



Independent Reasonable Assurance Report to the Directors of Essential Energy

Conclusion

In our opinion, Essential Energy's Statement of Compliance that the entity has, with the exception of the breach identified and reported to the Australian Energy Regulator (AER), complied with the Ring-fencing Guideline published by the AER on 3 November 2021 is, in all material respects, fairly presented for the regulatory period from 3 February 2022 to 31 December 2022.

Emphasis of Matter – Breach of the Ring-fencing Guideline

Without qualifying our conclusion, we draw attention to Appendix B of Essential Energy's Electricity Distribution Ring-fencing Compliance Report ("Compliance Report"), which describes the breach identified in the regulatory period from 3 February 2022 to 31 December 2022.

On 11 July 2019, Essential Energy reported a breach of clauses 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 4.4.1 (a) of the Ring-fencing Guideline, as it involved Essential Energy providing a contestable electricity service without complying with those provisions. Essential Energy had been providing these services under a waiver since December 2017, to allow Essential Energy time to transition to the new regulatory treatment of type 1-4 metering services. That waiver expired on 30 June 2019, with some residual type 1-4 metering services still being provided.

To meet this obligation Essential Energy has been corresponding with retailers to transfer the existing metering services and is providing the AER with progress updates on the reduction in the number of meters for which it is responsible.

Scope

The subject of our assurance engagement is whether Essential Energy's Statement of Compliance that the entity has, with the exception of the breach identified and reported to the AER, complied with the Ring-fencing Guideline published by the AER on 3 November 2021 (the "Ring-fencing Guideline") is, in all material respects, fairly presented for the regulatory period from 3 February 2022 to 31 December 2022.

This Statement of Compliance accompanies our report, for the purpose of reporting to the Directors of Essential Energy and the AER.



Basis for Our Conclusion

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

In accordance with ASAE 3100 we have:

- used our professional judgment to plan our procedures and assess the risk of material misstatements in Essential Energy's Statement of Compliance that the entity has, with the exception of the breach identified and reported to the AER, complied with the Ring-fencing Guideline;
- considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and,
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed, Observations and Findings

In Appendix A, we provide an overview of the key procedures, observations and findings in relation to each of the Ring-fencing Guideline requirements. This overview is provided at the request of the AER to provide greater transparency over the work we performed. Our conclusion is not modified in this respect.

In Appendix B, we have summarised performance improvement observations. Our conclusion is not modified in respect of these observations.

How We Define Reasonable Assurance and Material Misstatement

- Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement in Essential Energy's Statement of Compliance when it exists.
- Instances of misstatement in Essential Energy's Statement of Compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of Essential Energy's compliance with the Ring-fencing Guideline.

Inherent Limitations

- Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or material misstatement in Essential Energy's Statement of Compliance may occur and not be detected.
- A reasonable assurance engagement for the regulatory period from 3 February 2022 to 31 December 2022 does not provide assurance on whether compliance with the compliance requirements of the Ring-fencing Guideline will continue in the future.



Use of this Assurance Report and Matters Relating to Electronic Publication

This report has been prepared for the Directors of Essential Energy and the AER for the purpose of compliance with the Ring-fencing Guideline and may not be suitable for another purpose.

We understand that the AER intends to publicly release our assurance report via its website. The AER is responsible for the integrity of AER's website where our report is presented alongside the Compliance Report. We have not been engaged to report on the integrity of the AER's website. This report refers only to the Statement of Compliance and does not provide an opinion on any other information which may have been hyperlinked to/from the Compliance Report. If users of the Compliance Report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the Compliance Report to confirm the information contained in this website version of the Compliance Report.

We disclaim any assumption of responsibility for any reliance on this report, or the Compliance Report to which it relates to any person other than the Directors of Essential Energy and the AER, or for any purpose other than that for which it was prepared.



Management's Responsibility

Management is responsible for:

- the compliance activities undertaken to meet the requirements of the Ring-fencing Guideline;
- identification of the risks that threaten the compliance with the Ring-fencing Guideline from being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance; and,
- preparing a Compliance Report and providing a Statement of Compliance with respect to the outcome of the evaluation of the compliance activity against the Ring-fencing Guideline, which accompanies this Independent Assurance Report.

Our Responsibility

Our responsibility is to perform a reasonable assurance engagement in relation to Essential Energy's Statement of Compliance with the Ring-fencing Guideline, for the regulatory period from 3 February 2022 to 31 December 2022 and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.



KPMG

Sydney

26 April 2023



Appendix A: Summary of procedures performed, observations and findings

In this section, we present an overview of key procedures performed, observations and findings as part of our reasonable assurance engagement in respect Essential Energy's compliance activities with the relevant requirements of the Ring-fencing Guideline for the regulatory period from 3 February 2022 to 31 December 2022.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our conclusion reported in the Independent Reasonable Assurance Report.

