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## 1. Executive Summary

### 1.1 Introduction

The Australian Energy Regulator (the “AER”) published the Electricity Distribution Ring-Fencing Guideline on 30 November 2016 under the National Electricity Rules (the “NER”) with amendments made on 17 October 2017 and 3 November 2021 (the “Guideline”). The Guideline requires functional separation of regulated and competitive business activities to promote competition in the provision of contestable electricity services.

Under clause 6.2.1c of the Guideline, Deloitte has been engaged per the engagement letter between SA Power Networks (“SAPN”) and Deloitte dated 26 April 2023 as the qualified independent authority to provide reasonable assurance that SA Power Network’s Ring-Fencing Annual Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline, in all material respects, for the year ended 31 December 2022.

### 1.2 Summary of Findings

For the year ended 31 December 2022 we have not identified any breaches that were not reported by SA Power Networks in the Ring-Fencing Compliance Report.

### 1.3 Rating Applied

The ratings applied to the results of our testing are defined below based on Deloitte’s interpretation of the Guideline. The evaluation of the results of our tests as they relate to the Obligations is based on applying our professional judgement and considering the available facts and circumstances.

|              |   |
|--------------|---|
| No Exception | Requirements of the Obligation have been met with no or only minor improvement opportunities.<br>Any findings noted are considered minor and require routine efforts to correct in the normal course of business. |
| Exception    | The requirements of the Obligation have not been fully met. Findings noted require remedial action.   |

## 2. Independent Assurance Report to the Partners of SA Power Networks

### *Opinion*

We have undertaken a reasonable assurance engagement on whether SA Power Network's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Ring-Fencing Guideline - Electricity Distribution (the "Guideline") as evaluated against 6.2.1b of the Guideline in all material respects for the year ended 31 December 2022. The Ring-Fencing Compliance Report will accompany our report, for the purpose of reporting to the Australian Energy Regulator ("AER").

In our opinion, the SA Power Network's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the year ended 31 December 2022.

### **Basis for Opinion**

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* ("ASAE 3100") issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Cost Allocation Methodology regulatory period assessed**

Without modifying our opinion, we draw attention to the regulatory period covered under Section 3.2.2 of the ring-fencing guideline within this report being 1 January 2022 to 30 June 2022, which is different to the compliance period of 1 January 2022 to 31 December 2022. Compliance with the Cost Allocation Method for the remaining regulatory period from 1 July 2022 – 31 December 2022 will be covered under the Regulatory Information Notice (RIN) reporting for the 1 July 2022 to 30 June 2023 regulatory period. This approach is in line with Ring-Fencing guideline 6.2.1 (d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2.

### **Responsibilities of Management of SA Power Networks**

Management is responsible for:

- a) Preparing the Ring-Fencing Compliance Report that includes the outcome of the evaluation of the compliance activity against the Guideline, which accompanies this independent assurance report.
- b) Identifying risks that threaten 6.2.1b of the Guideline identified above being met;
- c) Identifying suitable compliance requirements in the Guideline as required by the AER; and
- d) Identifying, designing and implementing controls to enable the requirements of the Guideline to be met and to monitor ongoing compliance.

## ***Our Independence and Quality Control***

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.

## ***Assurance Practitioner's Responsibilities***

Our responsibility is to express an opinion on whether SA Power Network's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the year ended 31 December 2022. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether SA Power Network's Ring-Fencing Compliance Report has been prepared in compliance with 6.2.1a of the Guideline as evaluated against 6.2.1b of the Guideline in all material respects for the year ended 31 December 2022.

An assurance engagement to report on the SA Power Network's Ring-Fencing Compliance Report involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements of the Guideline. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatement in the Ring-Fencing Compliance Report, as evaluated against 6.2.1b of the Guideline.

Our procedures included, but were not limited to:

- Inquiring with SA Power Network's personnel about controls in place to allow SA Power Networks to comply with the Obligations;
- On a sample basis, observing the control being performed, and/or inspecting documentation to evidence the design, implementation and effectiveness of the controls;
- Inquiring with management whether they are compliant with the Obligations and corroborating our inquiry with the results of our procedures;
- Evaluating the content of the Ring-Fencing Compliance Report prepared by management, to determine whether it has been prepared, in all material respects, in accordance with the 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 exception with compliance requirements may occur and not be detected.

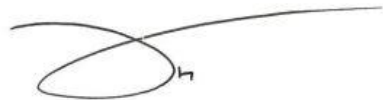
A reasonable assurance engagement for the year ended 31 December 2022 does not provide assurance on whether compliance with the Guideline will continue in the future.

## ***Restricted Use***

This report has been prepared for use by the SA Power Networks for the purpose of meeting the reporting requirements to the AER. We disclaim any assumption of responsibility for any reliance on this report to any person other than SA Power Networks, or for any purpose other than that for which it was prepared. However, we understand that a copy of the report has been requested by AER. We agree that a copy of the report may be provided to AER for their information in connection with this purpose but, only on the basis that we accept no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement.

It is our understanding that the AER may publish a copy of our report on their website. We do not accept responsibility for the electronic presentation of our report on the AER's website. The security and controls over information on the web site is not evaluated or addressed by the independent assurance practitioner. The examination of the controls over the electronic presentation of the Ring-fencing Compliance Report on the AER's web site is beyond the scope of this engagement.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, consisting of a large, fluid loop that starts on the left, goes up and over, then loops back down and to the right, ending with a small horizontal stroke.

**Darren Hall**

Partner

Chartered Accountant

**28 April 2022, Adelaide**

### 3. Detailed Findings

The descriptions of the tests of compliance that were performed, findings relating to the tests of compliance or particular aspects of the engagement, our recommendations and conclusion of whether there has been a breach of the requirements of the Guideline are described below.

