



Energex **Annual Ring-fencing** **Compliance Report**

1 January – 31 December 2023

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PURPOSE AND SCOPE

The Australian Energy Regulator (AER) first published its Ring-fencing Guideline – Electricity Distribution (the Guideline) and accompanying Electricity Distribution Ring-fencing Guideline - Explanatory Statement on 3 November 2016 under the National Electricity Rules. On 3 November 2021, the AER released an amended Ring-fencing Guideline – Electricity Distribution (Version 3), with full compliance required by 3 February 2022.

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

The Guideline requires Energex Limited (Energex) as a DNSP to prepare an annual ring-fencing compliance report for submission to the AER within four months of the end of each calendar year. In accordance with section 6.2.1(b) of the Guideline, the annual compliance report must identify and describe, in respect of the calendar year to which the report relates:

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

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

This report represents Energex's Annual Ring-fencing Compliance Report covering the period 1 January 2023 to 31 December 2023 (the reporting period). This report is structured to align with the reporting obligations specified in clause 6.2.1(b) of the Guideline.

Energex does not claim confidentiality over this submission or any attachments.

MEASURES TO ENSURE COMPLIANCE

Clause 6.2.1(b)i of the Guideline requires the annual compliance report to identify and describe, in respect of the reporting period, the measures the DNSP has taken to ensure compliance with its ring-fencing obligations.

Activities undertaken during the reporting period focused on enhancing compliance monitoring and reporting processes, leveraging IT systems to automate workflows, and improving awareness and understanding of obligations with a particular focus on reducing human error. Key activities undertaken include:

- A working group was established within the Customer Division to undertake a comprehensive assessment of its internal compliance monitoring processes in relation to several regulatory instruments, including the Guideline. Key areas for improvement were identified and 23 action items were implemented as a result. The initiatives were aimed at reducing instances of non-compliance arising from human error;
- To support the implementation of the improved compliance monitoring processes, additional staff positions were created for process maintenance, governance, and staff training within the Customer Division;
- Digital forms and accompanying automated workflows were built within the enterprise digital services platform to make it easier for staff members to locate information on ring-fencing obligations, request advice in regard to ring-fencing and to report any potential breaches of the Guideline;
- There was a continued transition to automated access controls for protecting and sharing of ring-fenced information based on staff movements. In particular, the daily automated removal of access to ring-fenced applications for staff members that move from Energex to a RESP; and
- Ring-fencing awareness communications were provided through various internal channels including Energy Queensland Limited's (Energy Queensland's) Workplace and Leaders Cascade packs to enhance ring-fencing awareness.

In addition to the above focus areas, targeted control testing was undertaken throughout the course of the reporting year as part of Energex's ring-fencing compliance program. Energex's ring-fencing compliance controls include a mixture of preventative, detective, and corrective controls. A list of the current controls, including a description and the relevant compliance action, is provided in **Appendix 1**.

Breaches of the Guideline

Clause 6.2.1(b)ii of the Guideline requires DNSPs to report any breaches of the Guideline by the DNSP, or which otherwise relate to the DNSP.

During the reporting period, Energex reported 12 breaches to the AER as outlined in **Table 1**.

Energex's breach reporting process was improved during the reporting period through transitioning the notification and management of breaches through Energex's enterprise digital services platform. Using the platform for these processes allowed for the creation of automated workflows to improve accountability and visibility, assist with record keeping, as well as improving the usability and accessibility of the relevant forms for staff.

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

(Note: Some of the breaches occurred during the previous year but were identified and reported during this reporting year)

