

28 April 2023

Ms Kathryn Hansson  
Team Leader Compliance and Risk  
TasNetworks  
1/7 Maria Street  
Lenah Valley, TAS 7008

Dear Kathryn


## Ring-Fencing Guideline Compliance Report

Thank you for engaging us to undertake the audit of Tasmanian Networks Pty Ltd's Ring-Fencing Compliance report.

Please find our report attached and if you have any questions, please do not hesitate to contact me directly.

Yours sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Carl Harris  
Partner

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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 Tasmanian Networks Pty Ltd (“TasNetworks”) and Deloitte dated 14 December 2022 as the qualified independent authority to provide reasonable assurance that TasNetworks 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.

### 1.2 Summary of Findings

For the year ended 31 December 2022 the following table summarises the exception identified against the Obligations. The rating of each Obligation has been applied in accordance with *Section 1.3*.

A Management response to the exception is included in the Appendix. This response does not form part of our report and therefore we do not express an opinion on it.

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
1.	<p><b>4.2.4 Office and Staff Registers</b></p> <p>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</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.e., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); and</p> <p>iii) The staff positions referred to in clause 4.2.4(a)iii. which are held, or have been held within the previous three months, by a member of staff whose access to electricity</p>	<p>Based on the testing performed we have not identified any matters of exception against the obligations; with key point (s) below:</p> <ul style="list-style-type: none"> <li>Currently TasNetworks does not have any offices or staff to which must comply to this clause.</li> <li>The office and staff registers are current and publicly available on TasNetworks' website.</li> <li>TasNetworks has incorporated publishing dates relating to the office and staff registers to their compliance calendar.</li> <li>TasNetworks currently undertakes corporate services for its subsidiaries which are governed by current service level agreements.</li> <li>It was observed that unlike the staff register, the office register does not contain a control date to demonstrate TasNetworks compliance with its publication obligations under the Guidelines.</li> </ul>	<p>Based on the observations gained by Deloitte we recommend that:</p> <ul style="list-style-type: none"> <li>A control date should be added to the office register to ensure that TasNetworks is clearly demonstrating their compliance with obligation 4.2.4 (b)</li> <li>A sign-off function should be implemented to complement the reporting calendar with integrated guidance to ensure that the obligations of 4.2.4 (b) is maintained. An example would be a two-part sign-off document such as “Does the current information reflect the arrangements as at the end of the calendar month that is immediately prior to the current publication date (15 January, 15 April, 15 July, and 15 October each year)?” and “has the control date been updated?”.</li> </ul>	Exception	No

No.	Guidance Obligation	Results of Testing	Recommendations	Rating	Material Breach
	<p>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 required publication date for that updated version under this clause 4.2.4(b).</p>	<p>Based on the testing performed we have identified the following exception:</p> <ul style="list-style-type: none"> <li>The staff register was unpublished on the TasNetworks website between the 9/12/2022 to the 17/02/2023 due to an IT complication; and</li> <li>Deloitte observed based on the control date on the staff register (March 2022) and the timespan which the register remained unpublished, TasNetworks has not maintained their publication obligations under the guidelines (15 April 2022 – 15 January 2023, total 4 occasions).</li> </ul>			

### 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.
Exception	Any findings noted are considered minor and require routine efforts to correct in the normal course of business. The requirements of the obligation have not been fully met. Findings noted require remedial action.



## 2. Independent Assurance Report to the Directors of Tasmanian Networks Pty Ltd

### Opinion

We have undertaken a reasonable assurance engagement on whether Tasmanian Networks Pty Ltd (“TasNetworks”) 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 TasNetworks’ 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 the Management of TasNetworks

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 TasNetworks' 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 TasNetworks 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 TasNetworks' 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 TasNetworks personnel about controls which are in place to allow TasNetworks 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 TasNetworks 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 TasNetworks, 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 as will be made clear in the report, 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 auditor. 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