The rating of each Obligation has been applied in accordance with *Section 1.3*.

| No. | Category         | Ref.    | Guideline Obligation   | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|------------------|---------|--|--|--|----------------|--------------|
| 1   | Legal separation | 3.1 (a) | A DNSP <b>must be a legal entity</b> .   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>SA Power Networks and Enerven are separate legal entities with separate registered Australian Business Number (ABN).</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Performed a search of the ASIC register for SA Power Networks and Enerven Energy Infrastructure's ABN to check that they are separate legal entities.</li> <li>Cross checked the registered ABN against the Distribution Network Services Provider Licence.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation.   | NA             | No Exception |
| 2   | Legal separation | 3.1 (b) | A DNSP may provide distribution services and transmission services, but <b>must not provide other services</b> . | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>SA Power Networks and Enerven are separate legal entities with separate registered Australian Business Number (ABN).</li> <li>A separate affiliated entity Enerven Energy Infrastructure was established to perform "other services" outside distribution</li> </ul>  | <p><b>Other services' contract waiver</b></p> <p>The AER granted SAPN waivers from the obligation to comply with clause 3.1 of the Guideline from 18 December 2017 to contracts expiring in 2021. On 13 May 2021, SAPN submitted another request to vary the existing waiver. This waiver application related to one contract out of the original 21 for</p> | NA             | No Exception |



| No. | Category          | Ref.      | Guideline Obligation   | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|-------------------|-----------|--|--|--|----------------|--------------|
|     |                   |           |  | <p>and transmission services which are performed by SA Power Networks.</p> <ul style="list-style-type: none"> <li>Approval of NPAs for major SA Power Networks projects.</li> </ul> <p><b>Test Performed:</b><br/>In addition to the testing procedures performed for 3.1(a):</p> <ul style="list-style-type: none"> <li>Tested a sample of SA Power Networks revenue transactions to detect instances of other services being provided by the DNSP.</li> <li>Tested a sample of Enerven revenue transactions to check that services are performed against the Enerven ABN.</li> <li>Tested the design and implementation and operating effectiveness of the NPA approval process for major SA Power Networks Projects.</li> </ul> | <p>a single customer. This contract was to expire on 30 June 2021. However, the contract provided the customer with an automatic right to extend the contract terms. The customer exercised this option, resulting in a new conclusion date of 30 June 2023. AER has granted SAPN a waiver which will allow SAPN to continue to provide maintenance and construction services to the customer for certain telecommunication services under the existing contract. The current waiver is valid till 30 June 2023. We have performed procedures to test completeness and accuracy of the register for the year ended 31 December 2022, no issues have been identified.</p> <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> |                |              |
| 3   | Separate accounts | 3.2.1 (a) | A DNSP <b>must establish and maintain appropriate internal accounting procedures</b> to ensure that it can demonstrate the extent and nature of transactions between | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>SAP accounting system which contains separate General Ledger accounts for recording transactions between SAPN and Enerven.</li> </ul> <p><b>Test Performed:</b></p>   | Based on the testing performed we have not identified any matters of exception against the obligation.   | NA             | No Exception |

| No. | Category                        | Ref.           | Guideline Obligation  | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|---------------------------------|----------------|---|--|--|----------------|--------------|
|     |                                 |                | the DNSP and its affiliated entities.   | <ul style="list-style-type: none"> <li>Performed a process walk through to understand the process in place to maintain separate accounts and be able to demonstrate the extent of transactions between SA Power Networks and its affiliates.</li> <li>Reconciled the affiliate transactions disclosure in the Compliance report to underlying accounting records to assess accuracy and challenged the completeness of these transactions.</li> </ul>  |  |                |              |
| 4   | Cost allocation and attribution | 3.2.2 (a), (b) | <p>(a) A DNSP <b>must allocate or attribute costs to distribution services:</b></p> <ul style="list-style-type: none"> <li>- in a manner that is <b>consistent with the Cost Allocation Principles and its approved CAM</b>, as if the Cost Allocation Principles and CAM otherwise applied to the allocation and attribution of costs between distribution services and non-distribution services.</li> <li>- and must not allocate or <b>attribute other costs</b></li> </ul> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Costs are allocated using the AER approved SA Power Network’s Cost Allocation Methodology (CAM), and half-yearly workbooks are prepared that show the direct attribution or allocation of corporate overheads between distribution and non-distribution services.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inspected the CAM to confirm that it addresses the allocation of costs between SAPN and Enerven.</li> </ul> | <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>Compliance with the Cost Allocation Methodology is assessed every regulatory period as part of the AER Regulatory Information Notices (RINs). This was most recently conducted for 1 July 2021 - 30 June 2022 regulatory period with our conclusion submitted to AER in our report dated 31 October 2022. The compliance with the CAM for the remaining period from 1 July 2022 – 31 December 2022 will be covered under the RINs for the 1 July 2022 to 30</p> | NA             | No Exception |

| No. | Category                        | Ref.      | Guideline Obligation   | Key Controls and Testing   | Results of Testing  | Recommendation | Rating       |
|-----|---------------------------------|-----------|--|--|---|----------------|--------------|
|     |                                 |           | <p><b>to the distribution services</b> it provides.</p> <p>(b) A DNSP <b>must only allocate or attribute costs to distribution services</b> 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"> <li>Performed procedures on a sample basis to check that costs have been appropriately allocated per the cost allocation methodology as per AER approved CAM.</li> </ul>  | <p>June 2023 regulatory period. Our procedures on the CAM per the purpose of attesting compliance with the guideline therefore is limited to the period 1 January 2022 – 30 June 2022. This approach is in line with Ring-Fencing guideline 6.2.1 (d) which allows for a difference between the regulatory information notice period and the Ring-Fencing compliance period regarding the information in Section 3.2.2.</p> |                |              |
| 5   | Cost allocation and attribution | 3.2.2 (c) | <p>A DNSP <b>must establish, maintain and keep records</b> that demonstrate how it meets cost allocation and attribution Obligations.</p>  | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Costs are allocated using the AER approved SA Power Network’s Cost Allocation Methodology (CAM), and half-yearly workbooks are prepared that show the direct attribution or allocation of corporate overheads between distribution and non-distribution services.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inspected the CAM to confirm that it addresses the allocation of costs between SAPN and Enerven.</li> <li>Performed procedures on a sample basis to check that costs have been</li> </ul> | <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> <p>Consistent with our observation in 3.2.2 (a), (b), our procedures were limited to the regulatory period 1 January 2022 to 30 June 2022.</p>  | NA             | No Exception |

