



Energex Annual Ring-fencing Compliance Report

1 January – 31 December 2022

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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 3 November 2016 under the National Electricity Rules (NER). 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 changed from a financial year to a calendar year, with reports to be submitted to the AER within four months of the end of the calendar year to which the compliance report relates.

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 Energex 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.

This report represents Energex's Annual Ring-fencing Compliance Report covering the period 1 January 2022 to 31 December 2022 (the reporting period) under Version 3 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 3 of the Guideline.

Energex 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.

A key focus area for the reporting period was ring-fencing awareness for staff as training completion numbers were identified as an exception in the previous year's independent assessment. Key activities undertaken during the reporting period aimed specifically at improving training completion and ring-fencing awareness for staff included:

- Refreshing the ring-fencing awareness training package and tailoring the content to staff roles based on whether staff were office or field based. The new package is more interactive and engaging than the previous version. It includes scenario-based content for staff involved in range of activities and interactive quizzes to test understanding. The new package was released on our on-line training platform and promoted through internal communication channels.
- Enhanced reporting of monthly training completion statistics allowing monitoring by Management and second-line functions to identify and address staff who did not complete their training within the required timeframes.
- Targeted, business-wide ring-fencing awareness communications through various internal channels including EQL's Workplace and Leaders Cascade packs to enhance ring-fencing awareness.
- Continual improvement of the quality, content, and accessibility of ring-fencing resources (including a repository of FAQs) to all staff via the dedicated ring-fencing SharePoint site.
- Development of customised ring-fencing training packs that can be delivered on-demand to specific functions, teams, and roles.
- Digital access to ring-fenced information and staff movements continue to be focus areas and several key compliance activities were undertaken during the reporting period to further strengthen compliance in these areas, including implementation of automated staff movement monitoring for staff role changes covering system generated alerts to relevant stakeholders (including digital platform owners and Management) as well as on demand staff movement reports. These measures have improved digital access compliance by allowing digital teams to check system and information access with real time staff movements data to ensure access matches the role being undertaken.
- Streamlining processes for creating, reviewing, and approving access requests to various digital sources of ring-fenced information (e.g. systems, applications, software and mailboxes); and
- Implementation of monthly assurance activities over ring-fenced designated digital systems and application to support effective review of user access and provide escalation reporting where necessary.

In addition to the above focus area, control testing and improvements were undertaken throughout the course of the reporting year as part of Energex's ring-fencing compliance program. Energex's ring-fencing compliance controls include a mixture of preventative, detective, and corrective controls. A list of the current controls, including a description and the relevant compliance action, 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, Energex reported nine (9) breaches to the AER as outlined in **Table 1**.

Significant improvements in Energex's breach reporting process were made during the reporting year, including:

- A new, formalised process to ensure:
 - ring-fencing issue notification;
 - thorough investigation and assessment of all notified issues; and
 - timely reporting to the AER of both potential and actual breaches of the Guideline.
- Executive ownership of breach reporting to the AER.

Table 1: Breaches of the Guideline during the reporting period

Serial No.	Obligation	Details
1	4.3.1 Protection of ring-fenced information	<p>On 21 February 2022 the AER wrote to market participants advising that some energy retailers' websites display the NMI and/or MIRN of a street address when the address is entered on the website. The AER requested that participants urgently review their websites to determine whether it may be disclosing confidential information such as the National Metering Identifier (NMI) and/or Meter Installation Registration Number (MIRN) associated with a street address when a member of the public enters that address.</p> <p>A comprehensive review of Energex's and Ergon Energy Corporation's (Ergon Energy) websites identified a search engine function in each of the distributors' self-service portals where registered account holders can access an address search function which returns multiple NMIs and addresses for a nominated street and suburb.</p>
2	4.3.1 Protection of ring-fenced information	<p>On 12 April 2022, Energex discovered that four hundred and four (404) letters sent to customers in the Energex region contained another customer's property address, contact details and NMI in the letter.</p>
3	4.3.1 Protection of ring-fenced information	<p>On 17/06/2021 a Customer Operations Officer (COO) registered an Energex customer on an incorrect premises (their neighbour's premises). The COO identified the error and registered the customer on the correct premises. However, instead of following the correct escalation process, the COO attempted to fix the error by deregistering the incorrect registration. This caused an automatic letter to be sent to the postal address for the customer which contained the neighbour's NMI.</p>
4	4.3.1 Protection of ring-fenced information	<p>On 11/04/2022 a COO received a phone call from the owner of a tenanted property in the Energex distribution area. The caller verbally stated they were the owner and requested assistance in how to organise a service order for the premises. The COO advised the customer to contact the retailer and provided the NMI and Meter Number without following approved process to obtain suitable verification.</p>