Carl Harris  
Partner  
Chartered Accountants  
28 April 2023, Hobart



### 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.

<b>Legal Separation</b>	
Guideline Reference	3.1 (a)
Guideline Obligation	A DNSP <b>must be a legal entity.</b>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks registered Australian Business Number (ABN).</li> <li>registered Australian Business Number (ABN)</li> <li>Marinus Link Business Number (ABN)</li> <li>42-24 registered Australian Business Number (ABN)</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We performed a search of the ASIC register for the TasNetworks ABN to verify that TasNetworks is a separate legal entity</li> <li>We inspected the registered ABN as per the ASIC register and compared it to TasNetworks Electricity Supply Industry Distribution Licence; and</li> <li>We inspected invoices of subsidiaries of TasNetworks ("subsidiaries") and compared the ABN with the ASIC database.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks and its subsidiaries operate on their own individual ABNs.</li> <li>TasNetworks and its subsidiaries deploy individual invoice branding and templates that distinguishes themselves apart clearly.</li> </ul>
Recommendation	N/A
Rating	No exceptions.
<b>Legal Separation</b>	
Guideline Reference	3.1 (b)
Guideline Obligation	A DNSP may provide distribution services and transmission services but <b>must not provide other services.</b>
Key Controls and Testing	<p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We selected a sample of TasNetworks revenue transactions to detect instances of 'other services' being provided by the DNSP</li> <li>We reviewed the 'other services' which are provided by TasNetworks' subsidiaries and spoke with lead personnel to understand their operations.</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks subsidiaries are not engaged in contestable electricity services such as: electricity retail services, unregulated electricity infrastructure or private networks, customer-side generation solutions such as solar and batteries or energy consultancy services</li> <li>TasNetworks does not provide other services beyond limited corporate services to its affiliated legal entities</li> <li>42-24 became operational on 1 July 2018 and provides telecommunications and digital services</li> <li>Marinus Link became operational on 20 May 2019 and offer no distribution at this time: and</li> </ul>
Results of Testing	

	<ul style="list-style-type: none"> <li>TasNet Connections was registered on 23 November 2018 and is currently not operational.</li> </ul>
Recommendation	N/A
Rating	No exceptions.
<b>Separate Accounts</b>	
Guideline Reference	3.2.1 (a)
Guideline Obligation	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.
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>SAP accounting system</li> <li>Separate General Ledger Accounts for each entity.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We inspected TasNetworks policies regarding maintaining separate accounts; and</li> <li>We have obtained a list of transactions and account structure within SAP and inspected the general ledger accounts to check that separate general ledger accounts for recording transactions between TasNetworks and its subsidiaries are established.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks has configured their accounting software SAP to ensure legal and financial separation between its accounts and its subsidiaries, with each entity having their own ledger within SAP to record all transactions</li> <li>TasNetworks has established multiple levels of transactional classifications specifically designed to disaggregate transactions from one another, which has been designed with the intent to classify work for regulatory reporting; and</li> <li>TasNetworks has established several intercompany general ledger accounts to ensure financial accuracy and completeness of transactional recording and reporting.</li> </ul>
Recommendation	N/A
Rating	No exceptions
<b>Cost Allocation and Attribution</b>	
Guideline Reference	3.2.2 (a), (b)
Guideline Obligation	<p>A DNSP must allocate or attribute costs to distribution services:</p> <ul style="list-style-type: none"> <li>- 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 to the allocation and attribution of costs between distribution services and non-distribution services; and</li> <li>- and must not allocate or attribute other costs to the distribution services it provides.</li> </ul>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Cost Allocation Methodology ("CAM") approved by the AER</li> <li>Cost Allocation Calculation</li> <li>Causal Allocation Drivers</li> <li>Quarterly Activity Based Costing (ABC) Surveys; and</li> <li>Annual Independent Regulatory Financial Auditing of Regulatory Information Notices (RIN).</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We performed a walkthrough of the CAM process with the Senior Finance Business Partner to confirm that it addresses the allocation of costs between TasNetworks and its subsidiaries</li> </ul>