We performed the following general procedures to assess Essential Energy's overall compliance with the Ring-fencing Guideline:

- Read the Compliance Report to obtain an understanding of Essential Energy's overall compliance strategy, measures and internal controls for Ring-fencing;
- Conducted interviews to obtain an understanding of changes to the regulatory business activities and related compliance management approach; and
- Inspected supporting evidence which included policies, procedures and practices undertaken to embed Ring-fencing compliance measures during the period.



The following table provides a summary of procedures, observations and findings for each Ring-fencing guideline requirement:

Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
Legal Separation			
3.1(a) A Distribution Network Service Provider (DNSP) must be a legal entity.	Essential Energy has a registered Australian Business Number (ABN).	<ul style="list-style-type: none"> Obtained and inspected the Legal Entity Structure for Essential Energy. Essential Energy does not have affiliate entities, in execution of its strategic compliance plan. Performed an ASIC search on Essential Energy using the ABN contained in its distributor’s license to establish it is a separate legal entity. Checked that the ABN was accurately reflected on Essential Energy’s website. 	None.
3.1(b) Subject to this clause 3.1, a DNSP may provide distribution services and transmission services, but must not provide other services.	<ul style="list-style-type: none"> Strategic approach to Ring-fencing compliance that defines the scope of activities to ensure compliance with Ring-fencing obligations. Waivers and waiver register. Approval of new services. Training and awareness. Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inspected Essential Energy’s Ring-fencing Guideline Compliance Plan July 2017 (strategic approach to Ring-fencing compliance) to determine whether Essential Energy’s approach aligns to the services the DNSP is limited to provide. Inspected supporting company policies and procedures to assess whether these clearly articulate Essential Energy’s approach to compliance with the obligations outlined in the Ring-fencing Guideline. Inspected the Waivers register on Essential Energy’s customer-facing website for waivers that permit the DNSP to provide other services in addition to distribution services. Inspected Essential Energy’s letter to the AER 	<p>Quarterly Compliance checks</p> <p>The monthly attestation process is manual in nature and managed in an excel workbook. The completeness and accuracy of the attestation register, and resultant responses, relies upon effective and timely communication of matters by the business to the regulatory compliance team.</p> <p>Essential Energy has advised that it is in the process of undertaking a Regulatory Compliance Framework uplift programme, which is expected to deliver:</p> <ul style="list-style-type: none"> a refreshed Regulatory Compliance Framework that