5	4.2.3 Branding and cross-promotion	<p>Energy Queensland has eight (8) electric vehicles which display a generic graphic across the side of the vehicles. The graphic was designed specifically for the electric vehicles; and does not appear elsewhere. A small dual logo of the Energex and Ergon Energy appears on the rear passenger door (dual DNSP logo).</p> <p>A magnet displaying Yurika Pty Ltd's (a RESP) logo was placed over the dual DNSP logo on one of the electric vehicles. The dual DNSP logo was completely covered, however the graphic remained visible. We have erred on the side of caution and taken a strict view that the graphic in this instance could be considered part of the DNSPs' branding. In placing the Yurika logo over the dual DNSP logo, the graphic has remained visible and appeared with a RESP's branding.</p>
6	4.3.2 Disclosure of ring-fenced information	<p>Energex sent a Planned Interruption Notice by mail to an incorrect postal address. The incorrect postal address was provided by the customer's electricity retailer. The Planned Interruption Notice contained the planned outage times, the premise address and the NMI.</p> <p>Energex interpreted a customer's address together with the relevant NMI to fall within the definition of ring-fenced information. However, it was unclear at the time of reporting whether there has been a breach as Energex has followed the correct processes and mailed the Planned Interruption Notice to the customer's postal address provided by their retailer.</p>
7	4.3.2 Disclosure of ring-fenced information	<p>Energex sent a SMS to a customer to advise of an appointment at their premises. The subject line of the SMS displayed the NMI and address of a different customer. No exception permitting disclosure of the ring-fenced information applied.</p>
8	4.3.2 Disclosure of ring-fenced information	<p>Energex sent an email to Stanwell Energy regarding a premises where they are the FRMP and it had been disconnected for safety. The correct NMI was posted in the subject, but an Ergon Energy NMI and address was listed in the body of the email. No exception permitting disclosure of the ring-fenced information applied.</p>
9	4.3.2 Disclosure of ring-fenced information	<p>Two staff members with access to legacy digital systems containing ring-fenced information moved internally from Customer and Operations Divisions to a RESP i.e. Yurika.</p> <p>Both staff members had access to Ergon Energy's FdrSTAT. One staff had access to Ergon Energy's Google Earth Enterprise Client and Energex's Peace as well.</p> <p>Their access to DNSPs ring-fenced information was not removed prior to their commencement with Yurika and they continued to have access while working for Yurika.</p>

All breaches were reported to the AER in accordance with clause 6.3 of the Guideline.

2.2 Prevention of cross subsidies

2.2.1 Legal Separation

Energex, 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 Ltd** ABN 11 121 177 802 (trading as Ergon Energy Retail) – a RESP, providing standard retail contracts to regional Queensland customers; and
- **Yurika Pty Ltd** ABN 19 100 214 131 - a RESP, with two subsidiaries:
 - **Metering Dynamics Pty Ltd** ABN 58 087 082 764 (trading as Yurika Metering) which provides contestable metering services across the National Electricity Market; and
 - **Ergon Energy Telecommunications 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.

Energex also has a RESP that is not part of the EQL Group. Energy Queensland holds a minority shareholding in Redback Technologies Holdings Pty Ltd ABN 51 634 626 538 (Redback Technologies). Under the Guideline, Redback Technologies and its subsidiaries which also provide contestable electricity services, such as Redback Operations Pty Ltd ABN 36 605 542 541 (Redback Operations), are RESPs.

During the reporting year, governance controls were enhanced with a new Executive Committee charter established to formalise the legal separation considerations for Executives who operate across the EQL Group.

Regarding the SAPS obligations under the Guideline, Energex did not have any regulated SAPS during the reporting period. The new SAPS framework is likely to be in place in Queensland later this year.