	<ul style="list-style-type: none"> <li>We re-performed a sample of the cost allocation calculation and checked that they were consistent with the AER approved CAM; and</li> <li>We inspected the 30 June 2022 annual independent regulatory report to ensure it included a conclusion on the compliance with the allocation of the CAM, and we inspected the 30 June 2022 financial audit reporting to ensure there were no management letter points relating to the CAM.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks is currently applying the AER approved CAM, to the allocation and attribution of cost between distribution services and non-distribution services</li> <li>TasNetworks' accounting system SAP has been configured to apply the CAM principles; and</li> <li>Confirmed that the RIN, which includes records of the cost allocation and attribute cost across distribution and non-distribution services within SAP, was audited by the Tasmanian Audit office on an annual basis and sighted that no errors were detected during the audit.</li> <li>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. Deloitte communicated to the AER during the 'DNSP Annual Reporting Meeting' on the 15 February 2023 highlighting that Section 3.2.2 of the ring-fencing guideline will cover the period from 1 January 2022 -30 June 2022 reported through the RINs submission. The compliance with the CAM for the remaining period from 1 July 2022 - 31 December 2022 will be covered under the RINS for 1 July 2022 to 30 June 2023 regulatory period. The above exemption was confirmed by the AER on 15 February 2023. 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.</li> </ul>
Recommendation	N/A
Rating	No exceptions
<b>Cost Allocation and Attribution</b>	
Guideline Reference	3.2.2 (c)
Guideline Obligation	A DNSP <b>must establish, maintain, and keep records</b> that demonstrate how it meets cost allocation and attribution obligations.
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>CAM approved by the AER</li> <li>Cost Allocation Calculation</li> <li>Annual Audit of Regulatory Financial Statements; and</li> <li>Regulatory Information Notices (RIN).</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We obtained and examined TasNetworks cost allocation process and calculation is consistent with the AER approved CAM.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> <li>TasNetworks maintains cost allocation calculations that are consistent with the AER approved CAM. These demonstrate how TasNetworks meets its cost allocation and attribution obligations.</li> <li>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. Deloitte communicated to the AER during the 'DNSP Annual Reporting Meeting' on the 15 February 2023 highlighting that Section 3.2.2 of the ring-fencing guideline will cover the period from 1 January 2022 -30 June 2022 reported through the RINs submission. The compliance with the CAM for the remaining period from 1 July 2022 - 31 December 2022 will be covered under the RINS for 1 July 2022 to 30 June 2023 regulatory period. The above exemption was confirmed by the AER on 15 February 2023. 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.</li> <li>It was noted that currently due to staff turnover, TasNetworks was unable to supply recent records of their ABC surveys being completed, however they were able to show in the SAP system that the conversations had occurred during their quarterly budget meetings by updating of the CAM Allocation Summary monthly.</li> </ul>

Recommendation	To ensure compliance with cost allocation and attribution obligations, Deloitte recommends an enhancement to TasNetworks' record-keeping practices. Specifically, we propose updating the Cost Allocation Method document with a comprehensive list of minimum required records in the Appendix. This measure will mitigate any potential loss of critical information due to employee turnover and retention issues.
Rating	No Exception
<b>Obligation not to Discriminate</b>	
Guideline Reference	4.1(b)
Guideline Obligation	<b>A DNSP must not 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: <ul style="list-style-type: none"> <li>i. <b>direct control services by the DNSP</b> (whether to itself or to any other legal entity); and / or</li> <li>ii. <b>contestable electricity services</b> by any other legal entity</li> </ul>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>• N/A as 42-24 and other TasNetworks subsidiaries do not engage in contestable electricity services.</li> <li>• Mandatory Ring-Fencing Awareness Training.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>• Confirmed the factual accuracy of the assertion that subsidiaries do not engage in contestable electricity services.</li> <li>• Inspected training material to ensure staff are educated in the guidelines; and</li> <li>• Examined financial reports of subsidiaries to ensure no contestable electricity revenue is recorded.</li> </ul>
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and as such communicated these observations to management, with key observations below: <ul style="list-style-type: none"> <li>• Deloitte confirmed the factual accuracy of the assertion that subsidiaries do not engage in contestable electricity services by meeting with the Manager of Operation of 42-24 and the Chief Financial Officer of Marinus Link.</li> <li>• TasNetworks mandatory ring-fencing awareness training does contain the obligation to not discriminate.</li> </ul>
Recommendation	N/A
Rating	No Exceptions
<b>Offices, Staff, Branding and Promotions</b>	
Guideline Reference	4.2.1(a)
Guideline Obligation	<b>A DNSP must use offices that are separate from any offices from which a related electricity service provider provides contestable electricity services</b>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>• Separate offices are maintained and utilised by TasNetworks and its subsidiaries.</li> <li>• TasNetworks Regulatory Team maintains a reporting calendar to ensure all registers maintain up to date</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>• We performed a search of the TasNetworks, 42-24 and Marinus Link business addresses and visited each entity's offices to confirm this fact.</li> </ul>
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being: <ul style="list-style-type: none"> <li>• TasNetworks subsidiaries are not engaged in contestable electricity services such as: electricity retail services, unregulated electricity infrastructure or private networks, customer-side generation solutions such as solar and batteries or energy consultancy services</li> <li>• TasNetworks and 42-24 offices are physical separated where 42-24 provides their services: and</li> </ul>