| No. | Category                       | Ref.          | Guideline Obligation   | Key Controls and Testing  | Results of Testing  | Recommendation | Rating       |
|-----|--------------------------------|---------------|--|---|---|----------------|--------------|
|     |                                |               |  | appropriately allocated per the cost allocation methodology as per AER approved CAM.  |   |                |              |
| 6   | Obligation not to discriminate | 4.1(b)<br>(d) | <p>(b) A DNSP must not <b>discriminate</b> (either directly or indirectly) <b>between a related electricity service provider and a competitor</b> (or potential competitor) of a related electricity service provider in connection with the provision of:</p> <p>i. <b>direct control services by the DNSP</b> (whether to itself or to any other legal entity); and / or</p> <p>ii. <b>contestable electricity services</b> by any other legal entity.</p> <p>(d) A DNSP must not discriminate (either directly or indirectly) between any two <b>legal entities</b>, in connection with the supply of <b>contestable electricity services</b> by those <b>legal entities</b>, on the basis of</p> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Approval of engagement matrix risk assessment and procurement plan for all contracts between SAPN and Enerven.</li> <li>Ring-fencing training.</li> <li>Call centre script.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inquired of management and reviewed procurement policies to gain an understanding of the processes in place where Enerven is a potential supplier in SAPN sourcing activity.</li> <li>Inquired of management whether Enerven tendered to provide services to SAPN during the year.</li> <li>Tested the operating effectiveness of the controls over the engagement matrix risk assessment.</li> <li>Tested the accuracy and completeness of Enerven contracts register with SAPN.</li> <li>Inspected the signed service agreements between SAPN</li> </ul> | <p>Based on the testing performed we have not identified any matters of exception against the obligation noting the following.</p> <p><b>Procurement information access restrictions</b></p> <p>Procurement staff members are a corporate service and are shared by SAPN and Enerven, as permitted under clause 4.2.2(b)(i)(c) of the Guideline. To perform their shared function, procurement staff members have access to SAP and other IT systems that contain confidential information such as current contract files and agreements.</p> <p>When SAPN undertakes sourcing activity where Enerven is a potential supplier, a procurement team representative is appointed to support Enerven. The following process is required to be undertaken:</p> <ol style="list-style-type: none"> <li>Enerven will be treated like any supplier.</li> <li>the procurement staff undertaking the respective sourcing</li> </ol> | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing  | Results of Testing  | Recommendation | Rating |
|-----|----------|------|--|---|---|----------------|--------|
|     |          |      | <p>the use by one or both of those <b>legal entities</b> of assets owned, operated or otherwise controlled (in whole or in part) by the <b>DNSP</b>.</p> | <p>and Enerven for evidence that they establish the basis on which services are performed between the entities.</p> <ul style="list-style-type: none"> <li>• Inspected the signed service agreement for other suppliers providing the same services to SAPN as Enerven for evidence that the basis on which services are performed that has been established with Enerven are consistent with other suppliers.</li> <li>• Inspected the online ring-fencing training module for evidence that the obligation not to discriminate is explained in clear terms.</li> <li>• Obtained the training report indicating the employees who completed the training and the overall rate of completion.</li> <li>• Inspected SAPN call centre scripts to confirm that appropriate instructions are given in instances where a potential Enerven customer calls.</li> <li>• Inspected a sample of SAPN customer services calls to confirm they do not recommend Enerven as a provider and the call centre script is followed.</li> </ul> | <p>activity, cannot also support Enerven in their bidding process,</p> <p>3. the procurement team representative for Enerven is required not to access ring-fenced during the sourcing activity.</p> <p>We understand that the AER is aware of this as evidenced by correspondence with SAPN in writing that the current process in place is sufficient in removing any immediate risk of discrimination. Refer to the details of our evaluation of this process in section 4.3.2 (a) (b) Protection of ring-fenced below.</p> <p>For SAP applications, the ability to restrict access between SAPN and Enerven is limited without having separate company codes. A new Company code was established for Enerven during April 2022, however, the process of implementing formal controls and access restrictions around this remain on-going at 31 December 2022. We have sighted the attestation reports to the AER to confirm whether any Enerven staff have actively accessed IT</p> |                |        |

| No. | Category                                | Ref.     | Guideline Obligation   | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|---|----------|--|--|--|----------------|--------------|
|     |   |          |  |  | applications containing confidential electricity information. Our evaluation on the information contained in the attestation reports has been detailed in section 4.3.2 (a) (b) Protection of ring-fenced below. |                |              |
| 7   | Offices, staff, branding and promotions | 4.2.1(a) | A DNSP <b>must use offices that are separate from any offices from which a related electricity service provider</b> provides contestable electricity services. | <b>Key Control(s):</b> <ul style="list-style-type: none"> <li>SA Power Networks have a separate office to Enerven.</li> <li>Annual review of the office and staff sharing registers.</li> </ul> <b>Test Performed:</b> <ul style="list-style-type: none"> <li>Performed a search of the SAPN and Enerven business addresses and visited each entity’s offices to confirm that SAPN uses offices that are separate from the offices where Enerven provides contestable electricity services.</li> <li>Inspected SAPN’s policies in relation to offices, staff, branding and promotions.</li> <li>Tested the design and implementation and operating effectiveness of the annual review of the office sharing register.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation.   | NA             | No Exception |
| 8   | Staff sharing                           | 4.2.2(a) | A DNSP <b>must ensure that its staff involved in the provision or</b>  | <b>Key Control(s):</b> <ul style="list-style-type: none"> <li>Monitoring the completion of induction checklists for staff</li> </ul>   | Based on the testing performed we have not identified any  | NA             | No Exception |