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 reporting year the EQL Group maintained separate accounts for Energex and affiliated entities. We have ensured that costs for distribution services have been attributed or allocated in accordance with Energex's Cost Allocation Methodology (CAM), as approved by the AER. Throughout the reporting period, monthly cost allocation reviews were undertaken to ensure compliance with the approved cost allocation methodology.

Energex'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

Energex ensures compliance with the obligation not to discriminate through enhancing staff awareness, processes and procedures for tendering and contracting as well as protecting ring-fenced information through role separation and access management controls.

During the reporting year, processes and procedures for tendering and contracting were enhanced, particularly in relation to third party (including RESP) access to Energex's assets. A formal access arrangement was put in place with Energex's RESP, Yurika, and a new documented process covering additional scenarios of third party's access to regulated assets.

Ring-fencing training is a mandatory awareness course for EQL Group employees, except for certain categories of employees (such as remote power station attendants to whom, given the nature of their role, the training is not relevant). As noted earlier in the report, the ring-fencing awareness training package has been refreshed and updated during the reporting year.

New starters are automatically nominated for 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. The training course can be accessed by staff at any time through the learning platform, should they wish to refresh their awareness and staff can be nominated for training by their Managers. Staff are also directed to complete the training if they are identified as shared staff.

A ring-fencing reference guide is also available for all EQL Group staff to access at any time (together with other ring-fencing resources) via the internal 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 ring-fencing awareness training package prior to transitioning to their new role. Customised ring-fencing messages are also communicated to the whole of business to highlight the obligations and relevant compliance processes and procedures through various corporate communication channels.

2.3.2 Offices, staff, branding and promotions

Physical separation/co-location

The EQL Group continues to seek a more efficient office footprint and reduce its operational leasing costs, particularly given we have fewer staff working from offices and depots on a full-time basis since the COVID pandemic with staff embracing flexible work arrangements and electing to work from home where it is operationally possible to do so.

Where possible, staff providing contestable electricity services are in separate buildings to DNSP staff. Where this is not possible, staff are 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.

Prior to RESP staff moving to an office that houses DNSP staff, the relocating staff are reminded of the ring-fencing obligations. They are specifically asked to:

- Refresh their ring-fencing awareness by undertaking the training package; and
- Check their ID card to ensure it meets 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 are 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;

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- Be aware of their movements around the building and the use of shared spaces;
 - Encrypt portable electronic devices (such as iPhones, iPads, and workstations) 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 prominent locations including lifts and/or foyers to remind staff which building areas they are permitted to access.

Staff sharing

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 Ring-fencing 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 (including a checklist for secondees); and
- Staff training and awareness activities.

Branding and cross-promotion

During the reporting year, controls around branding and cross-promotion were improved following lessons learned from a breach in relation to the use of branding on a vehicle. As a result, additional guidance explicitly reminding staff of the importance of ensuring artwork and designs differ between the DNSPs and the RESPs to ensure Energex does not highlight or cross promote any relationship with its RESPs.

The key branding and cross-promotion controls include:

- A dedicated Brand Centre SharePoint site 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 which 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 which provide detailed information for each entity in the EQL Group and ring-fencing compliant templates for use by staff;
- The EQL Group Branding Team maintaining 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), which are also monitored by the EQL Branding Team to ensure there are no actual or potential branding or cross-promotion breaches; and
- The EQL Group Workwear Handbook which provides additional guidance for staff to understand how to use the correct uniforms and fleet branding.

Office and staff registers

Energex publishes its office and staff sharing registers on its public websites. Both registers were reviewed and updated during the reporting period in addition to being amended when updates were required.

Current copies of Energex's office and staff registers can be viewed via the following link:
<https://www.energex.com.au/about-us/company-information/network-regulation/ring-fencing>

2.4 Information access and disclosure

Protection of ring-fenced information

Energex continues to emphasise the importance of ring-fenced information access and disclosure to staff. To ensure the security of ring-fenced information, automated preventative security access was introduced in several platforms. For older legacy platforms where this is not technically possible, automated reporting was put in place to cross-check staff movements with digital access. This involves sending overnight system generated notifications of staff movements in and out of RESPs of select ring-fenced applications for review and access management access changes actioned as appropriate. Periodic reactive reviews of staff access to ring-fenced information were also undertaken including but not limited to monthly user access reporting.