	<ul style="list-style-type: none"> <li>Marinus Link does operate at the same address as TasNetworks, however security access, in the form of key cards have been deployed to separate the operational environments.</li> </ul>
Recommendation	N/A
Rating	No Exception
<b>Staff Sharing</b>	
Guideline Reference	4.2.2 (a)
Guideline Obligation	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.
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks subsidiaries are not engaged in contestable electricity services; and</li> <li>Refer 4.1(b) above.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>Refer 4.1(b) above.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks subsidiaries are not engaged in contestable electricity services such as: electricity retail services, unregulated electricity infrastructure or private networks, customer-side generation solutions such as solar and batteries or energy consultancy services.</li> </ul>
Recommendation	N/A
Rating	No Exception
<b>Branding and Cross-promotion</b>	
Guideline Reference	4.2.3 (a)
Guideline Obligation	<p>A DNSP:</p> <ol style="list-style-type: none"> <li>must use <b>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</li> <li>must not <b>advertise or promote its direct control services and its contestable electricity services</b> that are not direct control services together (including by way of cross-advertisement or cross-promotion); and</li> <li>must not <b>advertise or promote contestable electricity services</b> provided by a related electricity service provider other than the DNSP itself.</li> </ol>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks subsidiaries are not engaged in contestable electricity services</li> <li>TasNetworks Marketing Guidelines</li> <li>Social media and website approval processes for approved branding uses; and</li> <li>Marketing personnel are aware of the different entities and their approved business activities.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>Examined TasNetworks policies relating to branding and cross promotion</li> <li>Inspected contracts related to contestable electricity services and ensured they contained TasNetworks branding only</li> <li>Inspected 42-24 issued invoices to ensure there was clear separated branding from the partner TasNetworks and no mention was made.</li> </ul>



	<ul style="list-style-type: none"> <li>Examinated social media and website approval processes for approved branding uses; and</li> <li>Performed enquiries into promotion activity with marketing personnel such as the Leader of Corporate Social Responsibility.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, we key point(s) being:</p> <ul style="list-style-type: none"> <li>TasNetworks subsidiaries are not engaged in contestable electricity services</li> <li>Distinctly separate 42-24 branding has been developed for use when performing services</li> <li>Website and social media approval controls are appropriately designed and operated effectively during the 2022 regulatory year; and</li> <li>Marketing personnel are aware of the different entities and the services they provide</li> </ul>
Recommendation	N/A
Rating	No exception
<b>Office and Staff Registers</b>	
Guideline Reference	4.2.4 (a), (b)
Guideline Obligation	<p>(a) A DNSP must establish, maintain, and keep a register that identifies:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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.e., 4.2.2(b)i.b., 4.2.2(b)iii. or 4.2.2(d); and</li> <li>(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 to hold and (if applicable) ceased to hold that position.</li> </ul> <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 required publication date for that updated version under this clause 4.2.4(b).</p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Office and staff registers</li> <li>Calendar of Reporting Requirements; and</li> <li>Service Level Agreement between TasNetworks and 42-24.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We inspected the office and staff register that is publicly available on the TasNetworks website</li> <li>We note that this requirement does not apply to TasNetworks as its subsidiaries do not provide contestable electricity services; and</li> <li>We observed that TasNetworks' reporting calendar included Office and Staff registers publish dates.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> <li>Currently TasNetworks does not have any offices or staff to which must comply to this clause.</li> <li>The office and staff registers are current and publicly available on TasNetworks' website.</li> <li>TasNetworks has incorporated publishing dates relating to the office and staff registers to their compliance calendar.</li> <li>TasNetworks currently undertakes corporate services for its subsidiaries which are governed by current service level agreements.</li> <li>It was observed that unlike the staff register, the office register does not contain a control date to demonstrate TasNetworks compliance with its publication obligations under the Guidelines</li> <li>The staff register was unpublished on the TasNetworks website between the 9/12/2022 to the 17/02/2022 due to an IT complication; and</li> </ul>

