="list-style-type: none"> <li>RESP staff list is checked against known ring-fenced IT sources (HPDC)</li> <li>Remediation areas identified and rectification activities commenced if required (HC)</li> <li>Protocols for ring-fencing assessment of new SharePoint sites (HP)</li> </ul>	4. Functional Separation	4.3 Information access and disclosure  4.3 Information access and disclosure	4.3.2 Protection of confidential information  4.3.3 Disclosure of information
C15	Staff computer access is Ring-fencing compliant	ICT security access procedures incorporate ring-fencing obligations including access provided based on DNSP or RESP approved programs	<ul style="list-style-type: none"> <li>Use-of-Systems (UoS) agreement updated to include ring-fencing requirements. All staff agree to the UoS every time they log-in to the system (HP)</li> <li>IT teams have ring-fencing lists for determining access requests based on DNSP or RESP approved list (HP)</li> <li>All RESP requests to access to potential CEI sources are reviewed by the Enterprise Risk and Compliance Team and assessed against lists of CEI information sources prior to approval (HPDC)</li> </ul>	4. Functional Separation	4.3 Information access and disclosure	4.3.2 Protection of confidential information  4.3.3 Disclosure of information

	Control Category	Control Description – How compliance is demonstrated and supported	Specific Measures (H) Hard (S) Soft (P) Preventative (D) Detective (C) Corrective	Primary Ring-fencing Guideline/s captured		
				Principle	Clause	Sub-Clause
C16	System for assessing ring-fencing Breaches in place	<p>Ring-fencing breach identification and materiality assessment protocols in place and triggered once potential breach notifications have been received.</p> <p>Protocols are in place and available on the intranet which provide guidance to EQL staff on how to report for investigation potential ring-fencing breaches and exceptions found during control testing.</p> <p>Protocols are in place to guide ring-fencing control owners on how to treat and escalate for investigation, exceptions found during ring-fencing control testing.</p>	<ul style="list-style-type: none"> <li>• Ring-fencing breach assessment protocol in place (HD)</li> <li>• Materiality Calculator to assess breaches to determine if material (HD).</li> <li>• Notification protocols to ensure capture and reporting of potential breaches (HD)</li> <li>• Ring-fencing control testing exceptions guidance document available for control owners to advise on how to ensure exceptions found during testing are captured, escalated for investigation, and utilised to strengthen controls (SPDC)</li> <li>• Remediation activities to be undertaken as part of assessment process to correct issue and ensure/minimise risk of future similar incidents (SHPDC)</li> </ul>	6. Compliance and Enforcement	6.1 Maintaining compliance	N/A
C17	DNSP and RESP staff are aware of ring-fencing obligations	<p>DNSP and RESP staff are made aware of ring-fencing obligations including ring-fencing training</p> <p>Ring-fencing training incorporated into onboarding for new staff</p>	<ul style="list-style-type: none"> <li>• Ring-fencing Awareness training module available for staff online (SP)</li> <li>• Central ring-fencing intranet page available for staff to provide guidance on ring-fencing obligations (SP)</li> <li>• ring.fencing@energyq.com.au email address available for staff to request clarifying advice on ring-fencing issues (SPDC)</li> <li>• Ring-fencing email also used for reporting of suspected breaches (SDC)</li> </ul>	6. Compliance and Enforcement	6.1 Maintaining compliance	N/A

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				Principle	Clause	Sub-Clause
C18	Office Register	DNSPs current Office Register is publicly available	<ul style="list-style-type: none"> <li>Register available and easy to access on the intranet (SP)</li> <li>Register available on the external website (SP)</li> <li>Register updated as required (SPC)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.4 Office and staff registers
C19	Staff Register	DNSPs current Staff Register is publicly available	<ul style="list-style-type: none"> <li>Register available and easy to access on the intranet (SP)</li> <li>Register available on the external website (SP)</li> <li>Register updated as required (SPC)</li> <li>Staff sharing quick reference matrix available and easy to access on the intranet (SP)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.4 Office and staff registers
C20	Information Sharing Register	DNSPs current Information Sharing Registers are publicly available	<ul style="list-style-type: none"> <li>Register available and easy to access on the intranet (SP)</li> <li>Register available on the external website (SP)</li> <li>Register updated as required (SPC)</li> </ul>	4. Functional Separation	4.3 Information Access and Disclosure	4.3.5 Information register
C21	Waiver Register	DNSP current Waiver Register is publicly available	<ul style="list-style-type: none"> <li>Register available and easy to access on the intranet (SP)</li> <li>Register available on the external website (SP)</li> <li>Register updated as required (SPC)</li> </ul>	5. Waivers	5.7 Waiver register	N/A
C22	Remuneration incentives are ring-fencing compliant	Performance, remuneration and incentives are ring-fencing compliant for staff eligible for bonuses	<ul style="list-style-type: none"> <li>Remuneration template is ring-fencing compliant based on staff position (SP)</li> <li>Performance Incentive Framework is ring-fencing compliant (SP)</li> </ul>	4. Functional Separation	4.2 Offices, staff, branding and promotions	4.2.2(c) DNSP remuneration, incentives etc.

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				Principle	Clause	Sub-Clause
			<ul style="list-style-type: none"> <li>The Performance Framework User Guide is ring-fencing compliant and DNSP staff must not have a KPI related to growth in unregulated revenue (SP)</li> </ul>			
<b>C23</b>	DNSP tender processes for contestable services consider ring-fencing obligations	DNSP tender processes for contestable services consider ring-fencing obligations to ensure RESPs do not receive favourable treatment and DNSP service providers are aware of their ring-fencing obligations	<ul style="list-style-type: none"> <li>Tender documents incorporate ring-fencing requirements (HP)</li> <li>Random audits of tenders undertaken to determine compliance (HDC)</li> </ul>	4. Functional Separation	4.1 Obligation not to Discriminate	4.1(b) DNSP must not discriminate
<b>C24</b>	System Access controls for shared staff	System access controls are in place for customer service and dispatch staff to allow them to perform regulated and unregulated work in compliance with the Ring-fencing Guideline	<ul style="list-style-type: none"> <li>System alarms alert Team Leader when inappropriate accesses occur, and Team Leader investigates (HDC)</li> <li>Call centre processes incorporate ring-fencing obligations (SP)</li> </ul>	4. Functional Separation	4.3 Information access and disclosure	4.3.2 Protection of confidential information  4.3.3 Disclosure of information