Serial No.	Obligation	Details
1	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 13 December 2022, a customer was transferred to the Energex after hours faults telephone line by their electricity retailer regarding a planned meter churn. The Energex staff member who took the telephone call assumed the RESP was the customer’s metering provider and forwarded the customer’s details to the RESP to request an urgent call back. This was an error as the metering provider for this premises was an unrelated third party.</p> <p>The RESP forwarded the request onto the customer’s electricity retailer requesting they make contact. The retailer contacted Energex to advise of the mistake. Training was provided to the Energex staff member and a response provided to the retailer advising to not transfer those calls to the Energex after hours line.</p>
2	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 24 November 2022, a person contacted Energex to advise they had received a planned interruption notification for a premises they had no affiliation with. After investigating it was identified that the electricity retailer of the premises had provided the incorrect mailing address for their customer.</p> <p>After several attempts to resolve the issue the electricity retailer updated the postal address to ensure the person did not receive further correspondence relating to the premises and to ensure the customer was notified of future planned interruptions.</p>
3	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 14 December 2022, a customer contacted the Energex faults line in relation to an outage. During the call it was identified that the customer had life support equipment onsite, and the Faults Officer registered the customer.</p> <p>On 19 January 2023, Energex received the customer’s completed life support registration form and it was identified that the Faults Officer had registered the incorrect premises (the postal details were correct). The customer was contacted and registered against the correct premises.</p>
4	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 20 January 2023, a connection contract was uploaded to the Energex Electrical Partner’s Portal. The contract was erroneously uploaded to the incorrect connection application request. On 6 February 2023, the applicant who had erroneously received the contract contacted Energex to advise of the error. The contract was removed from the applicant’s viewable documents on the Portal.</p>

Serial No.	Obligation	Details
5	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 28 June 2023, a customer emailed their solar installer and copied in the Energy Queensland Customer Advocacy email address, two Energex email addresses and their electricity retailer. In an attempt to assist the customer, a Customer Advocacy staff member intended to forward the email to a contact at the customer’s electricity retailer to escalate the issue. However, the staff member erroneously forwarded the email to a contact at a different electricity retailer. The staff member immediately identified the error and requested the incorrect electricity retailer delete the email and forwarded the customer’s email to the correct electricity retailer.</p>
6	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 1 September 2023, a customer contacted Energex to register for life support. During the process, the staff member erroneously registered the customer at the neighbouring premises. The error was identified during the call and to correct the error, the staff member cancelled the incorrect registration and re-registered the customer at the correct premises. The staff member incorrectly assumed the automatically generated welcome letter would not trigger due to the cancellation. The welcome letter with the customer’s name and details of life support equipment was sent to the neighbour’s premises. The neighbour contacted Energex to advise they received the customer’s letter.</p> <p>Being the second breach relating to the incorrect registration of life support customer details, the relevant process was updated to include a manual review of customer and premise information prior to the letters being sent.</p>
7	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 20 September 2023, a Customer Operations Officer (COO) was scheduling a customer requested supply upgrade and identified that coordination was required with the customer’s metering provider. The COO inadvertently emailed the incorrect metering provider. On 25 September 2023, this metering provider contacted Energex to advise of the error and the Energex staff member requested they delete the email. The email was then forwarded to the correct metering provider.</p>

Serial No.	Obligation	Details
8	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 8 August 2023, a staff member who had recently been seconded to Energex’s RESP requested access to the Energex Emergency Event SharePoint page. The employee was a member of the Emergency Event Response team for Customer Operations and wished to continue to provide assistance in emergencies. An initial assessment had previously been carried out and identified that there was no ring-fenced information on the SharePoint page, therefore access could be granted.</p> <p>When the staff member made the request, it triggered a secondary request to the Customer Operations SharePoint site. This request was approved by another member of Customer and Market Operations who was not aware that the staff member had been seconded and did not adequately review the information available. This error was identified within minutes and access revoked.</p>
9	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 7 August 2023, an electricity retailer emailed Energex requesting information on the completion of a service order. The Faults Officer who reviewed the request attempted to forward the email to the Energex Retail Support email address. The employee selected an incorrect email address which had a similar name but was a legacy distribution list no longer in use. The staff members on this distribution list included three staff who had moved from Energex to a RESP.</p> <p>The RESP staff members deleted the email they received in error. To avoid the error occurring again, the legacy email address was retired and is no longer functional.</p>
10	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 2 August 2023, an invoice was generated for a customer as part of the normal connection process for embedded generation. The staff member entered the customer number incorrectly which resulted in the invoice erroneously being sent to an unrelated third party.</p> <p>The importance of checking work prior to generating an invoice was reiterated to the team actioning this work.</p>
11	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	<p>On 14 August 2023, a staff member in the Low Voltage Generation team uploaded the incorrect negotiated connection offer to a customer’s connection application. The offer contained the National Metering Identifier (NMI) and contact details for a different customer.</p> <p>The error was discussed with the team to raise awareness and highlight the importance of ensuring correct information is being provided to the customer.</p>

Serial No.	Obligation	Details
12	4.3.2 – Obligation not to disclose ring-fenced information, including to a RESP	On 25 August 2023, a staff member intended to send an email containing a NMI to another internal staff member, but inadvertently selected the incorrect recipient and it was sent to an unrelated third party. After attempting to recall the email without success, the third party was contacted and asked to delete the email.