	<ul style="list-style-type: none"> <li>Deloitte observed based on the control date on the staff register (March 2022) and the timespan which the register remained unpublished, TasNetworks has not maintained their publication obligations under the guidelines (15 April 2022 – 15 January 2023, total 4 occasions). However, this did not have a material impact since TasNetworks immediate environment did not change during the 2022 regulatory year.</li> </ul>
Recommendation	<p>To ensure that TasNetworks continues to remain compliant with the Ring-Fencing Guidelines, TasNetworks should evolve the control environment to ensure their compliance with the publication obligations by:</p> <ul style="list-style-type: none"> <li>A control date should be added to the office register to ensure that TasNetworks is clearly demonstrating their compliance with obligation 4.2.4 (b)</li> <li>A sign-off function should be implemented to complement the reporting calendar with integrated guidance to ensure that the obligations of 4.2.4 (b) is maintained. An example would be a two-part sign-off document such as “Does the current information reflect the arrangements as at the end of the calendar month that is immediately prior to the current publication date?” and “has the control date been updated?”.</li> </ul>
Rating	Exception
<b>Protection of Confidential Information</b>	
Guideline Reference	4.3.1 (a) (b)
Guideline Obligation	<p>A DNSP must:</p> <p>(a) keep confidential information confidential</p> <p>(b) only use confidential information for the purpose for which it was acquired or generated</p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Information Classification and Handling Procedures and Protocols</li> <li>IT access approval</li> <li>IT access review</li> <li>Information Management Policy and Procedures; and</li> <li>Dynamic Security Permission Groups.</li> <li>Forcepoint Data Loss Prevention (DLP)</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We examined the TasNetworks Policies regarding the protection of confidential information</li> <li>We inspected the customer complaints register for evidence of customer complaints that indicate the disclosure of confidential information</li> <li>We reviewed the ring-fencing training materials ensuring they addressed confidentiality obligations</li> <li>We observed the design and function of IT access review controls; and</li> <li>We observed the design and function of IT access approval controls.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> <li>TasNetworks has at current, policies and procedures governing the appropriate management of confidential information as per the Ring-Fencing Guidelines</li> <li>TasNetworks has several internal controls designed to proactively manage access to ring-fenced information.</li> </ul>
Recommendation	N/A
Rating	No Exception
<b>Disclosure of Information</b>	
Guideline Reference	4.3.2 (a)-(i)
Guideline Obligation	A DNSP must not disclose confidential information to any person, including a related electricity service provider, unless:



	<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, its 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 services, contestable electricity services or other services to the customer or potential customer.</p> <p>(e) the disclosure is solely for the purpose of providing assistance to the extent necessary to respond to an 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 of 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 4.3.3 in relation to that confidential information.</p> <p>(i) another legal entity, other than a related electricity service provider of the DNSP, has requested the disclosure.</p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>• Information Classification and Handling and Management Directive</li> <li>• TasNetworks Ring-Fencing Information Sharing Protocol</li> <li>• Information Sharing Deed Poll</li> <li>• TasNetworks Information Register Application Form; and</li> <li>• Information Register.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>• We examined TasNetworks policies in relation to the disclosure of information</li> <li>• We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the year; and</li> <li>• We inspected the customer queries and complaints register for evidence of customer complaints that indicate the disclosure of confidential information.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> <li>• TasNetworks has developed policies and procedures designed to ensure that confidential information is only disclosed where permitted under the Guidelines; and</li> <li>• According to the Information register, TasNetworks has not disclosed confidential information in the year; and</li> <li>• TasNetworks has a current Ring-Fencing Information Sharing Protocol in the environment a DNSP or affiliated entity makes a request.</li> </ul>
Recommendation	N/A
Rating	No Exception
<b>Sharing of Information</b>	
Guideline Reference	4.3.3
Guideline Obligation	<p>a) Subject to clause 4.1(c)iv. and to this clause 4.3.3, where a 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>b) A DNSP is only required by clause 4.3.3(a) to provide information to a legal entity where:</p> <ol style="list-style-type: none"> <li>i. the legal entity has requested that it be included on the information register in respect of information of that kind; and</li> <li>ii. the legal entity is competing, or is seeking to compete, with the DNSP, or a related electricity service provider of the DNSP, in relation to the provision of contestable electricity services.</li> </ol> <p>c) A DNSP is not required by clause 4.3.3(a) to provide information to a legal entity where the DNSP has disclosed the information in the circumstances set out in clauses 4.3.2(a) to (e).</p>