Staff transfer, recruitment and secondment forms have been updated to include a reminder to consider ring-fencing obligations which includes but not limited to ensuring moving staff review their access to applications prior to moving.

The digital ServiceNow platform manages digital access processes and flags any applications containing ring-fenced information. If staff members request access to a flagged application, an additional workflow is triggered for further review and approval by second line before granting the access.

Energex has updated staff awareness and guidance materials on a dedicated SharePoint site to explain ring-fenced information and the obligation to protect it under the Guideline. Additionally, an information decision tree and FAQs covering information access and disclosure are available to assist staff. Employees are encouraged to seek advice on ring-fenced information and request a function or role specific tailormade training by emailing a monitored email address.

Disclosure and sharing of information

Energex has a documented information sharing protocol and information register application form in place for requesting access to ring-fenced information. When a RESP makes a request to access ring-fenced information and Energex shares the information in accordance with the information sharing protocol, Energex's information sharing register is updated to reflect the disclosure.

Energex's information sharing protocol and application form is published on its external website and can be viewed via the following link:

<https://www.energex.com.au/about-us/company-information/network-regulation/ring-fencing>

Given Energex identified breaches of obligation related to information access and disclosure during the reporting period, additional targeted training to relevant staff was provided.

Information register

Energex's Information Sharing Register is published on its external website and can be viewed via the following link:

<https://www.energex.com.au/about-us/company-information/network-regulation/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.

Energex 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 clause(s) to which the waiver applies.

Energex's waiver register is published on its public website and is available for viewing via the following link:

<https://www.energex.com.au/about-us/company-information/network-regulation/ring-fencing>

Energex had two waivers of its ring-fencing obligations in place during the reporting period as listed below.

- Waiver to allow Energex to contract with AEMO to provide RERT services via voltage management.
- Waiver to allow Energex to lease the excess capacity from up to thirty-five (35) batteries to Origin Energy.

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, Energex continued to operate 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. Any potential breach was escalated and reported internally for assessment and external reporting to the AER as required by the Guideline. As noted above, the process for breach reporting was formalised and improved during the reporting year.

This reporting 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, 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 (GRC) Tool. The controls and activities are assigned to those with requisite responsibility and accountability for their design and implementation effectiveness. Subject matter experts and control testers are also assigned to each control. However, assurance activities continue to be performed outside of the GRC Tool until the full functionality of the GRC toolset is implemented.

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

Table 2: 2020-2021 Independent assessor recommendations and respective corrective actions

Obligation	Recommendation	Corrective action
4.2.2(a) Staff sharing	Management monitor the completion of:	<ul style="list-style-type: none"> A fresh training need analysis was undertaken followed by more efficient assignment process including self-assignment and recommend option. Training content has been enhanced with focus on both field and office-based staff as well as engaging and more interactive delivery style via the SAP SuccessFactors. As a result, training completion rate has significantly improved. Ring-fencing awareness course is assigned to new employees within 30 days of commencing their employment. All staff that were seconded or transferred over to Yurika or Retail in CY2022 have completed the training.
6.1 Maintaining compliance	<ul style="list-style-type: none"> The Ring-fencing awareness training module by the 184 identified employees in a timely manner. Ring-fencing awareness training by existing employees within an agreed and acceptable timeframe. Ring-fencing awareness training by new employees, seconded and transferred employees prior to performing new duties. 	

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).

Energex 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 Energex's accounting and finance systems.

Costs are largely captured in our parent entity, Energy Queensland, and charged to Energex 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.