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

Prevention of cross subsidiaries

Legal Separation

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

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

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

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

Regarding the stand-alone power systems (SAPS) obligations under the Guideline, Energex did not have any regulated SAPS during the reporting period.

Establish and maintain accounts

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

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

Energex's audited financial data will be provided to the AER through the annual Regulatory Information Notice.

Functional separation

Obligations not to discriminate

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

Ring-fencing training is a mandatory awareness course for Energy Queensland Group employees, except for certain categories of employees (such as remote power station attendants to whom, given the nature of their role, the training is not relevant). The training package was reviewed during the period and updated to highlight the new digital processes to easily seek advice and to notify of potential breaches of the Guideline.

New staff members are automatically nominated for training through the internal learning platform. Staff receive a system generated reminder every fortnight until they complete the training. Managers also receive a fortnightly training non-completion report for their teams. The training course can be accessed by staff at any time through the learning platform, should they wish to refresh their awareness. Managers can also nominate staff to complete the training.

A ring-fencing reference guide is also available for all Energy Queensland Group staff to access at any time (together with other ring-fencing resources) via the internal SharePoint site. Resources are available for any staff members moving to a RESP through a transfer or secondment and they are encouraged to re-familiarise themselves with the ring-fencing awareness training package prior to transitioning to their new role. Customised ring-fencing messages are also communicated to the whole of business to highlight the obligations and relevant compliance processes and procedures through various corporate communication channels.

Offices, staff, branding and promotions

Physical separation/co-location

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

RESP staff relocating to an office that houses DNSP staff are reminded of Energex's ring-fencing obligations. They are specifically asked to:

- Refresh their ring-fencing awareness by undertaking the training package; and
- Check their ID card to ensure it meets the branding and ID Card Guidelines and wear the ID card at all times within the building so they are easily identifiable as RESP staff.

Additionally, all staff are reminded to:

- Lock their computer when not at their desk, or when they leave it in a meeting room or shared area, even if just for a few minutes;
- Be aware of their movements around the building and the use of shared spaces;
- Encrypt portable electronic devices (such as iPhones, iPads, and workstations) and keep them secured;
- Clean whiteboards and remove notes from writable surfaces in meeting spaces and open areas;
- Store printed materials safely and securely at their workspace; and
- Observe signage displayed and follow the directions.

To act as a visual reminder, signage is displayed in prominent locations including lifts and/or foyers to remind staff which building areas they are permitted to access.

Staff sharing

The majority of staff are employed by Energy Queensland. Staff are shared across the subsidiaries where permitted to do so under the Guideline. Staff sharing controls include:

- The Staff Sharing Protocol, reference guide and matrix for any sharing of staff across the Energy Queensland Group to ensure it complies with the staff sharing obligations of the Ring-fencing Guideline;
- A detailed staff register for internal use which lists the nature of the positions identified, including the roles and duties of the staff, to assist in determining whether a position can be shared with a RESP;
- Human resources and digital processes for staff on-boarding and transfers;
- Staff training and awareness activities (including a checklist for secondees); and
- Access to specialised advice from the Regulation, Legal and Enterprise Compliance teams.

Branding and cross-promotion

In addition to the staff training course, the key branding and cross-promotion controls include:

- EQL Brand Guidelines available to all employees through the internal Brand Centre SharePoint site, which contain brand usage information, logos, templates and accompanying general ring-fencing information (including Email Signature Guidelines) along with reminders and avenues to seek specific ring-fencing advice as required.
- A dedicated internal Ring-fencing Compliance SharePoint site available to all employees, which contains an overview of Energy Queensland's ring-fencing compliance requirements and Frequently Asked Questions.

- A ring-fencing mailbox staff can use to contact the Ring-fencing team, and a General Enquiry Form employees can complete through the 'Service Now' system to report incidents or seek advice from the ring-fencing team about ring-fencing queries. Direction of any ring-fencing related queries received by the Marketing and Brand, Web or Media teams to the Ring-fencing team and reminders throughout the EQL Brand Guidelines for employees to seek approval through the Corporate Approvals Process (which includes regulatory review) when intending to use any of the Energy Queensland logos externally and to seek ring-fencing compliance information to check logo usage.
- A Field Uniform internal SharePoint site available to all employees, which contains an overview of instructions about correctly using the relevant branding on uniforms.