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> Financial results analysis. 	<p>surrendering its waiver to provide services under a Water Access Agreement with Clarence Valley Council.</p> <ul style="list-style-type: none"> Inspected the waiver conditions of the two battery waivers granted to Essential Energy during the audit period. Inspected Management’s review and approval process in place for contestable services. There were no new contestable services approved for the period under this review. We therefore inspected the template for the approval of new services to check that the template included relevant compliance approvals as a pre-clearance control mechanism. Inspected the Ring-fencing training materials to determine whether the content accurately reflected Essential Energy’s obligation to not provide other services. Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring- 	<p>aligns with AS ISO19600</p> <ul style="list-style-type: none"> implementation of a three-line defense model with clear ownership and responsibilities across these three lines a governance risk and compliance system (TotalSafe), which will contain an obligations register and will automate through the issuance of tasks, the regular compliance attestation process and controls testing requirements of process owners. <p>The Ring-fencing attestation process could be improved by applying the revised regulatory compliance framework and governance risk and compliance system once available to minimise reliance on manual spreadsheets and processes.</p> <p>Refer to PIO 1 contained in Appendix B.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. <ul style="list-style-type: none"> Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. Inspected the December 2022 Financial Performance Report to determine whether the financial results analysis includes variance analysis to assist in detecting breaches where revenues are unexplained or vary significantly from what is expected. 	
Establish and maintain accounts			
3.2.1(a) A DNSP must establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the DNSP and its affiliated entities.	<ul style="list-style-type: none"> Strategic approach to Ring-fencing compliance that defines the scope of activities to ensure compliance with Ring-fencing obligations Financial results analysis 	<ul style="list-style-type: none"> Inspected the DNSP's Ring-fencing Guideline Compliance Plan July 2017 (strategic approach Ring-fencing compliance) to check the services the DNSP is limited to provide with respect to its internal accounting procedures. Inspected the December 2022 Financial Performance Report to determine whether the financial results analysis conducted by Essential Energy includes an analysis of expenditure results and variances from forecasts or budgeted outcomes. Inspected the AER's approval of service classifications for the 2019-24 regulatory period, 	None.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		<p>which allows Essential Energy to provide alternate control services which were previously covered under transitional waivers.</p> <ul style="list-style-type: none"> Reviewed the DNSP's quarterly assessment of exempt service areas (those that have fewer than 25,000 connection points within a 100km radius of the office). 	
Cost Allocation and Attribution			
<p>3.2.2(a) A DNSP must allocate or attribute costs to distribution services in a manner that is consistent with the Cost Allocation Principles and its approved CAM, as if the Cost Allocation Principles and CAM otherwise applied</p>	<ul style="list-style-type: none"> Accounting codes for distribution and non-distribution services Application of the Cost Allocation Method (CAM) 	<ul style="list-style-type: none"> Inspected Essential Energy's CAM and checked that it addresses the attribution of costs between distribution and non-distribution services and that it has been approved by the AER. KPMG were the independent auditors in connection with the regulatory information templates of Essential Energy prepared under the AER's Regulatory Information Notices (RINs) for the regulatory year ended 30 June 2022. 	<p>Application of the Cost Allocation Method (CAM)</p> <p>Essential Energy attributes costs to distribution and non-distribution services in accordance with its CAM.</p>
<p>3.2.2(b) A DNSP must only allocate or attribute costs to distribution services in accordance with clause 3.2.2(a) and must not allocate or attribute other costs to the distribution services it provides.</p>	<ul style="list-style-type: none"> Financial results review and analysis Reviewing and maintaining accounting records 	<p>We considered the appropriateness of Essential Energy's CAM as part of this audit engagement. Our procedures included:</p> <ul style="list-style-type: none"> Walkthroughs of key processes and activities related to cost allocation such as project creation and cost capture, creation of purchase orders, invoice processing and overhead allocations, and For a sample of costs incurred, agreeing to supporting documentation such as invoices and comparing project allocation mapping to AER definitions provided in the RIN. 	<p>The approved CAM document refers to Peoplesoft (Essential Energy's ERP from 1 July 2020 – 31 July 2021) and related financial controls within that system. Whilst the CAM document remains relevant at a principle level, the document should be updated to reflect the use of the Oracle accounting system and be made specific to post-ERP implementation process controls.</p>
<p>3.2.2(c) A DNSP must establish, maintain and keep records that demonstrate how it meets the obligations in clauses 3.2.2(a) and 3.2.2(b), and must not allocate or attribute other costs to the distribution services it provides.</p>			<p>Refer to PY PIO 2 contained in Appendix B.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		<ul style="list-style-type: none"> Updated our understanding of the processes associated with cost allocation for the period from 1 July 2022 to 31 December 2022 through a combination of enquiry with management and inspection of underlying documents. Inspected the June 2022 and December 2022 Financial Performance Reports presented to the Executive Leadership Team to determine whether the process used for the financial results review includes variance analysis to assist in detecting breaches where revenues are unexplained or vary significantly from what is expected. 	
Obligations to not discriminate			
<p>4.1(b) A DNSP must not discriminate (either directly or indirectly) between a related electricity service provider and a competitor (or potential competitor) of a electricity service provider in connection with the provision of:</p> <p>i) direct control services by the DNSP (whether to itself or to any other level entity); and/or</p> <p>ii) contestable electricity services by any other legal entity.</p>	<ul style="list-style-type: none"> Strategic approach to Ring-fencing compliance that defines the scope of activities to ensure compliance with Ring-fencing obligations. Training and awareness. Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inspected Essential Energy’s Ring-Fencing Guidelines Compliance Plan July 2017 (strategic approach to Ring-Fencing compliance) to determine whether Essential Energy’s approach aligns to the services the DNSP is limited to provide. Inspected supporting company policies and procedures to assess whether these clearly articulate Essential Energy’s approach to compliance with the obligations outlined in the Ring-fencing Guideline. Inspected the AER’s approval of services classifications which now allows Essential Energy to provide contestable services which were previously covered under the transitional waivers. Inspected the Ring-fencing training materials to 	<p>Refer to our observations above under 3.1.(b) in relation to Quarterly compliance checks.</p>
<p>4.1(c) Without limiting its scope, clause 4.1(b) requires a DNSP to:</p>		<ul style="list-style-type: none"> Inspected the Ring-fencing training materials to 	