Table 3: Transactions between Energex and affiliated entities

Affiliated Entity	Cost Type	Transaction Description and Purpose
Ergon Energy Network	Materials	Material costs comprise the following direct costs: <ul style="list-style-type: none"> - direct acquisitions; - goods issued; and - other miscellaneous material costs
EQL	Network, Non-network and Corporate Overheads	Overheads comprise indirect costs incurred by the EQL Group. These are charged to Energex in accordance with the CAM and reported as Network, Non-network or Corporate Overhead. These costs consist of: <ul style="list-style-type: none"> - indirect labour and contractors; - office supplies; - utilities; - audit services; - legal services; - other professional fees & expenses; - licence fees (excluding motor vehicle rego fees) and other ICT operating costs; - subscriptions and registrations; - telephone, postage and courier service costs; - rental costs; - insurance (other than motor vehicle and personnel); - tools and equipment; and - fleet, buildings and property running costs.
Yurika (including Nexium and Metering Dynamics)	Various support services provided to Yurika	These services include: <ul style="list-style-type: none"> - installation/replacement of meters; - infrastructure services; - operating and maintenance services on generators; and - telecommunication expense.
Yurika	Network support agreement	Availability fees and generator charges may be paid by Energex to Yurika for access to emergency generation where required.
Redback Operations	Materials	Energex purchases low voltage monitoring devices under contract from Redback Operations.

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.

Energex engaged O'Connor Marsden & Associates Pty Ltd (OCM) to undertake an Independent Assessment of Energex's compliance against the Guideline requirements. The review covered the period from 1 January 2022 to 31 December 2022. OCM's report is provided as **Attachment 1** to this Report.

APPENDIX 1 – COMPLIANCE CONTROLS

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
C1	3.1 Legal separation	<p><i>Legal Separation of DNSPs and RESPs</i></p> <p>DNSPs and RESPs are legally separated entities through company registration and governing artefacts</p>	<ul style="list-style-type: none"> • All EQL Group companies have separate ABNs and are registered with ASIC (P) • Constitutions are ring-fencing compliant (P) • Board Charters are ring-fencing compliant (P) • Board paper templates include means for identifying ring-fenced papers (P) • Executive Governance Framework includes mechanism for Executive General Managers who undertake both regulated and unregulated roles (P) • Group Governance Framework is ring-fencing compliant (P)
C2	3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	<p><i>Financial systems configuration</i></p> <p>DNSP's enterprise resource management system captures DNSPs and RESPs and accurately records the entire range of transactions between the affiliated entities, including Procurement; Financial; and HR</p>	<ul style="list-style-type: none"> • Ellipse is configured to meet ring-fencing requirements and capture transactions (P) • Access to Ellipse districts is controlled (P) • System detects potential erroneously coded transactions and flags for review (D) • Annual security review is undertaken by information custodians (D)

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
C3	3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	<i>Use and review of Cost Allocation Methodology</i> 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"> • CAM continues to incorporate ring-fencing requirements (P) • Treasury Agreement is in place between affiliated entities (P) • RINs audits are conducted annually for compliance (D) • Monthly variance analysis is conducted (D) • Monthly reconciliation of budget vs actual is conducted (D)
C4	4.1 Obligation not to discriminate	<i>DNSP tender process requirements</i> 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"> • Tender documents incorporate ring-fencing requirements (P) • Random audits of tenders are undertaken to determine compliance (D)
C5	4.1 Obligation not to discriminate 4.2.1 Physical separation / co-location 4.2.2 Staff sharing 4.2.3 Branding and cross-promotion 6.1 Maintain compliance	<i>Ring-fencing awareness course for EQL Staff</i> EQL staff are required to undertake the online ring-fencing awareness course.	<ul style="list-style-type: none"> • Ring-fencing awareness course is assigned to new staff upon starting (P) • Ring-fencing awareness course is assigned to existing staff who have not completed the course in the past (P) • Course completion rate is regularly monitored (D) • Additional information and guidance resources are available for staff via the Wire (P)

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
C6	4.1 Obligation not to discriminate 4.2.3 Branding and cross-promotion 4.4.1 Conduct of service providers	<i>EQL contracts are ring-fencing compliant</i> EQL terms of contracts include ring-fencing obligations as standard terms.	<ul style="list-style-type: none"> • All contract templates are ring-fencing compliant (P) • Ring-fencing obligations are incorporated into new contracts where necessary (P) • Random audits of contracts are undertaken to assess compliance (D)
C7	4.2.1 Physical separation / co-location	<i>Physical and accommodation separation of staff</i> DNSP and non-DNSP staff (i.e. RESP and shared services staff) are located in separate offices. Where DNSP and non-DNSP staff are co-located in the same office (e.g. Newstead, Flinders St, Alma St), separation is achieved by locating them on separate floors.	<ul style="list-style-type: none"> • Individual office arrangements are based on type of staff accommodated (RESP only, DNSP only, mixed DNSP/RESP, regional location) (P) • Staff are re-located to other offices based on their roles i.e. DNSP, RESP or shared services (P) • Physical signage at offices is ring-fencing compliant (P) • Access to all sites is controlled and monitored electronically (D) • Random staff location audits are undertaken (D)