| No. | Category      | Ref.     | Guideline Obligation  | Key Controls and Testing  | Results of Testing  | Recommendation | Rating       |
|-----|---------------|----------|---|---|---|----------------|--------------|
|     |               |          | <p><b>marketing of direct control services</b> are not also involved in the provision or marketing of contestable electricity services by a related electricity service provider.</p> | <p>movements, which include the review of access to critical applications.</p> <ul style="list-style-type: none"> <li>Annual review of the office and staff sharing registers.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inquired regarding SAPN’s policies in relation to staff sharing.</li> <li>Inquired regarding the annual staff sharing analysis.</li> <li>Selected a sample of staff that cannot be shared by SAPN and Enerven to determine whether they have not held an Enerven position or reported to an Enerven Manager.</li> <li>Selected a sample of staff that can be shared and assessed based on their position if it is appropriate for that position to be classified as “possible to share”.</li> <li>Tested the accuracy and completeness of the Staff Sharing Register.</li> </ul> | <p>matters of exception against the obligation.</p>   |                |              |
| 9   | Staff sharing | 4.2.2(c) | <p>The remuneration, incentives and other benefits (financial or otherwise) a DNSP provides to a member of its staff <b>must not give</b></p>   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Annual review of the remuneration, incentive and other benefits included in the annual manager compliance questionnaires.</li> </ul>   | <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> | NA             | No Exception |

| No. | Category                     | Ref.     | Guideline Obligation  | Key Controls and Testing  | Results of Testing  | Recommendation   | Rating                                     |
|-----|------------------------------|----------|---|---|---|--|--|
|     |                              |          | the member of staff an incentive to act in manner that is contrary to the DNSP's Obligations under this Guideline.  | <b>Test Performed:</b> <ul style="list-style-type: none"> <li>Tested the design and implementation and operating effectiveness of the annual management compliance questionnaires, to test whether compliance with 4.2.2 (c) has been confirmed.</li> <li>Reviewed the remuneration structure for the financial year ended 31 December 2022 to verify compliance with 4.2.2 (c).</li> </ul>   |   |  |  |
| 10  | Branding and cross-promotion | 4.2.3(a) | <p>A DNSP:</p> <p>i. <b>must use branding for its direct control services</b> that is independent and separate from the branding used by a related electricity service provider for contestable electricity services, such that a reasonable person would not infer from the respective branding that the DNSP and the related electricity service provider are related.</p> <p>ii. <b>must not advertise or promote its direct</b></p> | <b>Key Control(s):</b> <ul style="list-style-type: none"> <li>Contact centre scripts are utilised for scenarios where a customer requests contestable electricity services. These scripts are reviewed on an annual basis to ensure they do not recommend affiliated entities.</li> <li>An Annual review of the Enerven/SAPN electronic materials (website and social media content) is reviewed for any inappropriate co-branding or cross promotion.</li> <li>Mandatory training on the ring-fencing requirements is completed by new starters.</li> </ul> <b>Test Performed:</b> | <p>SA Power Networks communicated a breach of the ring-fencing guidelines clause 4.2.3(a) to the AER on 24 November 2022. This breach has been disclosed in clause 2 ('2022 compliance') of SA Power Network's annual ring-fencing compliance report.</p> <p>We have performed the following procedures on this breach of the ring-fencing guidelines:</p> <ol style="list-style-type: none"> <li>Verified that a written notification of the breach has been made with the AER within 15 business days after identifying the breach on 10 November 2022.</li> <li>Obtained source documentation in relation to the breach and confirmed</li> </ol> | We note that proper mitigation measures were implemented by the company following the identified breach to decrease the likelihood of future breaches. | Exception has been appropriately disclosed |



| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing   | Results of Testing   | Recommendation | Rating |
|-----|----------|------|--|--|--|----------------|--------|
|     |          |      | <p><b>control services and its contestable electricity services</b> that are not direct control services together (including by way of cross-advertisement or cross-promotion.</p> <p>ii. <b>must not advertise or promote contestable electricity services</b> provided by a related electricity service provider other than the DNSP itself.</p> | <ul style="list-style-type: none"> <li>• Inquired and inspected SAPN’s policies relating to branding and cross promotion.</li> <li>• Tested the design and operating effectiveness of the annual review of the website and social media content.</li> <li>• Inspected the Enerven/SAPN website and social media for evidence of promotion of contestable service providers.</li> <li>• Selected a sample of updates to the SAPN website and a sample of social media posts made in the year and performed procedures to test that the appropriate approval was obtained.</li> <li>• Reviewed SAPN call centre scripts for evidence of promotion of contestable electricity services provided by Enerven.</li> <li>• Listened to a sample of customer calls (faults and connections) to identify any cross-promotion of affiliated entities.</li> <li>• Selected a sample of customer complaints and queries and investigated for evidence of customer complaints regarding branding or cross-promoting.</li> </ul> | <p>the factual accuracy of the disclosure in SA Power Networks Annual Ring-Fencing compliance report.</p> <p>3. Obtained evidence of the additional actions performed by SA Power Networks following the breach to reinforce Ring-Fencing guidelines.</p> <p>Based on the procedures performed we have concluded that the company has applied proper measures following the Ring-Fencing breach.</p> <p>Based on the testing performed we have not identified any other matters of exception against the obligation.</p> |                |        |

| No. | Category                   | Ref.           | Guideline Obligation  | Key Controls and Testing  | Results of Testing   | Recommendation | Rating       |
|-----|----------------------------|----------------|---|---|--|----------------|--------------|
|     |                            |                |   | <ul style="list-style-type: none"> <li>Reviewed the training content and noted it covered the branding and cross-promotion requirements.</li> <li>Inspected vehicles on a sample bases to confirm that branding did not contain both Enerven and SAPN logos.</li> <li>Inspected uniforms and email signatures on a sample basis for evidence of promotion of contestable service providers.</li> </ul>  |  |                |              |
| 11  | Office and staff registers | 4.2.4 (a), (b) | <p>A DNSP must establish, <b>maintain and keep a register</b> that identifies:</p> <p>(i) the <b>offices</b> 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.;</p> <p>(ii) the <b>staff positions</b> (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 <b>staff positions</b></p> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Review of the office and staff sharing registers.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Observed that the office and staff register is publicly available on the SAPN website.</li> <li>Selected a sample to verify the data in the office and staff register against the results of the office/location and staff sharing analysis to test that the office and staff registers are appropriately maintained and updated.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing | Results of Testing | Recommendation | Rating |
|-----|----------|------|--|--------------------------|--------------------|----------------|--------|
|     |          |      | <p>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 to hold and (if applicable) ceased to hold that position.</p> <p>(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</p> |                          |                    |                |        |