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>i) in dealing or offering to deal with a related electricity service provider, treat the related electricity service provider as if it were not a related electricity service provider (that is, as if it had no connection or affiliation with the DNSP).</p> <p>ii) in like circumstances, deal or offer to deal with a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider on substantially the same terms and conditions.</p> <p>iii) in like circumstances, provide substantially the same quality, reliability, and timeliness of service to a related electricity service provider and a competitor (or potential competitor) of the related electricity service provider.</p> <p>iv) subject to clause 4.3.3(b), not disclose to a related electricity service provider information the DNSP has obtained through its dealings with a competitor (or potential competitor) of the related</p>		<p>determine whether the content accurately reflected Essential Energy’s obligation to not provide other services.</p> <ul style="list-style-type: none"> Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period of 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestation to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>electricity service provider where the disclosure would, or would be likely to, provide an advantage to the related electricity service provider.</p>			
<p>4.1. (d) A DNSP must not discriminate (either directly or indirectly) between any two legal entities, in connection with the supply of contestable electricity services by those legal entities, on the basis of the use by one or both of those legal entities of assets owned, operated or otherwise controlled (in whole or in part) by the DNSP.</p>			
<p>Offices, staff, branding and promotions</p>			
<p>4.2.1(a) Subject to this clause 4.2.1, in providing direct control services, a DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services.</p>	<ul style="list-style-type: none"> • Strategic approach to Ring-fencing compliance that defines the scope of activities to ensure compliance with Ring-fencing obligations. • Quarterly compliance reporting of information relating to registers and breaches. • Regional office analysis. 	<ul style="list-style-type: none"> • Inspected Essential Energy’s Ring-fencing Guideline Compliance Plan July 2017 (strategic approach Ring-fencing compliance) to determine whether DNSP branding is independent and separate from the RESP. • Checked that the compliance exceptions are contained within CEOP2477 Ring-fencing Procedure document, which is accessible from Essential Energy’s intranet for employees to refer to as required. • Inspected supporting company policies and procedures to check that these clearly articulate Essential Energy’s approach to compliance with 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p> <p>Breach identified and reported by Essential Energy to the AER:</p> <p>On 11 July 2019, Essential Energy reported a breach of clauses 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 4.4.1 (a) of the Ring-fencing Guideline, as it involved Essential Energy providing a contestable electricity service without complying with those provisions.</p> <p>Essential Energy had been providing</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
	<ul style="list-style-type: none"> Office register. Training and awareness. 	<p>the obligations outlined in the Ring-fencing Guideline.</p> <ul style="list-style-type: none"> Inspected Essential Energy’s procedure document CEOH4000.04 to check whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. Obtained management’s quarterly analysis of services offered in Regional Offices and compared these to existing waivers to check that Essential Energy is exempt from complying with the offices, staff, branding and cross-promotion separation obligations for services provided from those Regional Offices (those that have less than 25,000 connection points within a 100km radius of the office). Inspected the Office register to check whether information identified the appropriate classification of offices. Obtained evidence on a sample basis that the Office register is checked, validated, and updated by the Compliance Team on a quarterly basis. 	<p>these services under a waiver since December 2017, to allow Essential Energy time to transition to the new regulatory treatment of type 1-4 metering services. That waiver expired on 1 July 2019, with some residual type 1-4 metering services still being provided.</p> <p>Essential Energy has been corresponding with retailers to transfer the existing metering services and providing the AER with progress updates.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		<ul style="list-style-type: none"> Inspected the Ring-fencing training materials to determine whether the content provided guidance on regionally exempt depots. Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period. 	
<p>4.2.2(a) Subject to this clause 4.2.2, a DNSP must ensure that its staff involved in the provision or marketing of direct control services are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p>	<ul style="list-style-type: none"> Strategic approach to Ring-fencing compliance that defines the scope of activities to ensure compliance with Ring-fencing obligations. Quarterly compliance reporting of information relating to registers and breaches. Staff Register. Training and awareness 	<ul style="list-style-type: none"> Inspected the Staff Register and checked that it contains the nature of the position of staff, the description of their role, functions and duties and the applicable exemptions under the Ring-fencing Guideline. Obtained an understanding of the process undertaken by the Compliance Team to validate the Staff Register as current for each of the quarters published. Inspected the Ring-fencing training materials to determine whether the content provides guidance on regulated and unregulated services. Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of 	<p>Refer to our observations above under:</p> <ul style="list-style-type: none"> - 3.1(b) in relation to Quarterly compliance checks and - 4.2.1(a) in relation to the breach identified and reported by Essential Energy to the AER.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>4.2.2(c) The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff must not give the member of staff an incentive to act in manner that is contrary to the DNSP’s obligations under this Guideline.</p>	<ul style="list-style-type: none"> • A standard set of Key Performance Indicators across all employees. • Training and awareness 	<p>new starters within the current period.</p> <ul style="list-style-type: none"> • Inspected Essential Energy’s STI Plan Information Booklet (May 2022) to check that remuneration incentives and other benefits provided to DNSP staff do not incentivise staff to act in a manner that is contrary to the obligations. • Enquired of management whether there had been any changes to incentive arrangements during the compliance period. • Inspected the Ring-fencing training materials to determine whether the content accurately reflected Essential Energy’s obligation to not act in a manner contrary to the obligations. • Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period. 	<p>None.</p>
<p>Branding and cross-promotion</p>			
<p>4.2.3(a) A DNSP:</p> <p>i) must use branding for its direct control services that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a</p>	<ul style="list-style-type: none"> • Strategic approach to Ring- fencing compliance. • Regional office analysis. • Office register. • Quarterly compliance reporting of information 	<ul style="list-style-type: none"> • Inspected Essential Energy’s Ring-fencing Guideline Compliance Plan July 2017 (strategic approach Ring-fencing compliance) to determine whether DNSP branding is independent and separate from the RESP. • Inspected the AER’s approval of service classifications for the 2019-24 regulatory period, which allows Essential Energy to provide alternate 	<p>Refer to our observations above under:</p> <ul style="list-style-type: none"> - 3.1(b) in relation to Quarterly compliance checks and - 4.2.1(a) in relation to the breach identified and reported by Essential Energy to the AER.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related.</p> <p>ii) must not advertise or promote its direct control services and its contestable electricity services that are not direct control services together (including by way of cross-advertisement or cross-promotion).</p> <p>iii) must not advertise or promote contestable electricity services provided by a related electricity service provider other than the DNSP itself.</p>	<p>relating to registers and breaches.</p> <ul style="list-style-type: none"> • Training and awareness 	<p>control services which were previously covered under transitional waivers.</p> <ul style="list-style-type: none"> • Inspected Essential Energy’s Office Register to determine whether Essential Energy complies with points (i) to (iii) of clause 4.2.3 (a). • Obtained evidence that the Regional office analysis is checked, validated, and updated by the Compliance Team on a quarterly basis. • Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. • Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. • Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. • Inspected the Ring-fencing training materials to determine whether the content accurately reflected Essential Energy’s obligations regarding branding and cross-promotion. • Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals 	