Office and staff registers

Energex publishes its office and staff sharing registers on its public websites. Both registers were reviewed and updated in accordance with the requirements in the Guideline.

Current copies of Energex's office and staff registers can be viewed via the following link:

<https://www.energex.com.au/our-network/regulation/ring-fencing>

Information access and disclosure

Energex's breaches of the Guideline during the reporting period related to a failure to keep ring-fenced information confidential. As a result, there has been an increased focus on understanding the root cause of the failure, identifying areas of improvement, and implementing key actions to improve compliance, such as compliance training in induction processes, control effectiveness testing and review, and enhanced breach response processes.

Protection of ring-fenced information

To ensure the security of ring-fenced information, automated preventative security access is in place across several platforms. For older, legacy platforms where this is not technically possible, automated reporting cross-checks staff movements against digital access. Periodic manual reviews of staff access to ring-fenced information are also undertaken.

An enterprise digital platform manages digital access processes for applications flagged as containing ring-fenced information. If a RESP staff member requests access to a ring-fenced application, a workflow is triggered which requires the Enterprise Compliance team to review the request before access to the application can be granted.

In addition to the access controls outlined above:

- staff transfer, recruitment and secondment forms include a reminder to consider ring-fencing obligations which includes ensuring staff review their access to applications prior to moving; and
- awareness and guidance materials are available on a dedicated SharePoint site to educate staff on ring-fenced information and the obligation to protect it.

Disclosure and sharing of information

Energex has a documented Information Sharing Protocol and Application Form in place for RESPs and third parties requesting access to ring-fenced information. An information decision tree and FAQs specifically covering information access and disclosure are available to assist staff in determining what information is ring-fenced and under which circumstances it can be shared with RESPs and other third parties. Where employees still have questions or would like tailored training, they are encouraged to seek advice from the various internal subject matter experts.

Energex's Information Sharing Register is kept up to date and records instances where Energex has shared ring-fenced information with a RESP in accordance with its information sharing protocol.

No applications for sharing of ring-fenced information were received during the reporting period.

Energex's Information Sharing Protocol and Application Form is published on its external website and can be viewed via the following link: <https://www.energex.com.au/our-network/regulation/ring-fencing>.

Information register

Energex's Information Sharing Register is published on its external website and can be viewed via the following link: <https://www.energex.com.au/our-network/regulation/ring-fencing>.

WAIVERS

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

Energex maintains a register of all waivers (including any variations) granted to it by the AER on its external website. The register makes clear the terms and conditions of the waiver, including the specific clause(s) to which the waiver applies.

Energex's waiver register is available for viewing via the following link: <https://www.energex.com.au/our-network/regulation/ring-fencing>.

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

- Waiver from clause 4.2 of the Guideline to allow Energex to contract with the Australian Energy Market Operator to provide Reliability and Emergency Reserve Trader services via voltage management;
- Waiver from clause 3.1 of the Guideline to allow Energex to lease the excess capacity from up to thirty-five (35) batteries to Origin Energy;
- Waiver from clause 3.1 of the Guideline in respect of three battery energy storage systems; and
- Waiver from clauses 3.1, 4.2.1 and 4.2.2 of the Guideline for DNSP-led projects where the asset is funded under the Australian Government's Community Batteries for Household Solar Program.

COMPLIANCE AND ENFORCEMENT

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

There are several avenues available for staff to ask questions, clarify issues and to report any potential breaches of the Guideline. During the reporting period, staff successfully transitioned to a digital platform, which allows them to request ring-fencing advice and clarification prior to undertaking activities; ask questions; request additional training resources; and report incidents or issues that may amount to a breach.

During the reporting period, Energex continued to operate under the three lines model for risk and compliance, including for the management of ring-fencing compliance. Ring-fencing controls and assurance activities are captured and tracked in the SAP Risk Module. The controls and activities are assigned to those with requisite responsibility and accountability for control design and

implementation. Subject matter experts and control testers are assigned to each control for testing effectiveness.

Energex has a Ring-fencing issue notification and assessment process for all ring-fencing related incidents.