| No. | Category                              | Ref.          | Guideline Obligation   | Key Controls and Testing  | Results of Testing   | Recommendation   | Rating       |
|-----|---------------------------------------|---------------|--|---|--|--|--------------|
|     |                                       |               | required publication date for that updated version under this clause 4.2.4(b).   |   |  |  |              |
| 12  | Protection of ring-fenced information | 4.3.1 (a) (b) | A DNSP must:<br><b>(a) keep ring-fenced information confidential</b><br><b>(b) only use ring-fenced for the purpose for which it was acquired or generated</b> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>IT application access controls approval.</li> <li>Quarterly review of IT user access to critical applications.</li> <li>Completion of induction checklist for staff movements from SAPN to Enerven.</li> <li>Review and approval of new applications to assess whether these contain ring-fenced data.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Tested the design and implementation and operating effectiveness of the key controls identified.</li> <li>Inquired and inspected SAPN Policies with regards to the protection of ring-fenced.</li> <li>Obtained an IT user access listing for all SAPN critical applications and verified that there was no inappropriate access on a sample basis.</li> <li>Tested the accuracy and completeness of the critical applications listing obtained.</li> </ul> | <p>Based on the testing performed we have made the following observations:</p> <p>SAPN has had a strong focus on improving their IT environment to ensure proper segregation between Enerven and SAPN staff. In previous years it was recommended that hard controls be implemented in SAP and non-SAP systems. As an interim measure AER has requested quarterly attestation letters to inform of any Enerven staff having inappropriate access to critical applications. We have reviewed these letters and noted no instances of inappropriate access has been noted during the year ended 31 December 2022.</p> <p><b>Consistency of documentation for quarterly IT access reviews</b><br/>SAPN's IT team performed a quarterly review of Enerven staff with access to critical applications. The review is performed to identify any Enerven staff members who have access to a</p> | <p><b>Documentation of quarterly IT access reviews</b><br/>We recommend that formal documentation is maintained to evidence the reviewer's considerations of SAPN's quarterly review across all critical applications and to ensure the review is performed on a consistent basis.</p> <p><b>Completeness of quarterly IT access reviews</b><br/>We recommend that a standard and formal review is implemented across all applications identified as containing ring-fenced information.</p> <p><b>Unclear access controls for SharePoint and Teams Sites</b><br/>We recommend that SAPN IT:</p> <ul style="list-style-type: none"> <li>Identify existing SharePoint and Teams sites that contain ring-fenced information;</li> <li>Implement a process to identify new SharePoint and Teams sites containing ring-fenced information;</li> <li>Include any sites identified with ring-fenced information</li> </ul> | No exception |

| No. | Category | Ref. | Guideline Obligation | Key Controls and Testing  | Results of Testing   | Recommendation                          | Rating |
|-----|----------|------|----------------------|---|--|---|--------|
|     |          |      |                      | <ul style="list-style-type: none"> <li>• Inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of ring-fenced.</li> <li>• Inspected the quarterly attestation letters sent to AER to investigate any possible IT access incidents.</li> </ul> | <p>critical application without the appropriate approval or where access to the critical application is not permissible under the Guideline.</p> <p>As part of our review for FY2022 we observed that documentation of the reviewer’s considerations are not consistent across all applications (i.e. for some applications there is no documented evidence of the reviewers’ consideration in performing the quarterly review).</p> <p><b><i>Completeness of quarterly IT access reviews</i></b></p> <p>Our testing identified that the following applications which contained ring-fenced information were not included in the quarterly access reviews:</p> <ul style="list-style-type: none"> <li>• MDI (Meter Data Insight)</li> <li>• ADMS applications</li> <li>• HR Secure SharePoint</li> <li>• PPS/E</li> <li>• Field Maps</li> <li>• WorkMate-Maps</li> </ul> <p>Through our substantive testing which was performed on a sample basis no issues of inappropriate access were identified for these applications. Further, SAPN have</p> | <p>in the quarterly access reviews.</p> |        |

| No. | Category | Ref. | Guideline Obligation | Key Controls and Testing | Results of Testing   | Recommendation | Rating |
|-----|----------|------|----------------------|--------------------------|--|----------------|--------|
|     |          |      |                      |                          | <p>preventative controls in place with regards to IT access approval and staff movements which partially mitigate this finding.</p> <p><b><i>Unclear access controls for SharePoint and Teams Sites</i></b><br/>                     Microsoft SharePoint and Teams is used extensively within SA Power Networks for information and content sharing. When requesting a new site, there is currently no requirement to identify whether sites should be Ring-fenced and, as such, whether it should have tighter restrictions on who may be granted access.</p> <p>Through our substantive testing which was performed on a sample basis no issues of inappropriate access were identified for these sites.</p> <p>Given the nature of these observations, in conjunction with the substantive procedures performed, which did not identify any breaches we do not consider these observations to constitute an exception.</p> |                |        |