	<p>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>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 entity was a DNSP.</p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks Ring-Fencing Information Sharing Protocol</li> <li>Information Sharing Deed Poll</li> <li>TasNetworks Information Register Application Form; and</li> <li>Information Register.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We examined TasNetworks policies in relation to the disclosure of information</li> <li>We performed inquiries to determine whether TasNetworks has disclosed any confidential information in the year</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p> <ul style="list-style-type: none"> <li>TasNetworks has processes currently in place allowing them to comply with the guideline if a related electricity service provider in the event a disclosure was requested</li> <li>TasNetworks has not been engaged by a related electricity service provider in relation to a disclosure during the year ended 31 December 2022.</li> </ul>
Recommendation	N/A
Rating	No Exception.
<b>Information Register</b>	
Guideline Reference	4.3.4 (a) - (c)
Guideline Obligation	<p>(a) A DNSP <b>must establish, maintain, and keep a register</b> of all:</p> <ul style="list-style-type: none"> <li>related electricity service providers; and</li> <li>other legal entities who provide contestable electricity services but who are not affiliates of the DNSP.</li> </ul> <p>who request access to information identified in clause 4.3.4(a) and must make the register publicly available on its website.</p> <p>(b) <b>For each legal entity</b> that has requested that a DNSP provide access to information identified in clause 4.3.4(a), the DNSP's information register must:</p> <ul style="list-style-type: none"> <li>identify the kind of information requested by the legal entity; and</li> <li>describe the kind of information requested by the legal entity in sufficient detail to enable other legal entities to make an informed decision about whether to request that kind of information from the DNSP.</li> </ul> <p>(c) <b>A legal entity may request that the DNSP</b> include it on the information register in relation to some or all the kinds of information that the DNSP is required to provide under clause 4.3.4(a), and the DNSP must comply with that request.</p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Information Register</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We observed that the information register is publicly available on TasNetworks website; and</li> <li>We confirmed that there were no disclosures of confidential information in the year by reviewing the results of the Information Sharing Web Form.</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligations, with key points(s) below:</p>
Results of Testing	

	<ul style="list-style-type: none"> <li>TasNetworks has established an information register that is publicly available on the TasNetworks website; and</li> <li>TasNetworks has process in place to maintain the information register.</li> </ul>
Recommendation	N/A
Rating	No Exception.
<b>Conduct of Service Providers</b>	
Guideline Reference	4.4.1 (a)
Guideline Obligation	<p>A DNSP:  (a) <b>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:</b></p> <ul style="list-style-type: none"> <li>clauses 4.1, 4.2.1, 4.2.2 and 4.3.2 of this Guideline; and</li> <li>clause 4.2.3 of this Guideline in relation to the brands of the DNSP; as if the service provider was the DNSP.</li> </ul>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks Standard Terms and Conditions; and</li> <li>TasNetworks contract template.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We reviewed TasNetworks Standard Terms and Conditions and 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</li> <li>We selected a sample of suppliers with new contracts entered 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; and</li> <li>We noted the TasNetworks contract template clearly defined all ring-fencing obligations for new or varied agreements.</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>TasNetworks standard terms and conditions 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.</li> </ul>
Results of Testing	
Recommendation	N/A
Rating	No Exception.
<b>Conduct of Service Providers</b>	
Guideline Reference	4.4.1 (b)
Guideline Obligation	<p>A DNSP:  (b) <b>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.</b></p>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>TasNetworks Standard Terms and Conditions; and</li> <li>TasNetworks contract template.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We observed the TasNetworks Standard Terms and Conditions and contract template and checked that they do not directly or indirectly, encourage or incentivise service providers to engage in conduct, which, if the TasNetworks engaged in the conduct itself, would be contrary to the DNSP's obligations; and</li> <li>We selected a sample of suppliers with new contracts entered, in the year and confirmed that the current Standard Terms and Conditions were attached.</li> </ul>

Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> <li>TasNetworks standard terms and conditions requires service providers to comply with clauses 4.1, 4.2.1, 4.2.2, 4.3.2 &amp; 4.2.3 of the Ring-Fencing Guidelines; and</li> <li>Deloitte reviewed 3 newly entered contracts to ensure the terms and conditions contained clauses 4.1, 4.2.1, 4.2.2, 4.3.2 &amp; 4.2.3 of the Ring-Fencing Guidelines.</li> </ul>
Recommendation	N/A
Rating	No Exceptions.
<b>Waiver Register</b>	
Guideline Reference	5.7 (a)
Guideline Obligation	A DNSP must establish, maintain, and keep a register of all waivers (including any variation of a waiver) and must make the register publicly available on its website
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Waiver register</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We observed that the waiver register is publicly available on TasNetworks website.</li> </ul>
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> <li>TasNetworks has maintained its waiver register publicly and it can be accessed via the TasNetworks website</li> <li>TasNetworks did not hold any waivers during the assessable year, and</li> <li>The format at present does allow for the waiver register to comply with clause 5.7 (b) as it does give opportunity for TasNetworks to include the terms and conditions of the waiver or interim waiver.</li> </ul>
Recommendation	Please refer to 5.7 (b)
Rating	No exceptions.
<b>Waiver Register</b>	
Guideline Reference	5.7 (b)
Guideline Obligation	The register established under clause 5.7(a) must include: <ol style="list-style-type: none"> <li>the description of the conduct to which the waiver or interim waiver applies; and</li> <li>the terms and conditions 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.</li> </ol>
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Waiver register.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We observed the content of the waiver register against the requirements of the Guideline.</li> </ul>
Results of Testing	Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below: <ul style="list-style-type: none"> <li>TasNetworks has maintained its waiver register publicly and it can be accessed via the TasNetworks website.</li> <li>TasNetworks did not hold any waivers during the assessable year; and</li> <li>The format at present does allow for the waiver register to comply with clause 5.7 (b) as it does give opportunity for TasNetworks to include the terms and conditions of the waiver or interim waiver.</li> </ul>



Recommendation	N/A
Rating	No exception
<b>Maintaining Compliance</b>	
Guideline Reference	6.1
Guideline Obligation	A DNSP must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this Guideline.
Key Controls and Testing	<p><b>Discussions held with:</b></p> <ul style="list-style-type: none"> <li>Network Reform and Regulatory Compliance Team Leader</li> </ul> <p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>Dedicated Regulatory Team</li> <li>Onboarding Ring-Fencing Awareness Training</li> <li>Target Ring-Fencing Awareness Training</li> <li>Compliance Framework; and</li> <li>Regulatory Reporting Calendar.</li> </ul> <p><b>Information Obtained</b></p> <ul style="list-style-type: none"> <li>Regulation Ring-Fencing Compliance Procedure</li> <li>Ring-Fencing Training module and completion report; and</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>We inspected the Regulation Ring-Fencing Compliance Procedure</li> <li>We inspected the responses to the Regulation Ring-Fencing Internal Compliance Questionnaire</li> <li>We inspected the online ring-fencing training module for evidence that the ring-fencing obligations are explained in clear terms; and</li> <li>We obtained the training report indicating the employees who completed the training and the overall rate of completion.</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>TasNetworks has developed policies, procedures and reporting to ensure that it complies with the obligations under the Guidelines</li> <li>The ring-fencing training module explains the Guideline obligations in clear terms</li> <li>On 31 December 2022 all but three members of staff had completed the mandatory ring-fencing training</li> <li>Deloitte noted that 79% of TasNetworks employees completed the training at least 3 years ago.</li> </ul> <p>Based on the testing performed we have not identified any matters of exception against the obligations; however, we have identified opportunities for improvement, and such communicated these observations to management, with key observations below:</p> <ul style="list-style-type: none"> <li>With reference to 'AS SIO 19600:2015 Compliance Management Systems' and the emphasis on the importance of ongoing training and awareness programs to ensure that employees are aware of their compliance obligations and the organisations expectations regarding compliance, TasNetworks should administer a biannual Ring-Fencing Guidelines refresher to all employees that are obligated under the guideline to ensure the strength of its detective environment</li> </ul>
Results of Testing	No exception
Recommendation	No exception
Rating	No exception
<b>Annual Compliance Report</b>	
Guideline Reference	6.2.1 (a), (b)
Guideline Obligation	<p>A DNSP must prepare an annual ring-fencing compliance report each regulatory year.</p> <p>The annual compliance report must identify and describe, in respect of the regulatory 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>