An increased number of breaches were reported during the reporting period as compared to the previous reporting period. Most of the breaches were a result of electronic communications inadvertently being sent to the incorrect recipient due to human error.

The increase in identified breaches has also been attributed to improved breach reporting processes and a focus on compliance performance for staff.

ANNUAL REPORTING

Other services provided

Clause 6.2.1(b)iii of the Guideline requires DNSPs to report all other services provided by the DNSP in accordance with clause 3.1 of the Guideline. Specifically, the provision of 'other services' is subject to the granting of ring-fencing obligation waivers by the AER (clause 3.1(d)vi).

Energex did not provide any 'other services' during the reporting period.

Transactions with affiliate entities

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

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

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

Further transaction details are provided in Table 2.

Table 2: Transactions between Energex and affiliated entities

Affiliated Entity	Cost Type	Transaction Description and Purpose
Ergon Energy Network	Materials	<p>Material costs comprise the following direct costs:</p> <ul style="list-style-type: none"> • direct acquisitions; • goods issued; and • other miscellaneous material costs.

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

Independent Assessment

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

Energex engaged O'Connor Marsden & Associates Pty Ltd (OCM) to undertake an Independent Assessment of Energex's compliance against the Guideline requirements. The review covered the period from 1 January 2023 to 31 December 2023. OCM's report is provided as **Attachment 1** to this Report.

Appendix 1

Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
1	3.1 Legal separation	<p><i>Legal Separation of DNSPs and RESPs</i></p> <p>DNSPs and RESPs are legally separated entities through company registration and governing artefacts</p>	<ul style="list-style-type: none"> All EQL Group companies have separate ABNs and are registered with ASIC (P) Constitutions are ring-fencing compliant (P) Board Charters are ring-fencing compliant (P) Board paper templates include means for identifying ring-fenced papers (P) Executive Governance Framework includes mechanism for Executive General Managers who undertake both regulated and unregulated roles (P) Group Governance Framework is ring-fencing compliant (P)
2	3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	<p><i>Financial systems configuration</i></p> <p>DNSP's enterprise resource management system captures DNSPs and RESPs and accurately records the entire range of transactions between the affiliated entities, including Procurement; Financial; and HR</p>	<ul style="list-style-type: none"> Ellipse is configured to meet ring-fencing requirements and capture transactions (P) Access to Ellipse districts is controlled (P) System detects potential erroneously coded transactions and flags for review (D) Annual security review is undertaken by information custodians (D)

Appendix 1

Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
3	3.2.1 Separate accounts 3.2.2 Cost allocation and attribution	<i>Use and review of Cost Allocation Methodology</i> The Cost Allocation Methodology (CAM) ensures there is an approved process for capturing ring-fencing cost- reflective transactions and allocating costs between DNSPs and RESPs.	<ul style="list-style-type: none"> • CAM continues to incorporate ring-fencing requirements (P) • Treasury Agreement is in place between affiliated entities (P) • RINs audits are conducted annually for compliance (D) • Monthly variance analysis is conducted (D) • Monthly reconciliation of budget vs actual is conducted (D)
4	4.1 Obligation not to discriminate	<i>DNSP tender process requirements</i> DNSP tender processes for contestable services consider ring- fencing obligations to ensure RESPs do not receive favourable treatment and DNSP service providers are aware of their ring-fencing obligations.	<ul style="list-style-type: none"> • Tender documents incorporate ring-fencing requirements (P) • Random audits of tenders are undertaken to determine compliance (D)
5	4.1 Obligation not to discriminate 4.2.1 Physical separation / co-location 4.2.2 Staff sharing 4.2.3 Branding and cross-promotion 6.1 Maintain compliance	<i>Ring-fencing awareness course for EQL Staff</i> EQL staff are required to undertake the online ring-fencing awareness course.	<ul style="list-style-type: none"> • Ring-fencing awareness course is assigned to new staff upon starting (P) • Ring-fencing awareness course is assigned to existing staff who have not completed the course in the past (P) • Course completion rate is regularly monitored (D) • Additional information and guidance resources are available for staff via the intranet (P)