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period.	
Office and staff registers			
<p>4.2.4(a) A DNSP must establish, maintain, and keep a register that identifies:</p> <p>i. the offices to which it has not applied clause 4.2.1(a) by reason of clauses 4.2.1(b)i. or 4.2.1(b)iii.; and</p> <p>ii. the staff positions (including a description of the roles, functions, and duties) of those staff positions to which it has not applied clause 4.2.2(a) by reason of clauses 4.2.2(b)i.a., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d);</p> <p>iii. the staff positions referred to in clause 4.2.4(a)ii which are held, or have been held within the previous three months, by a member of staff whose access to electricity information ceased upon, or in the 12 months prior to, commencing in that position, and the dates on which that member of staff commenced</p>	<ul style="list-style-type: none"> Office and staff registers. Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inspected the Office Register to determine information identified the classes of offices. Inspected the Staff Register and checked that it contains the nature of the position of staff, the description of their role, functions and duties and the applicable exemptions under the Ring-fencing Guideline. Obtained an understanding of the process undertaken by the Compliance Team to check, validate and update the registers on a quarterly basis and publish them on Essential Energy's public website. Inspected Essential Energy's procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy's Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	<p>Refer to our observations above under:</p> <ul style="list-style-type: none"> - 3.1(b) in relation to Quarterly compliance checks and - 4.2.1(a) in relation to the breach identified and reported by Essential Energy to the AER.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>to hold and (if applicable) ceased to hold that position.</p>			
<p>4.2.4(b) No later than 15 January, 15 April, 15 July, and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 4.2.4(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 4.2.4(b).</p>	<ul style="list-style-type: none"> Office and staff registers Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inspected the Office and Staff Registers published during the period and checked they were reviewed and updated as per the required timeframes of 4.2.4(b). Obtained an understanding of the process undertaken by the Compliance Team to check, validate and update the registers on a quarterly basis and publish them on Essential Energy’s public website. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	<p>Refer to our observations above under:</p> <ul style="list-style-type: none"> - 3.1(b) in relation to Quarterly compliance checks and - 4.2.1(a) in relation to the breach identified and reported by Essential Energy to the AER.
<p>Information access and disclosure</p>			
<p>4.3.1 Subject to this clause 4.3, a DNSP must: (a) keep ring-fenced information</p>	<ul style="list-style-type: none"> IT restrictions on information access. Training and awareness. 	<ul style="list-style-type: none"> Conducted a walkthrough of Essential Energy’s eTech Service Catalogue to understand and observe the IT access provisioning and restrictive access management protocols that have been 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>confidential; and (b) only use ring-fenced information for the purpose for which it was acquired or generated.</p>	<ul style="list-style-type: none"> Quarterly compliance reporting of information relating to registers and breaches. 	<p>implemented by the business.</p> <ul style="list-style-type: none"> Inspected the Ring-fencing training materials and checked that they accurately describe Essential Energy’s obligation to keep ring-fenced information confidential and use ring-fenced information for the purpose for which it was acquired or generated. Inspected an extract of the training attendance and completion records for the audit period to determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period. Inspected the Cyber safety training materials to check if they provided staff guidance on maintaining safe practices and security of data from external threats. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly 	