	<ul style="list-style-type: none"> <li>ii. any breaches of this Guideline by the DNSP, or which otherwise relate to the DNSP</li> <li>iii. all other services provided by the DNSP in accordance with clause 3.1; and</li> <li>iv. the purpose of all transactions between the DNSP and an affiliated entity.</li> </ul>
Key Controls and Testing	<p><b>Key Control</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>• We reviewed the final 2022 ring-fencing compliance report against the requirements of the AER Electricity Distribution Ring-Fencing Guideline – Compliance reporting best practice manual (version 3).</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>• TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual.</li> <li>• The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.</li> </ul>
Recommendation	N/A
Rating	No Exception

<b>Annual Compliance Report</b>	
Guideline Reference	6.2.1 (c)
Guideline Obligation	The annual compliance report must be accompanied by an assessment of compliance by a suitably qualified independent authority.
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>• Ring-fencing compliance report</li> <li>• Deloitte has been engaged as the independent authority to assess TasNetworks compliance with the Guideline.</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>• We reviewed the draft annual ring-fencing compliance report for evidence that it is accompanied by an assessment of compliance by a suitably qualified independent authority.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified any matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>• TasNetworks has prepared a compliance report that is consistent with the requirements of the AER Electricity Distribution Ring-Fencing Guideline –Compliance reporting best practice manual; and</li> <li>• The compliance report is accompanied by an assessment of compliance by a suitably qualified independent authority.</li> </ul>
Recommendation	N/A
Rating	No Exception
<b>Compliance Breaches</b>	
Guideline Reference	6.3
Guideline Obligation	A DNSP must notify the AER in writing within 12 (twelve) business days of becoming aware of a material breach of its obligations under this Guideline.
Key Controls and Testing	<p><b>Key Control</b></p> <ul style="list-style-type: none"> <li>• Incident Management Procedure</li> </ul>

	<ul style="list-style-type: none"> <li>• Ring-fencing training module</li> </ul> <p><b>Test Performed</b></p> <ul style="list-style-type: none"> <li>• We inspected the Incident Management Procedure</li> <li>• We selected a sample of customer complaints and queries to investigate for instances of non-compliance with the Guideline</li> <li>• We reviewed the ring-fencing training module for evidence that employees are informed of the breach reporting process; and</li> <li>• We obtained the training report indicating the employees who completed the training and the overall rate of completion.</li> </ul>
Results of Testing	<p>Based on the testing performed we have not identified matters of exception against the obligation, with key point(s) below:</p> <ul style="list-style-type: none"> <li>• Within TasNetworks Incident Management Procedure, TasNetworks identifies all reportable obligations owed by TasNetworks to the AER including obligations relating to ring-fencing Guidelines.</li> </ul>
Recommendation	N/A
Rating	No Exception



Management Response

The following table provides management response against the identified exception non-material breach noted above (managements response is not within the scope of our assurance report).

No.	Ref.	Category	Rating	Recommendation	Response
1.	4.2.4 (b)	Office and Staff Register	Exception	<p>Based on the observations gained by Deloitte:</p> <ul style="list-style-type: none"> <li>A control date should be added to the office register to ensure that TasNetworks is clearly demonstrating their compliance with obligation 4.2.4 (b)</li> <li>A sign-off function should be implemented to complement the reporting calendar with integrated guidance to ensure that the obligations of 4.2.4 (b) is maintained. An example would be a two-part sign-off document such as "Does the current information reflect the arrangements as at the end of the calendar month that is immediately prior to the current publication date?" and "has the control date been updated?"</li> </ul>	<p><b>Office/Staff Register:</b>                      Agree with the recommendation. A control date has been added to the register and a process is being created to ensure that key documents are checked when necessary to adequately maintain them.</p> <p><b>Responsible:</b> Regulation  <b>Due:</b> End of June 2023</p>