Appendix 1

Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
6	4.1 Obligation not to discriminate 4.2.3 Branding and cross-promotion 4.4.1 Conduct of service providers	<i>EQL contracts are ring-fencing compliant</i> EQL terms of contracts include ring-fencing obligations as standard terms.	<ul style="list-style-type: none">• All contract templates are ring-fencing compliant (P)• Ring-fencing obligations are incorporated into new contracts where necessary (P)• Random audits of contracts are undertaken to assess compliance (D)
7	4.2.1 Physical separation / co-location	<i>Physical and accommodation separation of staff</i> DNSP and non-DNSP staff (i.e. RESP and shared services staff) are located in separate offices. Where DNSP and non-DNSP staff are co-located in the same office separation is achieved by locating them on separate floors.	<ul style="list-style-type: none">• Individual office arrangements are based on type of staff accommodated (RESP only, DNSP only, mixed DNSP/RESP, regional location) (P)• Staff are re-located to other offices based on their roles i.e. DNSP, RESP or shared services (P)• Physical signage at offices is ring-fencing compliant (P)• Access to all sites is controlled and monitored electronically (D)• Random staff location audits are undertaken (D)

Appendix 1

Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
8	4.2.1 Physical separation / co-location 4.2.2 Staff sharing 4.3.1 Protection of ring-fenced information 4.3.3 Sharing of information	<i>System generated staff movement notifications and restrictions</i> HR notifications are sent to Digital to identify start and end dates for staff movements. Access to confidential information is appropriately controlled depending on whether employee is DNSP, RESP or corporate support staff.	<ul style="list-style-type: none"> • Ellipse is automatically updated to recognise staff movements between DNSP and RESP (P) • Automatic notifications are generated for managing Digital and building access (P) • Appropriate Digital accesses are applied to new position (P) • Staff are located appropriate to RESP, DNSP or shared services position (P)
9	4.2.2 Staff sharing	<i>Application of ring-fencing compliant remuneration & performance framework</i> Performance, remuneration and incentives are ring-fencing compliant for staff eligible for bonuses.	<ul style="list-style-type: none"> • Remuneration template is ring-fencing compliant based on staff position (P) • Performance Incentive Framework is ring-fencing compliant (P) • Performance Framework User Guide is ring-fencing compliant and DNSP staff do not have a KPI related to growth in unregulated revenue (P)
10	4.2.3 Branding and cross-promotion	<i>Staff uniform branding is ring-fencing compliant</i> Uniforms for corporate and field staff have ring-fencing compliant branding.	<ul style="list-style-type: none"> • All staff uniforms have ring-fencing compliant branding (P) • Instructions are available to staff on how to correctly use the relevant branding on uniforms (P) • Intranet site is maintained with guidance to staff on how to wear uniforms and FAQs (P)

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Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
11	4.2.3 Branding and cross-promotion	<p><i>Application of Brand Guidelines</i></p> <p>Branding guidelines reflect current ring- fencing advice and are in use by EQL.</p>	<ul style="list-style-type: none"> EQL branding guidelines are available to all employees with accompanying general ring-fencing information and avenues for specific advice (P) Branding guidelines are easily accessible through EQL Brand Centre on the Intranet site (P) EQL email signature guidelines are available through on the EQL Brand Centre (P)
12	4.2.3 Branding and cross-promotion	<p><i>Use and periodic review of corporate templates</i></p> <p>Corporate documents and templates (i.e. excluding ECM controlled documents) available through the Brand Centre.</p> <p>Brand Guidelines are ring-fencing compliant and provide links for seeking specific ring-fencing advice.</p>	<ul style="list-style-type: none"> Templates are available to all employees through the Brand Centre with accompanying general ring-fencing information and avenues for specific advice (P) Periodic review of ring-fencing information contained in the Brand Guidelines to ensure ongoing compliance (D)
13	4.2.3 Branding and cross-promotion	<p><i>Fleet branding protocol</i></p> <p>Fleet provides the magnets to cover branding as appropriate and responsible for the procurement and provision of same.</p>	<ul style="list-style-type: none"> Fleet branding for DNSPs or RESPs fleet follow approved ring-fencing Branding Guidelines (P) White magnetic stickers are placed over DNSP logos on vehicles prior to undertaking unregulated works (P)