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
C8	4.2.1 Physical separation / co-location 4.2.2 Staff sharing 4.3.1 Protection of ring-fenced information 4.3.3 Sharing of information	<p><i>System generated staff movement notifications and restrictions</i></p> <p>HR notifications are sent to Digital to identify start and end dates for staff movements.</p> <p>Access to confidential information is appropriately controlled depending on whether employee is DNSP, RESP or corporate support staff.</p>	<ul style="list-style-type: none"> • Ellipse is automatically updated to recognise staff movements between DNSP and RESP (P) • Automatic notifications are generated for managing Digital and building access (P) • Appropriate Digital accesses are applied to new position (P) • Staff are located appropriate to RESP, DNSP or shared services position (P)
C9	4.2.2 Staff sharing	<p><i>Application of ring-fencing compliant remuneration & performance framework</i></p> <p>Performance, remuneration and incentives are ring-fencing compliant for staff eligible for bonuses.</p>	<ul style="list-style-type: none"> • Remuneration template is ring-fencing compliant based on staff position (P) • Performance Incentive Framework is ring-fencing compliant (P) • Performance Framework User Guide is ring-fencing compliant and DNSP staff do not have a KPI related to growth in unregulated revenue (P)
C10	4.2.3 Branding and cross-promotion	<p><i>Staff uniform branding is ring-fencing compliant</i></p> <p>Uniforms for corporate and field staff have ring-fencing compliant branding.</p>	<ul style="list-style-type: none"> • All staff uniforms have ring-fencing compliant branding (P) • Instructions are available to staff on how to correctly use the relevant branding on uniforms (P) • Intranet site is maintained with guidance to staff on how to wear uniforms and FAQs (P)

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C11	4.2.3 Branding and cross-promotion	<p><i>Application of Brand Guidelines</i></p> <p>Branding guidelines reflect current ring-fencing advice and are in use by EQL.</p>	<ul style="list-style-type: none"> • EQL branding guidelines are available to all employees with accompanying general ring-fencing information and links to the Ring-fencing team for specific advice (P) • Branding guidelines are easily accessible through EQL Brand Centre on the Intranet site (P) • EQL email signature guidelines are available through on the EQL Brand Centre (P)
C12	4.2.3 Branding and cross-promotion	<p><i>Use and periodic review of corporate templates</i></p> <p>Corporate documents and templates (i.e. excluding ECM controlled documents) available through the Brand Centre.</p> <p>Brand Guidelines are ring-fencing compliant and provide links for seeking specific ring-fencing advice.</p>	<ul style="list-style-type: none"> • Templates are available to all employees through the Brand Centre with accompanying general ring-fencing information and links to the Ring-fencing team for specific advice (P) • Periodic review of ring-fencing information contained in the Brand Guidelines to ensure ongoing compliance (D)
C13	4.2.3 Branding and cross-promotion	<p><i>Fleet branding protocol</i></p> <p>Fleet provides the magnets to cover branding as appropriate and responsible for the procurement and provision of same.</p>	<ul style="list-style-type: none"> • Fleet branding for DNSPs or RESPs fleet follow approved ring-fencing Branding Guidelines (P) • White magnetic stickers are placed over DNSP logos on vehicles prior to undertaking unregulated works (P)