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>4.3.2 A DNSP must not disclose ring-fenced information to any person, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first obtained the explicit informed consent of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the disclosure is required by, or for the purpose of complying with any law;</p> <p>(c) the disclosure is necessary to enable the DNSP to provide its distribution services or transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the information has been requested by or on behalf of a customer, or potential customer, of another legal entity, and the disclosure is necessary to enable the legal entity to provide its transmission, contestable electricity services, or other services to the customer or</p>	<ul style="list-style-type: none"> Information sharing protocol. Quarterly compliance reporting of information relating to registers and breaches. Training and awareness. 	<p>Compliance checks spreadsheet.</p> <ul style="list-style-type: none"> Inspected Essential Energy’s Information Sharing Protocol to assess its approach to maintaining confidentiality of ring-fenced information. We observed that there were no information sharing requests in the regulatory period from 3 February 2022 to 31 December 2022. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. Inspected the Ring-fencing training materials and checked that they accurately describe Essential Energy’s obligation to keep confidential information confidential and use confidential information for the purpose for which it was acquired or generated. Inspected an extract of the training attendance and completion records for the audit period to 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>potential customer;</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to any event (such as an emergency) that is beyond a Network Service Provider's reasonable control;</p> <p>(f) the disclosure is solely for the purposes of research by a legal entity other than a related electricity service provider or the DNSP;</p> <p>(g) where another DNSP is an affiliated entity of the DNSP, the disclosure is to the part of that other DNSP that provides that other DNSP's direct control services;</p> <p>(h) a related electricity service provider of the DNSP has requested the disclosure and the DNSP complies with clause 4.3.4 in relation to ring-fenced information; or</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>		<p>determine whether staff participated in compliance training, including those individuals with outstanding training requirements as at the end of the prior reporting period and a sample of new starters within the current period.</p> <ul style="list-style-type: none"> Inspected the Cyber safety training materials to check if they provided staff guidance on maintaining safe practices and security of data from external threats. 	
<p>4.3.3(a) Subject to clause 4.1(c)iv and to this clause 4.3.3, where a</p>			



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>DNSP shares ring-fenced information with a related electricity service provider, or where ring-fenced information that a DNSP has disclosed under clause 4.3.2(f) is then disclosed by any person to a related electricity service provider of the DNSP, the DNSP must provide access to that ring-fenced information (including the derived information) to other legal entities on an equal basis.</p>			
<p>4.3.3(d) Without limiting clause 4.3.3(a), a DNSP must establish an information sharing protocol that sets how and when it will make the information referred to in clause 4.3.3(a) available to legal entities, and must make that protocol publicly available on its website.</p>			
<p>4.3.3(e) Where a DNSP discloses information referred to in clause 4.3.3(a) to any other legal entity under this clause 4.3.3, it must do so on terms and conditions that require the other legal entity to comply with clause 4.3.1 and 4.3.2(a) to (d) in relation to that information as if the other legal</p>			



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>entity was a DNSP.</p>			
<p>4.3.4(a) A DNSP must establish, maintain and keep a register of all:</p> <p>i. related electricity service providers;</p> <p>ii. other legal entities who provide contestable electricity services but who are not affiliates of the DNSP;</p> <p>who request access to information identified in clause 4.3.3(a), and must make the register publicly available on its website.</p>	<ul style="list-style-type: none"> Information Sharing Protocol. 	<ul style="list-style-type: none"> Inspected Essential Energy’s Information Sharing Protocol to assess its approach to maintaining confidentiality of ring-fenced information. We observed that there were no information sharing requests in the regulatory period from 3 February 2022 to 31 December 2022. 	<p>None.</p>
<p>4.3.4(b) For each related electricity service provider or other legal entity that has requested that a DNSP provide access to information identified in clause 4.3.3(a), the DNSP’s information register must:</p> <p>i. identify the kind of information requested by the related electricity service provider or other legal entity; and</p> <p>ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient</p>	<ul style="list-style-type: none"> Information register to capture information requests from all service providers. 	<ul style="list-style-type: none"> Accessed Essential Energy’s customer-facing website to determine whether the Information Register was publicly available and included all relevant details required by the Ring-fencing Guideline. We observed that there were no information sharing requests in the regulatory period from 3 February 2022 to 31 December 2022. 	<p>None.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP.</p>			
<p>Service Providers</p>			
<p>4.4.1.(a) A DNSP must ensure that any new or varied agreement between the DNSP and a service provider, for the provision of services to the DNSP that enable or assist the DNSP to supply direct control services, requires the service provider to comply, in providing those services, with:</p> <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.1 of this Guideline; and</p> <p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP;</p> <p>as if the service provider was the DNSP.</p>	<ul style="list-style-type: none"> • Terms and conditions for service providers. 	<ul style="list-style-type: none"> • Inspected the Standard Terms and Conditions for Supply of Goods and Services provided to service providers to determine whether the service providers are made aware of Ring-fencing obligations. • Inspected the Procurement Plan Template that would be used as part of the procurement process applied to contracts with a total value greater than \$30,000 to check that it considers potential Ring-fencing implications. • Obtained a list of active procurement contracts for the regulatory period, noting none related to contestable services. 	<p>Refer to our observations under 4.2.1 (a) above in relation to the breach identified and reported by Essential Energy to the AER.</p>
<p>4.4.1 (b) A DNSP must not, directly or indirectly, encourage or incentivise a service provider to engage in conduct which, if the DNSP engaged in the conduct itself, would be contrary to the DNSP’s obligations under clause</p>	<ul style="list-style-type: none"> • Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> • Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting quarterly compliance reporting. • Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
4 of this Guideline.		<p>period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations.</p> <ul style="list-style-type: none"> Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. Obtained a list of customer complaints to determine whether the complaints were in relation to the conduct of a third-party service provider. No complaints were noted in relation to Ring-fencing or the conduct of service providers for the regulatory period from 3 February 2022 to 31 December 2022. 	
Waivers register			
5.7 (a) A DNSP must establish, maintain, and keep a register of all waivers (including any variation of a waiver) granted to the DNSP by the AER under clause 5 of this Guideline, and must make the register publicly available on its website.	<ul style="list-style-type: none"> Waiver register established and updated. 	<ul style="list-style-type: none"> Accessed Essential Energy’s external website and sighted that the waiver register was publicly available and included all information required by the obligations. Inspected the AER’s written response to Essential Energy’s waiver application within the regulatory compliance period to sight approval by the AER in relation to clauses 4.2.1, 4.2.2, 4.2.3 and 4.2.4 of the Ring-fencing Guideline until 30 June 2024 to provide training courses to Accredited Service Providers. Inspected Essential’s letter to the AER surrendering its waiver to provide services under a Water Access Agreement with Clarence Valley Council. 	None.
5.7 (b) The register established under clause 5.7(a) must include: <ol style="list-style-type: none"> i. the description of the conduct to which the waiver or interim waiver applies; and ii. the terms and conditions 			