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Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
14	4.2.4 Office and staff registers 4.3.4 Information Register 4.3 Information access and disclosure 5.7 Waiver register	<i>Maintenance of ring-fencing registers (Waiver, Office, Staff, Information)</i> DNSPs current staff sharing, office sharing, information sharing and waiver Sharing registers are publicly available.	<ul style="list-style-type: none"> Registers reviewed quarterly in Jan, Apr, Jul & Oct and updated, if required (P) Current registers are published on the DNSP websites (P)
15	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information	<i>Use of information sharing protocol</i> Information sharing protocol and supporting decision tree are available and utilised	<ul style="list-style-type: none"> Information sharing protocol maintained and easily accessible via the intranet (P) Information sharing protocol available on the external website (P) Information sharing decision tree maintained and easily accessible via the intranet (P)
16	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information 6.1 Maintain compliance	<i>System access controls for shared staff</i> System access controls are in place for customer service and dispatch staff to allow them to perform regulated and unregulated work in compliance with the Ring-fencing Guideline.	<ul style="list-style-type: none"> Call centre processes incorporate ring-fencing obligations (P) Shared staff have dual profiles to control access to information dependent on their current function (P)

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Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
17	4.3.1 Protection of ring-fenced information 4.3.3 Sharing of information	<i>Digital system access reviews</i> ICT security access procedures incorporate ring-fencing obligations including access provided based on DNSP or RESP approved programs	<ul style="list-style-type: none">• Use of Systems (UoS) agreement includes ring-fencing requirements. All staff agree to the UoS every time they log-in to the system (P)• Digital teams have ring-fencing lists for determining access requests based on DNSP or RESP approved lists (P)• All RESP requests to access to sources of ring-fenced information are reviewed by the Risk & Compliance Team prior to approval (P)
18	4.3.1 Protection of ring-fenced information 4.3.2 Disclosure of information 4.3.3 Sharing of information	<i>Digital ring-fencing audit</i> Periodic testing is performed to determine whether any RESPs staff have access to DNSPs ring-fenced information. Exceptions are investigated for potential breaches and remediation	<ul style="list-style-type: none">• RESPs staff list is checked against known Digital sources of ring-fenced information (D)• Remediation areas are identified and rectification activities commenced if required (C)

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Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
19	6.1 Maintain compliance	<p><i>Ring-fencing compliance management process in place</i></p> <p>Compliance Management Policy incorporates Ring-fencing obligations.</p> <p>An online ring-fencing awareness course is available for staff.</p> <p>Additional ring-fencing awareness resources are available to staff via the intranet.</p>	<ul style="list-style-type: none">• Confidential Information Policy includes ring-fencing obligations (P)• Compliance Management Policy incorporates Ring-fencing obligations (P)• New starters complete the online ring-fencing awareness course in a timely manner (P)• Existing staff retake the online ring-fencing awareness course if identified as high risk e.g. shared staff (P)• An informative ring-fencing SharePoint site is maintained with relevant awareness and guidance materials e.g. decision trees, ring-fencing checklists, FAQs, information sharing protocol and issue notification process (P)• A dedicated mailbox is available for staff to request advice on ring-fencing (P)• A ServiceNow form is available to report incidents or request advice (P)

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Compliance Controls

ID	Guideline Clause/Subclause	Control Name & Description	Compliance Actions
20	6.2.1 Annual compliance report 6.2.2 Timing of annual compliance reporting	<p><i>Annual compliance report to the AER</i></p> <p>Annual ring-fencing compliance report is prepared for each calendar year.</p> <p>Annual compliance assessment is undertaken by a qualified independent auditor.</p> <p>Annual compliance report and independent auditor's assessment report are submitted to the AER in a timely manner.</p>	<ul style="list-style-type: none"> • Annual ring-fencing compliance report contains relevant content (D) • Engagement of an appropriately qualified external auditor for compliance assessment (D) • Timely submission of annual compliance report and independent compliance assessment report to the AER (D)
21	6.3 Compliance breaches	<p><i>Ring-fencing breach identification and reporting to the AER</i></p> <p>Ring-fencing issue notification, assessment and breach reporting protocol and supporting template is maintained and easily accessible to reported to the AER using the correct template.</p> <p>Causes of ring-fencing breaches are identified and rectified.</p>	<ul style="list-style-type: none"> • Notification of ring-fencing issues to Risk & Compliance upon identification (D) • Risk & Compliance assess the reported issues to determine if a ring-fencing breach has occurred (D) • Appropriate corrective actions are taken to address the cause(s) and prevent recurrence (C) • All breaches are reported to the AER using the correct template within specified timeframe (D) • A Ring-fencing Breach Register is maintained (D)