| No. | Category                  | Ref.          | Guideline Obligation  | Key Controls and Testing   | Results of Testing  | Recommendation | Rating       |
|-----|---------------------------|---------------|---|--|---|----------------|--------------|
| 13  | Disclosure of information | 4.3.2 (a)-(i) | <p>A DNSP <b>must not disclose ring-fenced information to any person</b>, including a related electricity service provider, unless:</p> <p>(a) the DNSP has first <b>obtained the explicit informed consent</b> of the relevant customer, or prospective customer, to whom the ring-fenced information relates;</p> <p>(b) the <b>disclosure is required by</b>, or for the purpose of complying with <b>any law</b>;</p> <p>(c) the <b>disclosure is necessary to enable the DNSP to provide its distribution services</b>, its transmission services or its other services (including by acquiring services from other legal entities);</p> <p>(d) the <b>information has been requested by or on behalf of a customer</b>, or potential customer, of another legal entity, and</p> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol and information sharing register is publicly available.</li> <li>IT application access controls approval.</li> <li>Quarterly review of IT user access to critical applications.</li> <li>Completion of induction checklist for staff movements from SAPN to Enerven.</li> <li>Review and approval of new applications to assess whether these contain ring-fenced data.</li> </ul> <p><b>Test Performed:</b><br/>In addition to the testing procedures performed for 4.3.1 (a) (b):</p> <ul style="list-style-type: none"> <li>Inquired and inspected the SAPN Policies with regards to the disclosure of ring-fenced information.</li> <li>Performed inquiries to determine whether SAPN has disclosed any ring-fenced information in the year.</li> <li>Tested the accuracy and completeness of the information sharing register.</li> <li>Reviewed the customer queries and complaints register for evidence of customer complaints that</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation in addition to the findings stated above. | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation  | Key Controls and Testing                                   | Results of Testing | Recommendation | Rating |
|-----|----------|------|---|--|--------------------|----------------|--------|
|     |          |      | <p>the disclosure is necessary to enable the legal entity to provide its transmission services, contestable electricity services or other services to the customer or potential customer;</p> <p>(e) the <b>disclosure is solely for the purpose of providing assistance to another Network Service Provider</b> in response to an event (such as an emergency) that is beyond the other Network Service Provider’s reasonable control;</p> <p>(f) the <b>disclosure is solely for the purposes of research by a legal entity</b> other than a related electricity service provider of the DNSP</p> <p>(g) where another <b>DNSP</b> is an <b>affiliated entity</b> of the <b>DNSP</b>, the disclosure is to the part of that other DNSP that</p> | <p>indicate the disclosure of ring-fenced information.</p> |                    |                |        |



| No. | Category               | Ref.            | Guideline Obligation   | Key Controls and Testing   | Results of Testing  | Recommendation | Rating       |
|-----|------------------------|-----------------|--|--|---|----------------|--------------|
|     |                        |                 | <p>provides that other <b>DNSP’s direct control services</b>;</p> <p>(h) a <b>related electricity service provider of the DNSP has requested the disclosure</b> and the DNSP complies with clause 4.3.4 in relation to that ring-fenced information.</p> <p>(i) another <b>legal entity</b>, other than a <b>related electricity service provider</b> of the <b>DNSP</b>, has requested the disclosure</p> |  |   |                |              |
| 14  | Sharing of information | 4.3.3 (a) – (e) | <p>(a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a <b>DNSP</b> 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</p>      | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Information sharing protocol and information sharing register is publicly available.</li> </ul> <p><b>Test performed</b></p> <ul style="list-style-type: none"> <li>Reviewed the information sharing protocol for consistency with the requirements of the Ring-fencing guideline.</li> <li>Sighted the information register is publicly available on the SA Power Networks website.</li> </ul> | <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation  | Key Controls and Testing   | Results of Testing | Recommendation | Rating |
|-----|----------|------|---|--|--------------------|----------------|--------|
|     |          |      | <p>(including the derived information) to other legal entities on an equal basis.</p> <p>(b) A <b>DNSP</b> is only required by clause 4.3.3(a) to provide information to a <b>legal entity</b> where:</p> <p>i. the <b>legal entity</b> has requested that it be included on the information register in respect of information of that kind; and</p> <p>ii. the <b>legal entity</b> is competing, or is seeking to compete, with the <b>DNSP</b>, or a <b>related electricity service provider</b> of the <b>DNSP</b>, in relation to the provision of <b>contestable electricity services</b>.</p> <p>(c) A <b>DNSP</b> is not required by clause 4.3.3(a) to provide information to a <b>legal entity</b> where the <b>DNSP</b> has disclosed the information in the circumstances set out in clauses 4.3.3(a) to (e).</p> | <ul style="list-style-type: none"> <li>• Enquired of the Manager Regulatory Operations and confirmed that all information requests received were added to the information register.</li> <li>• Reviewed the emails received to the general Ring-fencing mailbox for evidence of instances that indicate that ring-fenced information had been shared.</li> </ul> |                    |                |        |

| No. | Category             | Ref.            | Guideline Obligation  | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|----------------------|-----------------|---|--|--|----------------|--------------|
|     |                      |                 | <p>(d) Without limiting clause 4.3.4(a), a <b>DNISP</b> 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 <b>legal entities</b> and must make that protocol publicly available on its website.</p> <p>(e) Where a <b>DNISP</b> discloses information referred to in clause 4.3.4(a) to any other <b>legal entity</b> under this clause 4.3.4, it must do so on terms and conditions that require the other <b>legal entity</b> to comply with clause 4.3.2 and 4.3.3(a) to (d) in relation to that information as if the other <b>legal entity</b> was a <b>DNISP</b>.</p> |  |  |                |              |
| 15  | Information register | 4.3.4 (a) - (c) | <p>(a) A <b>DNISP</b> <b>must establish, maintain and keep a register</b> of all:</p> <ul style="list-style-type: none"> <li>i. related electricity service providers;</li> <li>ii. other legal entities who provide contestable</li> </ul>   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>• Information sharing register is publicly available.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• Reviewed the information sharing protocol for consistency with the</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing   | Results of Testing | Recommendation | Rating |
|-----|----------|------|--|--|--------------------|----------------|--------|
|     |          |      | <p>electricity services but who are not affiliates of the DNSP;<br/>                     who request access to information identified in clause 4.3.4(a), and must make the register publicly available on its website.<br/>                     (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> <ol style="list-style-type: none"> <li>i. identify the kind of information requested by the related electricity service provider or other legal entity; and</li> <li>ii. describe the kind of information requested by the related electricity service provider or other legal entity in sufficient detail to enable other legal entities to make an</li> </ol> | <p>requirements of the Ring-fencing guideline.</p> <ul style="list-style-type: none"> <li>• Sighted the information register is publicly available on the SA Power Networks website.</li> <li>• Reviewed the emails received to the general Ring-fencing mailbox to verify that no disclosures ring-fenced information were reported.</li> <li>• Reviewed the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of ring-fenced information.</li> </ul> |                    |                |        |