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>of the waiver or interim waiver; as set out in the AER’s written decision, provided by the AER to the DNSP, to grant (or vary) the waiver or interim waiver.</p>		<ul style="list-style-type: none"> Inspected the waiver conditions of the two battery waivers granted to Essential Energy during the audit period. 	
<p>Maintaining Compliance</p>			
<p>6.1 A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline. The AER may require the DNSP to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the AER concerning the adequacy of the DNSP’s compliance procedures does not affect the DNSP’s obligations under this Guideline.</p>	<ul style="list-style-type: none"> Policies and Procedures - CEOP2477, CEOP2480 & CEOP2476. Quarterly compliance reporting of information relating to registers and breaches. Strategic approach to Ring- fencing compliance. 	<ul style="list-style-type: none"> Inspected Essential Energy’s Ring-fencing Guideline Compliance Plan July 2017 (strategic approach to Ring-fencing compliance) to determine whether Essential Energy’s approach aligns to the services the DNSP is limited to provide. Inspected the AER’s approval of service classifications for the 2019-24 regulatory period, which allows Essential Energy to provide alternate control services which were previously covered under transitional waivers. Inspected supporting company policies and procedures to assess whether these clearly articulate Essential Energy’s approach to compliance with the obligations outlined in the guideline (version 3). Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting the Quarterly Management Reporting. Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
		<p>2022 to determine whether there were any breaches against the obligations.</p> <ul style="list-style-type: none"> Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	
Reporting			
<p>6.2.1 (a) A DNSP must prepare an annual ring-fencing compliance report each calendar year in accordance with this clause 6.2.1, and submit it to the AER in accordance with clause 6.2.2.</p> <p>(b) The annual compliance report must identify and describe, in respect of the calendar year to which the report relates:</p> <p>i. the measures the DNSP has taken to ensure compliance with its obligations under this Guideline;</p> <p>ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP;</p> <p>iii. all other services provided by the DNSP in accordance with clause 3.1; and</p>	<ul style="list-style-type: none"> Ring-fencing Compliance Report for the period 3 February 2022 to 31 December 2022; and Breach management process and register. Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inspected Essential Energy’s Compliance Report for the period 3 February 2022 to 31 December 2022 to determine whether the report addresses points (i) to (iv) of clauses 6.2.1(b) as well as the points within (a) and (c). Inspected Essential Energy’s breach management and reporting policies and procedures for alignment with the requirements of the Guidelines and to determine whether Essential Energy has a process for escalating and assessing a breach and notifying the AER with 15 days. Inspected the breach register and checked that the breach notification occurred within the prescribed timeframe (15 days). Inspected Essential Energy’s correspondence with the AER during the regulatory compliance period regarding the status of activities undertaken to rectify the breach. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for 	<p>Refer to our observations above under:</p> <ul style="list-style-type: none"> 3.1 (b) in relation to Quarterly compliance checks. 4.2.1(a) in relation to the breach identified and reported by Essential Energy to the AER.



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>iv. the purpose of all transactions between the DNSP and an affiliated entity.</p> <p>a) The annual compliance report must be accompanied by an assessment of compliance with each provision of this Guideline (except clauses 6.2.2 and 6.3) by a suitably qualified independent authority.</p>		<p>conducting the Quarterly Management Reporting.</p> <ul style="list-style-type: none"> Inspected Essential Energy’s Quarterly Ring-fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations. Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	
<p>6.2.3 (a) A DNSP must establish, maintain and keep a register that identifies for each stand-alone power system used by the DNSP to provide other services:</p> <p>i. the local government area in which the stand-alone power system is deployed;</p> <p>ii. the number of premises served by the stand-alone power system;</p> <p>iii. the maximum demand, in KW, served by the stand-alone power system;</p> <p>iv. the aggregated annual average energy consumption, in kWh,</p>	<ul style="list-style-type: none"> Stand-alone power system (SAPS) register Quarterly compliance reporting of information relating to registers and breaches. 	<ul style="list-style-type: none"> Inquired Management of any use or deployment of regulated stand-alone power systems during the period 3 February 2022 to 31 December 2022. Obtained a copy of the SAPS register maintained by Essential Energy during the test period and inspected to see if they provided any details of any SAPS deployed during the test period. Inspected Essential Energy's public facing website to see if a SAPS register was made publicly available. It is noted that Essential Energy did not deploy any regulated SAPS during the period from 3 February 2022 to 31 December 2022. Inspected Essential Energy’s procedure document CEOH4000.04 to determine whether Essential Energy had a supporting process in place for conducting the Quarterly Management Reporting. Inspected Essential Energy’s Quarterly Ring- 	<p>Refer to our observations above under 3.1 (b) in relation to Quarterly compliance checks.</p>