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C14	4.2.4 Office and staff registers 4.3.4 Information Register 4.3 Information access and disclosure 5.7 Waiver register	<i>Maintenance of ring-fencing registers (Waiver, Office, Staff, Information)</i> DNSPs current staff sharing, office sharing, information sharing and waiver Sharing registers are publicly available.	<ul style="list-style-type: none"> Registers reviewed quarterly in Jan, Apr, Jul & Oct and updated, if required (P) Current registers are published on the external/public website (P)
C15	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information	<i>Use of information sharing protocol</i> Information sharing protocol and supporting decision tree are available and utilised	<ul style="list-style-type: none"> Information sharing protocol maintained and easily accessible via the Wire (P) Information sharing protocol available on the external website (P) Information sharing decision tree maintained and easily accessible via the Wire (P)
C16	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information 6.1 Maintain compliance	<i>System access controls for shared staff</i> 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"> System alarms alert Team Leader when inappropriate accesses occur, and Team Leader investigates (D) Call centre processes incorporate ring-fencing obligations (P)
C17	4.3.1 Protection of ring-fenced information 4.3.3 Sharing of information	<i>Digital system access reviews</i> ICT security access procedures incorporate ring-fencing obligations including access provided based on DNSP or RESP approved programs	<ul style="list-style-type: none"> Use of Systems (UoS) agreement includes ring-fencing requirements. All staff agree to the UoS every time they log-in to the system (P) Digital teams have ring-fencing lists for determining access requests based on DNSP or RESP approved lists (P)

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
			<ul style="list-style-type: none"> • All RESP requests to access to sources of ring-fenced information are reviewed by the Risk & Compliance Team and assessed against lists of ring-fenced information sources prior to approval (P)
C18	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information	<p><i>Digital ring-fencing audit</i></p> <p>Periodic testing is performed to determine whether any RESPs staff have access to DNSPs ring-fenced information.</p> <p>Exceptions are investigated for potential breaches and remediation</p>	<ul style="list-style-type: none"> • RESPs staff list is checked against known Digital sources of ring-fenced information (D) • Remediation areas are identified and rectification activities commenced if required (C)
C19	6.1 Maintain compliance	<p><i>Ring-fencing compliance management process in place</i></p> <p>Compliance Management Policy incorporates Ring-fencing obligations.</p> <p>An online ring-fencing awareness course is available for staff.</p> <p>Additional ring-fencing awareness resources are available to staff via the intranet.</p>	<ul style="list-style-type: none"> • Confidential Information Policy includes ring-fencing obligations (P) • Compliance Management Policy incorporates Ring-fencing obligations (P) • New starters complete the online ring-fencing awareness course in a timely manner (P) • Existing staff retake the online ring-fencing awareness course if identified as high risk e.g. shared staff (P) • An informative ring-fencing SharePoint site is maintained with relevant awareness and guidance materials e.g. decision trees,

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions Preventative (P), Detective (D) & Corrective (C)
			<p>ring-fencing checklists, FAQs, information sharing protocol and issue notification process (P)</p> <ul style="list-style-type: none"> • A dedicated mailbox i.e. ring.fencing@energyq.com.au is available for staff to request advice on ring-fencing issues as well as other queries related to ring-fencing obligations and compliance (P)
C20	6.2.1 Annual compliance report 6.2.2 Timing of annual compliance reporting	<p><i>Annual compliance report to the AER</i></p> <p>Annual ring-fencing compliance report is prepared for each calendar year.</p> <p>Annual compliance assessment is undertaken by a qualified independent auditor.</p> <p>Annual compliance report and independent auditor's assessment report are submitted to the AER in a timely manner.</p>	<ul style="list-style-type: none"> • Annual ring-fencing compliance report contains relevant content (D) • Engage an appropriately qualified external auditor for compliance assessment (D) • Submission of annual compliance report and independent compliance assessment report to the AER by end of April each year (D)
C21	6.3 Compliance breaches	<p><i>Ring-fencing breach identification and reporting to the AER</i></p> <p>Ring-fencing issue notification, assessment and breach reporting protocol and supporting template is maintained and easily accessible to</p>	<ul style="list-style-type: none"> • Ring-fencing issues are notified to Risk & Compliance upon identification (D) • Risk & Compliance assess the reported issues to determine if a ring-fencing breach has occurred (D) • Appropriate corrective actions are taken to address the cause(s) and prevent recurrence (C)

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		<p>staff via the ring-fencing SharePoint site.</p> <p>Causes of ring-fencing breaches are identified and rectified.</p>	<ul style="list-style-type: none"> • All breaches are reported to the AER using the correct template within specified timeframe (D) • A Ring-fencing Breach Register is maintained (D)