| No. | Category                     | Ref.          | Guideline Obligation   | Key Controls and Testing  | Results of Testing   | Recommendation | Rating       |
|-----|------------------------------|---------------|--|---|--|----------------|--------------|
|     |                              |               | <p>informed decision about whether to request that kind of information from the DNSP.</p> <p>(c) <b>A legal entity may request that the DNSP</b> include it on the information register in relation to some or all of the kinds of information that the DNSP is required to provide under clause 4.3.3(a), and the DNSP must comply with that request.</p> |   |  |                |              |
| 16  | Conduct of service providers | 4.4.1 (a) (b) | <p>A DNSP: (a) <b>must ensure that any new or varied agreement between</b> 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><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>The standard terms and conditions for SAPN supply contracts include compliance with ring-fencing requirements. These standard terms and conditions are included in all new and amended contracts for suppliers involved in the provision of direct control services.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inspected SAPN Standard Terms and Conditions and</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category                        | Ref.          | Guideline Obligation  | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
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|     |                                 |               | <p>i. clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and</p> <p>ii. clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</p> <p>A DNSP:<br/> <b>(b) must not, directly or indirectly, encourage or incentivise</b> 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 3 of this Guidelines.</p> | <p>checked that it requires service providers to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline.</p> <ul style="list-style-type: none"> <li>Selected a sample of suppliers with new contracts entered into in the year and confirmed that the Standard Terms and Conditions attached to the contract contained the requirement to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 and 4.2.3 of the Guideline.</li> </ul> |  |                |              |
| 17  | DNSP's application for a waiver | 5.2 (a) - (h) | <p>A DNSP <b>may apply in writing to the AER for a waiver</b>. An application for a waiver must contain all information and materials necessary to support the DNSP's application, including:</p> <p>(a) the <b>Obligation in respect</b> of which the DNSP is applying for a</p>   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Waiver register is publicly available on the SAPN website.</li> <li>All existing waivers are reviewed three months prior to expiration and actioned accordingly.</li> </ul> <p><b>Test Performed:</b></p>   | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing   | Results of Testing | Recommendation | Rating |
|-----|----------|------|--|--|--------------------|----------------|--------|
|     |          |      | waiver;<br>(b) the <b>reasons why</b> the DNSP is applying for the waiver;<br>(c) <b>details of the service, or services</b> , in relation to which the DNSP is applying for the waiver;<br>(d) the <b>proposed commencement date and expiry date</b> (if any) of the waiver and the reasons for those dates;<br>(e) <b>details of the costs associated with the DNSP</b> complying with the Obligation if the waiver of the Obligation were refused;<br>(f) the <b>regulatory control period(s)</b> to which the waiver would apply;<br>(g) any <b>additional measures the DNSP proposes to undertake</b> if the waiver were granted;<br>and<br>(h) the <b>reasons why the DNSP considers the</b> | <ul style="list-style-type: none"> <li>Observed that the waiver register is publicly available on SAPN’s website.</li> <li>Verified the details contained on the waiver register against the waiver decisions published on the AER website.</li> </ul> |                    |                |        |

| No. | Category        | Ref.    | Guideline Obligation   | Key Controls and Testing  | Results of Testing   | Recommendation | Rating       |
|-----|-----------------|---------|--|---|--|----------------|--------------|
|     |                 |         | waiver should be <b>granted</b> with reference to the matters specified in clause 5.3.2(a), including the benefits, or likely benefits, of the grant of the waiver to electricity consumers. |   |  |                |              |
| 18  | Waiver register | 5.7 (a) | A DNSP <b>must establish, maintain and keep a register of all waivers</b> (including any variation of a waiver) and must make the register publicly available on its website.                | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Waiver register is publicly available on the SAPN website.</li> <li>All existing waivers are reviewed three months prior to expiration and actioned accordingly.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Observed that the waiver register is publicly available on SAPN’s website.</li> <li>Verified the details contained on the waiver register against the waiver decisions published on the AER website.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |
| 19  | Waiver register | 5.7 (b) | The register established under clause 5.7(a) <b>must include:</b><br><b>i. the description of the conduct</b> to which the   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Waiver register is publicly available on the SAPN website.</li> </ul> <p><b>Test Performed:</b></p>  | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |



| No. | Category               | Ref. | Guideline Obligation   | Key Controls and Testing  | Results of Testing  | Recommendation  | Rating       |
|-----|------------------------|------|--|---|---|---|--------------|
|     |                        |      | waiver or interim waiver applies; and<br>ii. <b>the terms and conditions of the waiver or interim waiver</b> ; 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. | <ul style="list-style-type: none"> <li>Verified the details contained on the waiver register against the requirements of the Guideline.</li> </ul>  |   |   |              |
| 20  | Maintaining compliance | 6.1  | A DNSP <b>must establish and maintain appropriate internal procedures to ensure it complies with its Obligations under this Guideline.</b>   | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Annual compliance questionnaires completed by Managers.</li> <li>Mandatory training on ring-fencing requirements for all new joiners.</li> <li>A mailbox is maintained by the Regulatory Team to report any potential breaches.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Tested the design and implementation and operating effectiveness of the key controls identified.</li> <li>Obtained and reviewed the annual compliance questionnaires completed by Level 3 Managers.</li> <li>Reviewed the online ring-fencing training module for</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. We do however note the following improvement opportunity:<br>Through our testing we identified that while training is delivered for new staff members, this is not regularly refreshed and tested, especially when responsibilities of staff change. | We recommend that a process is implemented to regularly refresh and reinforce employees’ understanding of Ring-fencing guidelines to reduce the risk of breaches. | No Exception |