Compliance requirement	Management Controls and information provided	Procedures performed	Observations /findings
<p>v. of the premises served by the stand-alone power system; the revenue earned by the DNSP for providing other services by means of the stand-alone power system in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the other services by another legal entity (other than an affiliated entity of the DNSP).</p>		<p>fencing compliance checks spreadsheets for the period from 3 February 2022 to 31 December 2022 to determine whether there were any breaches against the obligations.</p> <ul style="list-style-type: none"> Inspected a sample of staff attestations received as part of the quarterly attestations to assess the completeness and accuracy of the Quarterly Compliance checks spreadsheet. 	
<p>6.2.3 (b) No later than 15 January, 15 April, 15 July, and 15 October each year, a DNSP must publish, on its website, an updated version of each of the registers referred to in clause 6.2.3(a). The DNSP must ensure that the information published in each updated version is current to the end of the calendar month that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>			



Appendix B: Summary of performance improvement observations

In this section, we present additional details on performance improvement observations in relation Essential Energy’s compliance activities for the regulatory period from 3 February 2022 to 31 December 2022, as well as improvements implemented during the year which were raised in the compliance period from 1 July 2020 to 2 February 2022. This information has been provided at the request of the AER.

This information should not be construed as providing an opinion or conclusion on the separate compliance activities noted, nor that the aggregation thereof modifies our opinion or conclusion reported in the Independent Reasonable Assurance Report.

Update on prior period improvement opportunities

Ref	Prior period Recommendation	Status at 31 December 2022	Management’s response
PY PIO 1	<p>Continuous uplift of training allocations, materials, and monitoring</p> <p>Essential Energy should consider taking a targeted, risk-based approach to assigning training modules tailored to employee roles. The criteria for determining which staff should be assigned Ring-fencing training should be documented in a policy, procedure, or process document.</p> <p>In addition, we recommend training materials are updated to include practical examples and scenario-based learnings leveraging:</p> <ul style="list-style-type: none"> Detailed content from field staff training around how to log potential breaches and Frequently asked questions asked by staff. <p>Finally, as a result of the transition of learning systems from EKAS to Oracle Learning Cloud in the current period, there is an opportunity to improve data management and reporting of Ring-fencing training completion by developing a standardised process and/or naming convention for tagging and tracking Ring-fencing</p>	<p>Closed</p> <p>We observed evidence of Essential Energy acting upon an improvement opportunity raised during the prior year Ring-fencing compliance audit regarding the continuous uplift of training allocations and materials, including:</p> <ul style="list-style-type: none"> applying a targeted, risk-based approach to assigning training and the inclusion of practical examples and scenario-based learnings in training materials. <p>We observed improvements in data management and reporting of training completion records through consolidation of ring-fencing modules listed in Oracle.</p>	N/A



Ref	Prior period Recommendation	Status at 31 December 2022	Management's response
	modules in the Oracle Learning Cloud system. In addition, the Recordkeeping of Employee Learning Records Support Guide should be updated to reflect the transition to the Oracle Learning Cloud system.		
PY PIO 2	<p>Cost allocation and attribution</p> <p>The approved CAM document refers to Peoplesoft (Essential Energy's ERP from 1 July 2020 – 31 July 2021) and related financial controls within that system. Whilst the CAM document remains relevant in principle, the document should be updated to reflect the use of the Oracle accounting system and be made specific to post-ERP implementation process controls.</p>	<p>Open</p> <p>There have been no changes to Essential Energy's approved CAM document.</p>	Essential Energy will review and update its CAM document when it is strategically necessary for the business to do so and will address the change to its ERP system as part of that review.

Summary of performance improvement observations for the compliance period from 3 February 2022 to 31 December 2022

Ref	Recommendation	Management's response
PIO 1	<p>Quarterly Attestations</p> <p>The Ring-fencing attestation process could be improved by applying the revised regulatory compliance framework and governance risk and compliance system once available to minimise reliance on manual spreadsheets and processes.</p>	Essential Energy is progressing with automating the process for obtaining quarterly attestations on the status of compliance with its ring-fencing obligations through its governance, risk and compliance system. It expects this process to be completed during the 2023 calendar year.