| No. | Category                 | Ref.               | Guideline Obligation   | Key Controls and Testing  | Results of Testing   | Recommendation | Rating       |
|-----|--------------------------|--------------------|--|---|--|----------------|--------------|
|     |                          |                    |  | <p>evidence that the ring-fencing obligations are explained in clear terms.</p> <ul style="list-style-type: none"> <li>• Obtained the training report indicating the employees who completed the training and the overall rate of completion.</li> <li>• Reviewed the emails received in the general ring-fencing mailbox for the year ended 31 December 2022.</li> <li>• Obtained and reviewed the key compliance and breach reporting policies.</li> </ul>  |  |                |              |
| 21  | Annual compliance report | 6.2.1 (a), (b) (c) | <p>A DNSP <b>must prepare an annual ring—fencing compliance report each calendar year.</b></p> <p><b>The annual compliance report must identify and describe,</b> in respect of the regulatory year to which the report relates:</p> <p>i. the <b>measures the DNSP has taken</b> to ensure compliance with its Obligations under this Guideline;</p> <p>ii. <b>any breaches of this Guideline by the DNSP,</b> or which otherwise</p> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>• Ring-fencing compliance report.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>• Reviewed the annual ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (version 3).</li> <li>• Obtained and reviewed the sign-off by the Head of Regulation on the final compliance report.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category                              | Ref.  | Guideline Obligation   | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
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|     |                                       |       | <p>relate to the DNSP; and</p> <p>iii. <b>all other services provided by the DNSP</b> in accordance with clause 3.1; and</p> <p>iv. <b>the purpose of all transactions between the DNSP and an affiliated entity.</b></p> <p>The <b>annual compliance report must be accompanied by an assessment of compliance</b> by a suitably qualified independent authority.</p> |  |  |                |              |
| 22  | Timing of Annual compliance reporting | 6.2.2 | <p>(a) Subject to clause 7.2, a DNSP must <b>submit its annual compliance report to the AER within four months</b> of the end of the <b>calendar year</b> to which the compliance report relates.</p> <p>(b) A DNSP is not required to <b>submit an annual compliance report</b> for its regulatory</p>  | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Ring-fencing compliance report.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Reviewed the annual ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (version 3), including submission within four months.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category                                      | Ref.             | Guideline Obligation  | Key Controls and Testing   | Results of Testing   | Recommendation | Rating       |
|-----|---|------------------|---|--|--|----------------|--------------|
|     |   |                  | year in which this Guideline commences."  | <ul style="list-style-type: none"> <li>Obtained and reviewed the sign-off by the Head of Regulation on the final compliance report.</li> </ul>                                       |  |                |              |
| 23  | Regulated stand-alone power systems reporting | 6.2.3 (a)<br>(b) | <p>(a) A <b>DN</b>SP must establish, maintain and keep a register that identifies, for each <b>regulated stand-alone power system</b> used by the <b>DN</b>SP to provide other services:</p> <p>i. the local government area in which the <b>regulated stand-alone power system</b> is deployed;</p> <p>ii. the number of premises served by the <b>regulated stand-alone power system</b>;</p> <p>iii. the maximum demand, in kW, served by the <b>regulated stand-alone power system</b>;</p> <p>iv. the aggregated annual average energy consumption, in kWh, of</p> | <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Inquired with Management and confirmed that no regulated stand-alone power systems are used by SAPN.</li> </ul> | Based on the testing performed we have not identified any matters of exception against the obligation. | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation   | Key Controls and Testing | Results of Testing | Recommendation | Rating |
|-----|----------|------|--|--------------------------|--------------------|----------------|--------|
|     |          |      | <p>the premises served by the <b>regulated stand-alone power system</b>;</p> <p>v. the revenue earned by the DNSP for providing <b>other services</b> by means of the <b>regulated stand-alone power systems</b> in the current calendar year; and</p> <p>vi. whether the DNSP has made a request, in writing, for the supply of the <b>other services</b> by another legal entity (other than an affiliated entity of the DNSP).</p> <p>(b) No later than <b>15 January, 15 April, 15 July</b> and <b>15 October</b> each year, a DNSP must publish, on its website, an <b>updated version of the register</b> referred to in clause 6.2.3(a).</p> <p>The DNSP must ensure that the information published in each</p> |                          |                    |                |        |

| No. | Category            | Ref. | Guideline Obligation   | Key Controls and Testing  | Results of Testing  | Recommendation | Rating       |
|-----|---------------------|------|--|---|---|----------------|--------------|
|     |                     |      | <p>updated version is <b>current to the end of the calendar month</b> that is immediately prior to the required publication date for that updated version under this clause 6.2.3(b).</p>  |   |   |                |              |
| 24  | Compliance breaches | 6.3  | <p>A <b>DN</b>SP must notify the <b>AER</b> in writing within 15 business days of becoming aware of a breach of its obligations under this <b>Guideline</b>, except for a breach of clause 6.2.2 or this clause 6.3 of this <b>Guideline</b>. The <b>AER</b> may seek enforcement of this <b>Guideline</b> by a court in the event of any breach of this <b>Guideline</b> by a <b>DN</b>SP, in accordance with the <b>NEL</b>.</p> | <p><b>Key Control(s):</b></p> <ul style="list-style-type: none"> <li>Annual compliance questionnaires completed by Managers.</li> <li>Mandatory training on ring-fencing requirements for all new joiners.</li> <li>A mailbox is maintained by the Regulatory Team to report any potential breaches.</li> </ul> <p><b>Test Performed:</b></p> <ul style="list-style-type: none"> <li>Tested the design and implementation and operating effectiveness of the key controls identified.</li> <li>Obtained and reviewed the annual compliance questionnaires completed by Level 3 Managers.</li> <li>Obtained the training report indicating the employees who completed the training and</li> </ul> | <p>Based on the testing performed we have not identified any matters of exception against the obligation.</p> | NA             | No Exception |

| No. | Category | Ref. | Guideline Obligation | Key Controls and Testing   | Results of Testing | Recommendation | Rating |
|-----|----------|------|----------------------|--|--------------------|----------------|--------|
|     |          |      |                      | <p>the overall rate of completion.</p> <ul style="list-style-type: none"><li>• Reviewed the emails received in the general ring-fencing mailbox for the year ended 31 December 2022.</li><li>• Obtained and reviewed the key SAPN breach reporting policies for appropriateness.</li></ul> |                    |                |        |